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HIPH on export duties on ore and steel from Russia

At the request of Trade Policy Department of the Ministry of Economy, the Management Board of the Association prepared the sector's opinion regarding the possibility of introducing export duties on ore and steel products by the Russian Federation.

In the years 2009 - 2010, Poland observed a rapid drop of turnover in import of iron ore from Russia to Poland with a simultaneous increase of ore deliveries from Ukraine.

The barriers which already exist or are being introduced to purchases of iron ore are detrimental to the sector. They cause higher production costs of crude steel, hence worsening the competitiveness of domestic steelworks.

As regards the duties being imposed by Russia on export of the hot-rolled and cold-rolled flat products to Poland, they will not have any adverse effects on Polish manufacturers. The domestic market is open to other exporters.

Excise duty on coal, coke and gas

On 1 January 2012 and 31 October 2013 the interim periods allowing Poland to be exempted from excise duty respectively on coal and coke as well as gas will expire.

As a result of the end of derogation, the excise duty will be imposed on the above products. In March 2011, the Association asked the Ministry of Finance for a meeting to discuss the effects of this tax on the sector and its related industries, the members of HIPH. On 18 April 2011, a meeting attended by representatives of HIPH and the Ministry of Finance took place. We reported about the need to adjust the Polish tax system in respect of the excise duty on coal, coke and gas to the Community law applied in the other EU countries. The tax regulations in Poland should not hamper the capability of domestic steelworks to compete on the EU

market. We applied for excluding the coal, coke and gas used in metallurgical processes from the excise duty.

The meeting was held under the consultations held with the sector with regards to the bill concerned.

Trade Directors' Forum

Trade Directors' Forum was organised by the Management Board of HIPH in Szczyrk on 31.03.2011 to 01.04.2011.

The following issues were addressed:

- Impact the raw material market on the condition of domestic and global steel markets at the beginning of 2011,
- The coke market in 2010 and 1Q 2011,
- Directions and size of the import of steel products to EU in 2010,
- Current state of the protection of the EU market.

Representatives of particular members of the Association assessed the markets for their products and introduced prognosis for 2Q 2011.

In 1Q 2011, the financial standing of manufacturers improved and the number of orders increased. Attention was drawn to the prices of charge for steel processing plants which have been on the rise since the beginning of the year. In 2Q 2011, one expects a moderate increase of prices of goods and a limited number of single orders as the orders are to be made more often and with a shorter delivery date.

Polish-Czech-Slovak Commission for Steel and Coke Industries, Machinery Construction and Environment Protection

On 7 and 8 April 2011, Wisla hosted Forum of the Polish-Czech-Slovak Commission for Steel and Coke Industries, Machinery Construction and Environment Protection with participation of Polish, Czech and Slovak representatives of the steel sector and its cooperating industries as well as the regional authorities and the Ministry of Industry and Trade of the Czech Republic.

The conference addressed the issues such as:

- situation of the steel sector in Poland, Czech Republic and Slovakia,
- regional policy in these countries in respect of the steel sector,
- status and impact of the domestic environmental acts of law on the sector as well as impact of DG CLIMA's decision regarding the allocation rules on the steel sector in Poland, Czech Republic and Slovakia,
- ways and forms of implementation of the Directive 2010/75/EC (IED) in the above countries,
- Effects of the increased costs of raw materials and energy on the competitiveness of the Central European steel industry.

In 2nd session dedicated to the role of service in the modern steel industry, some interesting solutions and the related experiences were presented by the companies such as: SMS Siemag AG, AMP Service Sp. z o.o., Kersten Europe Sp. z o.o., Linde Gaz Polska Sp. z o.o., ATSS.r.l and Mores.r.l.

The Forum accepted a joint standpoint of the Polish-Czech-Slovak Commission on emission trade in greenhouse gases after 2012 and IED Directive (the joint standpoint can be viewed on HIPH's website: www.hiph.org).

Energy Experts' Team

On 18.04.2011 a meeting of the Energy Experts' Team operating at HIPH was organised by the Management Board of HIPH. The meeting was to provide the members of HIPH with the information on the NFOŚiGW Priority Programme "Effective usage of energy" as well as the possibilities to obtain subsidy for energy audits and investment projects under the improvement of energy efficiency. The meeting was attended by the following representatives of the National Environmental Protection and Water management Fund (NFOŚiGW): Mr Marek Kownacki, Director of the Industrial Projects Department and Mr Wojciech Stawiany, Adviser in the Department for Communication and Strategy. They introduced the project selection criteria and specified rules

and forms of granting the subsidies under the Priority Programme by NFOŚiGW.

Materials necessary to elaborate the scope as well as the rules of the energy audit performance under the programme were disseminated.

Deadline for submission of applications for co-financing of audits (Measure A) is 30 September 2011 while the investment projects (Measure B) can be applied for until 30 June 2011

At PIKS about steel industry

On 18 April 2011, a discussion on "Steel in construction - promotion of the steel industry" was held at the Polish Chamber of Steel Structures in Warsaw. President of HIPH took part in the discussion.

The Association at the Forum of Refractory Industry

Following the agreements of Management Boards of HIPH and SPMO, a meeting of representatives of the Association of Refractory Manufacturers (SPMO) took place in Trzebinia on 6 April 2011. The President of HIPH delivered a speech on "Current situation of the steel industry in Poland and worldwide".. indicating the goals and challenges lying ahead of the sector under the EU low-carbon economic policy (PK-E and "Roadmap 2050").

The collaboration of HIPH with the Association is important for the member entities in both organisations.

Sector Social Dialogue Committee for Steel

On 5 May 2011, upon invitation of DG EMPL of the European Commission, we attended Plenary Meeting of the Sector Social Dialogue Committee for Steel (SSDC) of the European social partners in the steel industry such as: European Metalworkers' Federation (EMF), EUROFER and European Commission.

The following issues were discussed:

- Bringing action by EUROFER (on behalf of EU steelmakers) to the Court of Justice of the European Union against a

decision of the European Commission of 27.04.2011 regarding free emission allowances for the steel sector for the period from 2013 to 2020;

- Action Plan (the Road Map) which leading to the low-carbon economy by 2050;
- Joint standpoint of EMF EUROFER concerning the industrial policy of EU;
- Objectives and agenda for activities of SSDC for 2011 and 2012.

In order to secure the long-term competitiveness and employment in the European steel industry, it is necessary to support the sustainable development and consumption in the EU. The EU industrial policy shall take care of the future of energy-consuming sectors which constitute a strategic basis for the European production of consumer goods. The social partners expressed their concern about the consequences of "decarbonisation" of EU industry presented in the Energy Road Map.

During the meeting, information was provided on the current situation of the steel sector in the EU. A report was also presented from implementation of the project concerning the Council for professional qualifications in the steel industry.

On the occasion of Steelworker's Day

We wish to extend to
all employees in the sector, investors
and our partners

our thanks and appreciation
for the partnership in building
innovative steel industry in Poland

and

best wishes
of personal happiness and safe
professional future

The Management Board and the
Council
Polish Steel Association