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HIPH's Council

On 22.03.2011, the company ArcelorMittal Warszawa hosted an away meeting of the Council of the Polish Steel Association. The meeting's agenda concerned the reports from statutory activity of the Council and the Board, the governing bodies of HIPH and 2010 financial statements among others. The Council decided to accept the reports and recommend them for acceptance to the General Meeting.

The Council also received the information of the Board regarding the current situation in the production and steel market in 2010 which visibly recovered from the 2009 crisis. The extent and dynamics of generating new demand provide good prospects for the production and sales of steel products this year. The Council positively assessed the Board's efforts and activities across the areas such as securing CO₂ emission allowances after 2013 for steelworks and enterprises in the related sectors as well as reduction of excise tax on electricity for its large recipients. The Council accepted the Board's proposal and agenda of 24th General Meeting of HIPH's Members to be held in the second 10 days of June 2011.

The Board of HIPH thanks Henryk Hulin, the President for the invitation and opportunity of having the away meeting of the Council of HIPH in Huta ArcelorMittal Warszawa Sp. z o.o.

Coal, Coke and gas with excise tax?!

The transitional periods allowing Poland to benefit from the excise tax exemption will come to an end on 1 January 2012 for coal and coke and 31 October 2013 for natural gas. The expiry of derogation will result in introducing the excise tax on the above energy products. HIPH's Board asked the Ministry of Finance for a meeting with member representatives of HIPH. The meeting would serve the following purpose:

- Providing the Ministry with information on the scope of application, consumption and

role of coal, coke and natural gas in metallurgical technologies,

- Demonstration of the impact of excise tax (in the short, medium and long term) on the competitiveness ability of the Polish steel industry as well as the possibility of generating the assumed tax revenues for the state budget,

- Indication of economic aspects of the reasons for exemption of metallurgy from the excise tax on coal, coke and natural gas.

In the letter to the Ministry, the Management Board of HIPH reported its readiness for cooperation in getting the taxation system for the excise on coal, coke and natural gas in line with the Community law. According to the information from the Ministry, the meeting will be held on 18 April 2011.

We shall inform members of HIPH about the meeting's results.

About NPRGN at the Ministry of Economy

In connection with the upcoming closure of works on the assumptions for the National Development Program for Low-Carbon Economy (NPRGN), there was a meeting held in this respect at the Ministry of Economy on 31.03.2011. The meeting took place in the form of social consultations. The Economic Development Department (Zbigniew Kamieński, Director) presented the assumptions for NPRGN which were followed by presentation of standpoints and opinions of particular economic circles. The essence of NPRGN is "...to provide economic, social and environmental benefits (in accordance with the rules of sustainable development) from the activities reducing emission and energy consumption and supporting, as a result, the competitiveness of economy in time fence till 2050".

NPRGN is to be performed with the horizontal approach in consistency with the medium-term development strategy of Poland based on nine strategies, i.e. economy innovativeness and effectiveness, energy and environment safety, transport development, sustainable development, agriculture, regional development,

integrated tax policy, changing the production and consumption patterns to the ones supporting implementation of the rules of lasting sustainable development, greenhouse gases reduction, activity of the coal mining in Poland until 2020 and the energy policy of Poland until 2030. The main objective of the program is the low-carbon economy development while ensuring the country's sustainable development. The program will be financed by the state budget, NFOŚiGW, EU funds, EFTA assistance, Thermo-modernisation Fund, private funds and others. The program carried out by the Ministry of Economy and Ministry of Environment is to be an effective way of implementing CO₂ emission reduction path to 2050 (by 80%) assumed in the Road Map'2050 adopted by the EC. Both Ministries support the EU approach with a reservation that it is feasible. HIPH's President introduced the sector's opinion (it was sent out to the Members of HIPH).

HIPH to Gaz System

Adoption of the draft of Transmission Network Code of the Gas Transmission Operator leads to specific consequences for the steel sector's recipients. The Management of HIPH applied to GAZ-SYSTEM S.A. for:

- exempting the financial payments for GTO's services from the need for their additional "financial security",
- extending time limit for applications to GTO concerning the change of power order till 31 October,
- extending time limit for providing GTO with a yearly nomination for the following year by ZUP till 31 October,
- cutting to 20 days time limit for providing GTO with re-nomination,
- increasing admissible deviation from the planned gas consumption from 10 to 20% (the specifics of metallurgical processes makes it difficult to keep the 10% deviation from the planned values).

Meeting of the Polish Tube Workers' Union

On 1 March 2011, a meeting of the Polish Tube Workers' Union was held at the HIPH's office. The following issues were discussed among others:

- Situation on the tube market in Poland and the EU,
 - The tube production and import from the third countries (TOP 13) in 2010,
 - Cooperation with ESTAIN 2011,
 - Forecasts of domestic tube producers for the market development in 2011.
- According to their assessment, the 1st quarter 2011 was better than 2010. In spite of the adverse euro exchange rate, export of seamless tubes constitutes over 60% of their production. On the domestic tube market, Alchemia S.A. took over Rurexpol (4.01.2011)

HIPH - PIP

During the trade fair: Work Safety, Hygiene and Fire Protection BHP 2011, the Board of HIPH was actively involved in a conference held on 17 March 2011 on: "Direction safe work. Stop to accidents. Less threats just in case". The Polish Steel Association delivered a speech on "Safe steel industry".

Conference at SGH

On 24 February 2011, Warsaw School of Economics (SGH) hosted a conference summarising the implementation of the research and training project "Professional qualifications today and tomorrow survey on the adaptation ability of enterprises and personnel in the steel sector" carried out under the Operational Program Human Capital, Priority II. Measure 2.1. The aim of the project was to determine professional qualifications and challenges to their development in response to changes observed in the steel industry. For the needs of the project, the Chamber prepared expert opinion: "Characteristics of the steel sector in Poland". During the conference summarising the project, the President of HIPH delivered a speech on "the Steel industry today and tomorrow". The project allowed for elaborating motions and recommendations which are worth getting familiar with.

The report is available on the website: <http://sekretariatmetalowcow.pl>

LRTAP Convention

On 21 March 2011, there was a meeting organised at the Ministry of Environment in Warsaw on the Convention of the

European Economic Commission of the United Nations concerning Long-range Transboundary Air Pollution (LRTAP). The aim of the meeting was as follows:

- To discuss changes under the amendment to Protocols of the Convention,
- To inform about Poland's participation in the works for the Convention,
- To establish a forum with representatives of the industry, science and administration to provide opinions and negotiate the amendments to Protocols of the Convention restricting the emission caps and standards for pollution.

An important obligation covering also the steel industry is the need for emission reduction of mercury, lead and cadmium, application of BATs for the existing and new installations constituting fixed sources of emission of heavy metals, monitoring and stock-taking of emission from other sources. Under the revision of Protocols of the Convention, the fixed source categories will be also subject to change.

In case of the steel industry, it will concern:

- sintering and pellet plants,
- blast-furnaces,
- steel casting machines (continuous and conventional).

The change will also apply to emission standards for cadmium to 0.05 mg/Nm³, lead 0.5 mg/Nm³ and 1 mg/Nm³ for sintering plants and mercury 0.05 mg/Nm³.

Happy Easter!

As Easter is approaching, we traditionally wish you "Happy Easter". Good luck in your professional activity and Spring mood for each day.

The Management Board
Polish Steel Association

