



03 • 2012

April

In this issue:

- General Meeting of Members
- Unfair practices on the distribution market of reinforcement steel
- Regional aid
- Opinion for the Ministry of Economy
- Prior surveillance of steel import
- Gas law social consultations
- Steel scrap
- ECON
- SPMO Conference
- Celebrations at AMP
- Croatian Day in Tychy
- Steelworker's Day 2012

### General Meeting of Members

25th General Shareholders' Meeting of HIPH Members took place in Katowice on 23 April 2012. The General Meeting unanimously approved 2011 performance report of the Council and Management Board of HIPH and granted a vote of acceptance to both governing bodies of HIPH. The General Meeting adopted framework programme for 2012. Official report from the General Meeting was disseminated among the members of the Chamber and is available for review at the HIPH's office. On behalf of the Management Board and the Council of the Chamber, we wish to thank for all forms of support and cordiality from our members which we have been receiving throughout the year 2011.

### Unfair practices on the distribution market of reinforcement steel

Following the letter of HIPH (0751/2012) addressed to the Ministry of Finance, the annual meeting of HIPH's representatives, domestic manufacturers of reinforcement bars and a consulting firm was organised with the Under Secretary of State in the Ministry of Finance, General Tax Supervision Inspector, Mr Andrzej Parafianowicz. On behalf of the entire sector, we introduced to him the issue and the scope of the practice of avoiding VAT taxation by some of the companies involved in the EU internal trade in reinforcement bars including its negative impact on the State Treasury and Polish steel industry. We hope that our information will be useful for the Ministry in combating this unfair practice. We have been assured of the establishment of a Task Group composed of representatives of numerous public institutions dedicated to curbing the practice of avoidance of value

added tax in steel trade. Minister Parafianowicz proposed the Chamber and its members to get actively involved in works of the above mentioned Task Group. HIPH declared its readiness to participate in the activities performed by the Group by offering its technical expertise and the information which the Chamber has as well as all possible support needed to achieve the established goals. The negative consequences of swindling VAT are particularly harmful to domestic producers of reinforcement steel and therefore, the Chamber treats this issue as one of the most important tasks for this year.

### Regional aid

In response to our motion for amending the EU rules concerning regional state aid under the budget perspective 2014- 2020 addressed to the Prime Minister, Mr Donald Tusk (our letter ref no. HIPH/0144/12 of 29.02.2012) and HIPH's appeal to the EUROFER (our letter ref. no. HIPH/0291/12 of 10.02.2012), we have been informed that DG Competition of the EC is conducting consultation regarding possible revision of the previously binding law. Having filled in the relevant questionnaire in this matter, we sent it to the EC on 26.04.2012. In the letter we pointed out that the reasons for "treating the steel industry as a sensitive sector" have already ceased. Making the EU funds available under new rules not only for other sectors but also for the steel industry will allow the industry to shift away from the production of massive products (facing a tough Chinese competition) to speciality products in a faster and more effective way.

### Opinion on trade with the Republic of Moldova and Georgia for the Ministry of Economy

The Management Board of HIPH made the analysis in respect of steel trade with Georgia and the Republic of Moldova. Following additional consultation with domestic producers, we submitted our opinion to the Ministry of Economy that the scope and the level of trade with the above stated countries does not imply any negative consequences to the national steel industry.

## Proposal of amending CN

Upon consultations with steelworks, the Management Board of HIPH prepared information for the Ministry of Economy on modernisation of the code CN 760120 covering slab ingots and round logs made of aluminium alloys. The Chamber provided the Ministry with its opinion reflecting the opinion of the non-ferrous metal industry.

## Prior surveillance of steel import

The Management Board of HIPH addressed a motion to the Ministry of Economy for extension of prior surveillance of steel import by another three years. Maintaining prior Community surveillance of steel imports will allow to monitor the quantity and price of steel trade with third countries in a more effective way. Russia's accession to WTO makes it highly possible that import of steel products from Russia to Poland will increase.

## Gas law social consultations

On 24 April 2012, we took part in social consultations regarding Gas Bill. During the meeting held at the Ministry of Economy, the following issues were discussed among others:

- gas supplies and sale
- comprehensive contracts in the capacity of the President of Energy Regulatory Office (URE)
- changes of supplier,
- sensitive recipients,
- rules and methodology of establishing tariffs.

In February 2012, HIPH provided its opinion on the above stated Bill. We also submitted our comments to the Bills on energy and renewable energy sources.

Due to numerous comments submitted and the need to include them in the future Act, the Ministry of Economy will amend the existing Gas Bill and will present the new amended one.

## Steel scrap

Although scrap by its nature does not constitute a hazardous waste, it will remain on the "green list" of waste until 2012 (as a consequence of implementation of the provisions in Accession Treaty Council Regulation /EEC/ No. 259/93 and Regulation of the European Parliament and the Council 1013/2006 of 12 July 2007). In import, Poland applies to scrap the same requirements and restrictions as to hazardous waste.

Decision of GIOS published on 15.03.2012 on refraining from taking up measures for extending interim periods in foreign trade and treating steel scrap (upon meeting certain criteria) as a raw material, not as a waste (Regulation 333/2011) had been adopted by the sector with satisfaction.

The Chamber prepared a report on steel scrap management in Poland and sent it to the Ministry of Environment along the request to include HIPH in social consultations pertaining to the guidelines for implementation of the requirements set out in the Regulation 333/2011.

## ECON

On 27-30 March 2012, another (87th) meeting of the Economic Committee (ECON) of the World Steel Association was held in Washington. On the first day of the Committee's meeting, the following issues had been presented and discussed during particular sessions: medium-term forecasts for the steel market (China and worldwide), steel consumption of the regional economies, prognosis for real steel consumption and possible scenarios of development of the steel market.

There was also a presentation of the current projects such as Ukraine'2020/Russia'2020. Another two days were dedicated to production and consumption of steel in the regions (Asia & Pacific: China, ASEAN, NAFTA, UE-27, CIS and MENA) as well as in particular countries (HIPH introduced the situation in Poland). Majority of the presenters pointed out that the situation on the steel market in 2012 would significantly deteriorate. 2013 forecasts are more optimistic.

## SPMO Conference

On 26 April 2012, the General Meeting of the Association of Refractory Manufacturers (SPMO) took place. During the session held prior to the General Meeting, the President of the Board of HIPH delivered a speech on "Current situation of the iron and steel industry in Poland and worldwide".

## Celebrations at AMP

On 14 April 2012, we took part in celebration of 40th Anniversary of the construction launch of Huta Katowice. The Management of HIPH extended the occasional congratulations.

## Croatian Day in Tychy

Upon invitation of the Honorary Consul of the Croatian Republic in Cracow, Mr Pawel Wlodarczyk, we attended the Croatian Day in Tychy on 17 April 2012. The programme included the Economic Forum: "Croatia yesterday, today and tomorrow".

## Steelworker's Day 2012

May is the month when we celebrate our special steel day. Therefore, on the occasion of the Steelworker's Day, we would like to express our thanks and acknowledgment for actual accomplishments in creating the sustainable steel industry in Poland on behalf of the Management Board and the Council of HIPH.

Thank you to all of you who handed over to us the occasional wishes for the entire steel sector!