

**Ambassador Mull's Remarks at the
Lockheed Martin F-16 Offset Program Reception
May 30, 2015**

Good afternoon. Thank you to George Standridge, Executive Vice President of Lockheed Martin Aeronautics, for the invitation to speak at today's event to highlight the successes of the F-16 Offset Program. I'm pleased to join Deputy Minister of Economy Arkadiusz Bąk to mark this happy occasion. Thanks as well to Leszek Walczak and his team at *Wojskowe Zakłady Lotnicze Number 2* for hosting this event.

On April 18, 2003, Poland signed a deal to buy 48 F-16 jet fighters from Lockheed Martin. That historic contract demonstrated Poland's determination to build formidable national defense capabilities and contribute significantly to NATO's collective security. That contract also launched a new era in U.S.-Poland industrial cooperation. As part of that deal, Lockheed Martin, in close consultation with the Polish government, undertook a commitment to implement a 10-year industrial partnership program in Poland. The offset contract obligation was worth over 6 billion U.S. dollars. This was the largest offset program ever assumed by a company in the global market. I am pleased that Poland's Council of Ministers confirmed in March that the offset contract was duly performed.

The purpose of the offset program was to invest in projects that would provide economic benefits to Poland for years to come. The F-16 offset program clearly achieved that goal. Over 20 Polish entities around the country benefited from the F-16 offset program. Many of the projects directly supported Poland's capabilities to operate and maintain its F-16 fleet, such as the work done here at *Wojskowe Zakłady Lotnicze Number 2* to create the F-16 National Service Center.

Mr. Standridge described the significance of your F-16 National Service Center, but I want to add that offset projects were not limited to the aviation field. The F-16 offset program impacted multiple industries. For example, Lockheed Martin's offset program contributed to the modernization of the *Grupa Lotos* energy firm in Gdansk. This project amounted to a major re-structuring of the corporation's production line. *Grupa Lotos* reduced its output of traditional, low-profit products and launched the sale of new highly-processed manufactured goods, such as aviation fuel and naphtha. The new products satisfied EU standards and benefited from growing demand on the global market. In addition, *Grupa Lotos* employees upgraded their professional skills and mastered the operation of new production installations. Thanks to the F-16 offset program, a major Polish firm now has the right high-end product lines and skilled personnel to compete successfully in the global energy market.

In addition to the energy sector, F-16 offset projects provided a "turbo boost" to Poland's automotive industry. Thanks to two large offset projects, Opel Polska and GM Polska launched the production of the T-3000 Astra and Zafira cars in Gliwice. The offset investments allowed Opel Polska to hire 380 people, provide its employees with over 100,000 training hours, and export nearly 200,000 Astra cars since full production began in

February 2004. Similarly, the production of the Opel Zafira increased employment at GM Polska by approximately 1000 people, and the Gliwice plant introduced a three-shift production system for the first time since the beginning of operations in 1998. The Opel Zafira became one of the most technologically advanced products of the Polish automotive industry. The offset project enhanced Gliwice auto workers' professional skills, diversified the plant's product range, and attracted more investment to the region. The Gliwice plant is now among the best GM production plants in Europe, and is primed to take on more complex projects in the future.

The success of the automotive offset projects is all the more remarkable when you consider the worldwide market conditions. During the economic crisis of 2008, most car manufacturing plants around the world were scaling back. Not in Poland. Thanks to the F-16 offsets, Opel Polska and GM Polska kept the "pedal to the metal" with new technologies, increased employment, and round-the-clock operations.

All in all, Lockheed Martin's investments in 30 offset projects provided a catalyst for economic development throughout Poland. The Polish economy is clearly different today than it was in 2003 when the offset agreement was signed. Polish industries are more oriented to the future, more strategic in their product selection, and more geared to the global market. Poland is the only country in the EU that has seen consistent, positive economic growth over the last 20 years, and Lockheed Martin's offset program contributed to this remarkable achievement. More importantly, the technologies, capabilities, and direct investments delivered through the F-16 offset program will yield benefits to Poland long into the future.

I am delighted with the success of the F-16 program in Poland, and I am confident these successes are only the beginning of burgeoning U.S.-Poland industrial cooperation. The United States government strongly supports Poland's ambitious defense modernization program and sees it as an opportunity to deepen industrial cooperation between our countries. I am very pleased Poland selected American companies in recent months to fulfill some of its critical defense modernization needs. And, once again, Lockheed Martin is among Poland's chosen partners.

In December, Poland purchased Lockheed Martin's Joint Air-to-Surface Standoff Missiles, otherwise known as JASSMs. I am pleased that the U.S. government was able to facilitate this deal. Poland is just the third country approved to receive these advanced missiles, and the United States approved the contract in record time. The expedited JASSM sale was a result of commitments Secretary Kerry and Secretary Hagel made to Deputy Prime Minister Siemoniak just over a year ago. Following their visits, the Defense Security Cooperation Agency (DSCA) put together an interagency technology release working group to expedite the release of high-tech weapons to Poland, and the U.S. Department of Commerce established the "Polish Deal Team" to facilitate greater U.S. Government support for U.S. and Polish defense industry cooperation. These examples demonstrate how much both our government and our defense industry support Poland's security.

We have good reason to be proud of the close Poland-U.S. security partnership and our growing industrial cooperation. I congratulate the government of Poland, Lockheed Martin,

and numerous Polish companies on your successful collaboration and fulfillment of the ambitious F-16 offset program. Thank you.