



IN THIS ISSUE:

- **HIPH's Council**
- **General Meeting of HIPH's Members**
- **Economic Committee**
- **Forum of Trade Directors**
- **Trilateral Team For Social Conditions of the Restructuring of Steel Industry**
- **Meeting of Energy Team**
- **Excise duty on coal, coke and gas continued.**
- **TOK FM on PKE**
- **Science supporting the low-carbon economy of the EU**
- **ITM Polska'2011 trade fairs**
- **At KOBiZE about allowances for 2013-2020**
- **Meeting at the Ministry of Economy**

HIPH's Council

A meeting of the Council of Polish Steel Association was held in Katowice on 17th June 2011 with the following agenda:

1. Acceptance of the minutes from previous meeting of the Council on 22 March 2011.
2. Assessment of the situation on the Polish as well as global market for steel, coke and refractories - forecast for 1st half of 2011.
3. Information provided on predicted financial standing of the Association in 2011.
4. Discussion on the effects of the decision of the European Commission of 27th April 2011 (published in the Official Journal of EU on 17th May 2011) on interim rules for harmonised allocation of free CO2 emission allowances in the whole of EU, under art. 10a of the Directive 2003/87/EC of the European Parliament and the Council, for entities in the steel sector and the related industries.

The Board provided the Council with information on the status of works connected with the excise tax on the products used in metallurgy such as coal, coke, gas and electrical energy.

The Council adopted a resolution on addressing an appeal of the Management Board to Polish Members of the European Parliament for rejection of the motion of the EC concerning an increase in the reduction level for emissions of greenhouse gases from 20% to 30%. The Board of the Association lodged this motion on 20.06.2011 (a letter ref. HIPH/1090/11). According to the latest news, EP has not agreed for the 30% reduction of GHG emissions in 2020.

General Meeting of HIPH's Members

On 17th June 2011, Katowice hosted 24th General Meeting of the Members of Polish Steel Association. It was a reporting meeting. The General Meeting unanimously accepted performance report of the Council and the Board for 2010 and granted a vote of acceptance to both governing bodies as well as specified the framework agenda for 2011. Minutes from the meeting of the General Meeting were sent to all members of the Association.

Economic Committee

On 28.06.2011, a meeting of the Economic Committee of EUROFER was held in Brussels. The meeting introduced the current steel market in the whole of EU (27) and in particular member countries. Steel consumption forecasts for 2012 were presented. In 1Q 2011, GDP in the EU rose by 0.8% compared to 4Q of 2010 (0.3%). In 2Q 2011, the

economic performance is expected to slow down. There has been an increased uncertainty regarding the energy and raw material prices, euro exchange rates, impact of the earthquake and tsunami in Japan. These are the crucial factors to shape the market in the nearest future.

Forum of Trade Directors

On 9-10 June 2011, another Forum of Trade Directors of HIPH was held in Ustro. The meeting addressed the following issues:

- situation on the local and global market for steel and raw materials in 2010 and after 4 months of 2011;
- status of trade in steel between the European Union and the third countries including:
- directions and volume of import of steel products to the European Union following the statistics of EUROFER and ESTA.
- the current state of protection procedures in respect of trade in steel products and raw materials;

The markets for metallurgical products in Europe and Poland were analysed.

Representatives of particular members of HIPH introduced their forecasts for 3Q 2011. Following a good performance in 1Q 2011, April and May noted a clear decline in orders and the recipients' push on price reduction of steel products. The producers are concerned about a price increase of raw materials including the persisting high prices of steel scrap. The forecasts for 3Q are moderately optimistic. There are expectations for stabilisation of the prices of raw materials and steel products stable as well as an increase in orders.

Trilateral Team For Social Conditions of the Restructuring of Steel Industry

Upon an invitation from the Chairman of the Trilateral Team for Social Conditions of the Restructuring of Steel Industry, the Association took part in a meeting of the Team on 16.06.2011 in Warsaw. Under the part of the meeting dedicated to situation in the production and the steel market, the President of HIPH delivered a speech on Steel Industry in Poland and worldwide situation in 2010 and after 1Q 2011. Production and economic data for 1Q 2011 show a clear breakthrough of the negative trend observed in 2008 and 2009. The efficiency and revenues of enterprises go up while trade sees revival. The President has stressed that this relatively good situation is spoilt by the uncertainty about the financial means necessary to invest in ecological investment projects under the implementation of targets set in the climate and energy package. There will be significantly less money for

necessary investments of the enterprises in the situation whereby prices of energy and raw materials increase and derogation period for Poland in respect of the EU excise regulations for coal, coke and gas is about to end.

Meeting of Energy Team

On 20.06.2011, the Board of HIPH initiated a meeting of the Experts Team for Energy. Members of the team discussed, among others, the following issues at the meeting:

1. Reaction of steelworks to a draft of NFO on energy efficiency;
2. Excise duty on energy products in steel industry from 2012.
3. The analysis of the volume of electricity, gas, coal and coke consumed by the sector annually and the effects on steel production costs.

