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With equal rights for EU funds

On behalf of the sector, the Management Board of HIPH, addressed a letter to the Prime Minister, Mr Donald Tusk (ref. HIPH/0144/2012) with a request for the Government to make attempts in the European Commission and the European Parliament to come up with the solutions allowing the steel sector's enterprises to apply for EU funds supporting innovative investment projects according to general rules under the EU new financial perspective 2014-2020.

Under the EU budget valid until 2013, the steel industry was forbidden to make use of public aid under general rules due to the fact that it was beneficiary of the aid for restructuring (these issues in case of Poland are governed by the European Communities' Treaty, Protocol no. 8 on Poland's accession to the EU).

Transformation period of the steel industry based on the government restructuring programme formally ended at the end of 2006 while the final report was adopted by the government in 2011 and thus, considering the programme fully completed. Therefore, formal reasons for which the steel sector would need to be treated in a different way than the other industrial sectors ceased.

In our letter to the Prime Minister we indicated the need to change the EU regulations governing the rules of obtaining funds for innovation and new technologies in the years 2014-2020.

In the upcoming months, the works on EU aid programmes for the period 2014-2020 will commence and the negotiations of the general framework of the EU support will continue at the same time.

We appealed to the Polish government to make efforts during the negotiations to ensure that there will be no exclusions as it is today.

The information received by the Association from the Chancellery of the

Prime Minister confirms that our motion had been forwarded to the relevant ministries and would be included in the Polish standpoint on the matter.

Compensations for the costs of EU ETS

The General Directorate for Competition of the European Commission (referred to as DGC EC) is currently establishing the framework of the state aid for the national compensation schemes for the electricity price increases related to EU ETS. Under the consultation process, the Association submitted, on behalf of its members, comments and suggestions to so called: "Guidelines on selected means of state aid in the context of the emission trade system after 2012". We sent the standpoint expressed in a letter HIPH/0154/12 of 26 January 2012 (available for the members on the website www.hiph.org) to the Ministry of Economy.

A letter on this issue had been prepared and sent to the Prime Minister of Poland, Mr Donald Tusk (HIPH/2244/11 of 27.12.2011 available for the members of HIPH on the website: www.hiph.org). In the letter we appealed for Poland's support for decision of DGC EC granting the steel industry the "carbon leakage" status and including the sector in the shortlist of the industries eligible for compensation. We have asked the Prime Minister not to introduce any internal limitations in respect of the compensation amount in Poland. We have asked for the compensation to be full and valid for the entire period 2013-2020.

On 5 January 2012, we received the information that our requests had been addressed to the appropriate ministries in order to be included in the government's standpoint.

Forbes Energy Executive Congress

On 19 January 2012 we took part in Forbes Energy Executive Congress in Warsaw.

The gas safety in Europe and Poland was discussed during the event. The issues regarding the impact of distribution of CO₂ emission allowances on the competitiveness of the Polish energy producers were addressed. A lot of attention was dedicated to the renewable energy sources and nuclear energy in Poland.

Environmental workshops

Upon initiative of the HIPH's management, the workshops for experts' teams for Environmental Protection and Materials and Raw Materials for steel industry were held at the HIPH's office on 9 February 2012.

The workshops addressed the issues such as:

- IED Directive, impact of its implementation on the economy and steel sector,
- New granular materials for the steel sector as a mean to reduce dust emission in the steel making process.

At the beginning, the President of HIPH introduced the situation in the steel industry in Poland and worldwide and described the current situation in the steel consuming sectors. Director Malgorzata Tytko from Department of Environmental Instruments of the Ministry of Environment delivered a speech on the industrial emission directive. She described the changes introduced by the Directive in respect of industrial emissions and presented timetable for its implementation.

A representative of PEDMO S.A., Mr Jacek Niemczyk delivered a speech on: "Granular materials useful for the steel industry". They meet requirements of the modern production technologies and steel quality as well as strict ecological standards for dust emission. He described the advantages of MgO content granular materials.

In the second part of the workshops, a discussion was held (in separate thematic groups).

The Environment Protection Team discussed the impact of implementation of the New Directive for the steel industry.

The Team for Materials and Raw Materials presented technical and technological aspects of application of MgO granular materials.

Opinion to the bills on: energy, gas and renewable energy sources (OZE)

At the turn of January and February 2012, the Management Board of HIPH undertook the consultation process (three meetings of the Energy Team attached to HIPH and an email correspondence exchange) on the following bills:

- Energy Law
- Gas Law
- Renewable energy sources.

Conclusions and comments collected from steelworks had been wrapped up by the Management of HIPH as the sector's opinion and then submitted to the Ministry of Economy on 6 February 2012 in the form of separate documents for each of the bills following the specification of the Ministry of Economy and the consultation deadline (ref: HIPH/0199/12 and HIPH/0200/12). The opinion can be read by the members of HIPH on the website: www.hiph.org

Coalition for changing excise regulations

The works of the Coalition under trilateral agreement of HIPH - Ernst&Young - ArcelorMittal Poland and CMC Zawiercie of 6

June 2011 aimed to change the excise regulations came to an end. The Management of HIPH provided the managements of the above mentioned Companies with final documents. The Coalition's works shall be considered satisfactory. Introduction of an excise exemption on coal and coke used in metallurgical, chemical and mineralogical processes has been a success. Suspension of excise on electricity is to be implemented the works will continue this year. "Exposing" to the public (media, Sejm and Senate) the issues of excessive fiscal burdens on the steel sector and other energy consuming sectors has been also a success.

Another success can be attributed to the Working Group for Reducing the Burdens on Energy Consuming Sectors which had been established within the Interdisciplinary Team for the Polish Energy Policy until 2020 by the Ministry of Economy on 8.12.2011. FORUM's representative will participate in the Group's works.

Statistics Committee

A meeting of the Statistics Committee of EUROFER took place on 24 January 2012 in Paris office of ArcelorMittal. The Statistics Committee is convened twice a year to discuss the current issues related to the obligatory and voluntary sectoral statistics. During the meeting the conditions for accessing the production and trade statistics were discussed while not all the EUROFER's members had one vision on this matter. EUROFER submitted a draft on changes to the harmonised system to the Commission of the European Union. In connection with a protest by some of EUROFER's members, an issue of aggregation of statistical data by country had been raised as well. EUROFER will introduce such a way of aggregation which will not cause any objections.

Trade Directors' Forum

On 7-8 December 2001, the Forum of Trade Directors of HIPH was organised by HIPH's management in Ustron. The agenda of the meeting included the following issues:

- Assessment of the domestic and global market of steel, coke and raw materials in 2011,
- Import of steel products from the third countries to the EU-27,
- Current status of the protection procedures in steel trade,
- Impact of Russia's admission to WTO and establishment of the Customs Union of Russia-Belarus- Kazakhstan.

Conclusions from the discussion were as follows:

- the year 2011 was good for manufacturers; more steel products were sold but prices were low and hence, the profit margins were lower;
- the weather which was favourable for construction and structures had a positive impact on the sales of long products;
- high EURO / PLN exchange rate affected reduced import of steel to Poland;
- stocks kept by manufacturers and distributors in 2nd half of the year maintain a very low level;
- coke production in Poland in 2011 was lower by 3%. In 2012, it will drop by another 5% which is connected with a limited demand due to closing down of a few blast furnaces in Europe.

In terms of sales volume of steel products, the year 2012 should not differ from 2011. However, high price level of scrap and the possibilities of reducing the profit margin which is already low, raise concerns.