A representative of the Company TAURON introduced the company's development programme by elaborating the topic of : "Changes in the Company and their impact on the recipients of electricity". The Board of HIPH presented information on " EC's Decision of 27.04.2011 on the establishment of interim rules for allocation of free emission allowances in the whole of EU under art. 10a of Directive 2003/87/EC of the European Parliament and the Council. Member of the team accepted the strategy for performance of the Board in respect of the above issues.

Excise duty on coal, coke and gas continued

On the top of the currently valid excise duty on electricity, from January 2012, the burden of excise duty will additionally be imposed on coal and coke which will cause a significant increase in the production costs in our industry and, subsequently, will worsen its competitiveness. HIPH in collaboration with the Forum of Recipients of Electricity and Gas, the Chamber of Commerce of Non-Ferrous Metals and Recycling as well as the Polish Chamber of Chemical Industry is making efforts, under a project coordinated by Ernst & Young, to exclude coal, coke and gas consumed in the metallurgical and chemical industries from the excise. Currently, under the joint activities, the efforts are made for the above sectors to present justification for their requests to the Ministries of: Economy, State Treasury, Foreign Affairs and, again, Finance. There was a request for support also from the Chairman of the Committee of the Council of Ministers and the Chairman of the Economic Council at the Prime Minister. The Association will keep its members informed about the progress of works under this project.

TOK FM on PKE

On 21st June 2011, the TOK FM radio station in Warsaw hosted a debate about the impact of establishment of targets for a strong reduction of GHG emissions in the EU and the final decarbonisation of the production of electricity in Poland for the local industry. The debate was attended by the President of the Management Board of HIPH. The debate was made available for watching also on the internet. The EU climate and energy package constitutes a great challenge for Poland. It creates opportunities as well as threats. The increasingly stricter climate and energy policy of the EU requires a special sensitivity of the Polish government to the voices of business circles. The steel industry is ready to implement the reduction targets through investments; however, at the same time, it should not be additionally burdened with too extensive fiscal policy.

Science supporting the low-carbon economy of the EU

On 07.07.2011, under the newly launched Polish Presidency in the EU Council and under the patronage of Joint Research Centre (JRC) of the European Commission, Ministry of Environment, Ministry of Science and Higher Education and the Polish Academy of Science, a conference was held in Warsaw on Scientific Support to a Competitive European Low Carbon Economy. Energy, Transport and Emerging Technologies. The event's focus was how the science can support and accelerate the EU low-carbon economy without losing its international competitiveness at the same time. The clean technologies and increasingly higher energy efficiency are key for this transformation. In order to reach all targets set in Roadmap'2050, one shall increase the contribution of renewable energy; improve the energy efficiency in production and construction; shift to hybrid and electric drive of transport means; build intelligent energy networks; capture and store GHG emission, support modern nuclear energy and biotechnologies. Delivered speeches introduced the current status and the proposals of the scientific circles for the actual implementation of the above targets. We took part in the discussion by emphasising the concerns over financing projects necessary for implementation of Roadmap'2050 by the industry.

ITM Polska'2011 trade fairs

On 14-17 June 2011, on the premises of the International Trade Fairs in Pozna (MTP), the Polish Steel Association promoted the product offer of its member entities at its stand.

Vast majority of the trade fair's exhibitors offered ready machines, their parts, mechanical systems, electrotechnics as well as research and development expertise. The machinery industry is a big steel "consumer" (around 12% of the local consumption). This year, MTP celebrated its 90th Anniversary. We extended our occasional wishes to the Management Board of MTP. **The Board of MTP honoured HIPH with a Medal on this occasion for a long-term and good cooperation** - thank you!

At KOBiZE about allowances for 2013-2020

On 07.07.2011, the President of HIPH run consultations with the management of KOBiZE on the progress of elaborating, by the operators of installations included in EU ETS, justification to the emission allowances needed by the industry. Deadline for submission of forms to KOBiZE by steelworks and enterprises included in EU ETS is set for **31.07.2011**.

Meeting at the Ministry of Economy

On 30.06.2011, Economic Development Department of the Ministry of Economy in Warsaw hosted a meeting on the assessment of the situation in raw materials and materials of the Polish industry. The survey is aimed to check how much the industry depends on import of the raw materials and materials necessary for performance of the industry in Poland as well as to identify problems related to their accessibility. The meeting was attended by representatives of the chambers and organisations from the following industries: steel, chemical, paper, timber, building materials and others. The Ministry of Economy expects that the industry will provide the necessary information concerning, among others:

- Specific needs for raw materials and materials which will be specified over the next couple of days;
- Possibility of usage of the raw materials derived from recycling and application of substitutes;
- Local and imported sources of supply of raw materials and materials;
- Identification of barriers in access to raw materials.

The Management Board of HIPH is preparing elaboration on the steel industry.