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Letter to MoE

On 19 August the Board of HIPH submitted a letter to Ms Anna Nem , Deputy Minister of Economy, about energy efficiency and restrictions in electricity supplies.

The letter referred to the recent electricity supply crisis in the national power system as well as to the ongoing work on the draft energy efficiency law. The Minister was presented with the main demands of the steel industry in these areas and asked for appropriate actions which will, in our view, allow the steel sector to remain competitive internationally and ensure the security of energy supply in Poland.

Trade Directors Forum

On 10 to 11 September, 2015 Ustro held the subsequent session of the Trade Directors Forum. During the meeting issues were discussed concerning: steel, coke and refractories markets, EU steel trade with third countries, TTIP, EU market TDI modernisation, and the current anti-dumping and anti-subsidy proceedings in international trade in steel products and raw materials for the steel industry.

Letter to the EC Commissioner

On 17 September Ms El bieta Bie kowska European Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, was approached on GOES imports originating in Russia, the USA, Japan, Korea and China. HIPH supports the proposal by the DG Trade to replace the existing duties with the minimum import prices (MIP). This is a win-win situation for the benefit of

the whole electricity distribution system in the EU where GOES (grain-oriented electrical steel) sheets are a key ingredient. The general framework constituting the minimum import prices and the covering of all the products are also supported by two large European users of such sheets.

HIPH Council Session

On this 25 September, at the headquarters of the Polish Steel Association in Katowice, the meeting of the HIPH Council was held.

The Council members were presented with the situation update on the steel, coke and refractory materials markets in 2014 and after 7 months of 2015. A summary was made of the progress status of the coalition works formed with the participation of HIPH and law firms in the area of: introduction of renewable energy incentives and reliefs for the most energy-intensive industries, and the competitiveness of the steel industry in Poland.

Letter to MID

On this 21 October, the HIPH submitted a position letter to Ms Maria Wasiak, Minister of Infrastructure and Development.

The letter expressed our concerns resulting from the misalignment of the legal status with new advanced technologies applied in the manufacture of reinforcing steel. We highlighted the problem of too low quality standards for reinforcing steel needs to be looked at primarily from the safety point of view, but also from the perspective of the competitiveness of the steel industry in Poland where products are much more modern and yet lose out to the competition of imported products of inferior quality flooding Poland.

We expressed our willingness to meet to discuss issues regarding reinforcing steel standards in Poland.

Letter to the Prime Minister of Poland

On this 21 October, the HIPH appealed to Ms Ewa Kopacz, Prime Minister of Poland, about the ETS Review (European Emissions Trading Scheme) and the need for structural changes. We submitted the steel industry's comments on the Commission proposal in relation to the European

Commission's proposal on the EU ETS adopted by the Commission on 15 July 2015 and discussed at the meeting of the Environment Council on this 26 October. We stated therein that the steel industry supported good climate objectives, but not the way the EU Commission intends to meet them, i.e. through the elimination of industries and jobs.

We pointed out that in its current form, the proposal poses a threat to the very existence of the Polish and European steel industry which, as such, had been recognised in the impact assessment study made by the Commission as one of the very few sectors exposed to a very high risk of carbon leakage. This threat is mainly due to the high costs associated with environmental protection (the need to purchase emission allowances, the cost of indirect emissions costs included in the price of electricity and the inability to compete with the imports of goods from countries where environmental costs do not apply).

The EUROFER Economic Committee

On this 21 October, HIPH attended the meeting of the Economic Committee organised by EUROFER. During the meeting, the economic situation in the second quarter of 2015 was discussed as well as market forecasts for 2015 to 2016 in the EU. The EU economy is in the recovery phase, with the GDP increased by 1.9% in Q2'15 y-o-y while its strongest contribution came from the private consumption supported by low inflation rate and record low interest rates. The fastest growth was recorded in Spain, Poland, Sweden and the United Kingdom while France was stagnating and Italy hit by the slowdown. In 2016, a slight acceleration of GDP growth is projected to 2.0% as compared to 2015. Industrial production after 8 months of this year increased 1.6% y-o-y, with the strongest growth reported in Spain and Germany. In the second quarter of this year, production in the steel consuming sectors accelerated, with the SWIP index for the EU amounting to 2.1% y-o-y, relative to 0.9% in the previous quarter. In the coming quarters the growth rate is expected to stabilise, and accelerate to 2.5% in 2016. The construction sector clearly improved its dynamics in Q2'15, after three quarters of decline it increased 1.4%. The situation improved particularly in Spain, the Netherlands and Sweden while it remained adverse in France and Italy. In the engineering industry the slump is seen in relation to the previous year due to weak global demand, particularly a drop in exports to China. The largest decrease was experienced in the United Kingdom because of the strong pound sterling. The automotive improved the performance thanks to the rebuilt demand in the EU although exports decelerated to Russia and China. Double-digit growth rates are reported in Italy and Spain, but next year is projected to see a weaker growth. The production of pipes and tubes is in regression, and the largest decreases were recorded in France and Germany. The household appliances industry trends up despite lower sales to eastern markets. The best performers in this segment are Central European countries including Poland, thanks to lower costs of production. In total, the SWIP index for steel consuming sectors in the EU will fall from 2.5 to 1.9% this year and is forecast to increase to 2.6% in 2016.

Forecasts made by the members of the Economic Committee ensue that apparent steel consumption in the EU will increase 2% in 2015, less than half of last year's, and will be 149 million tons, with the main beneficiaries of this growth, however, being the third countries that will increase exports to the EU by ca. 10%.

The most dynamic growth is recorded in imports from China, yet most rapid sales growth comes from markets which were earlier less significant such as Serbia and Belarus.

ESTA CDD Committee

Between 29 and 30 October in Bergamo, Italy a meeting was held of the Committee of Directors of the European Steel Tube Association (ESTA CDD). During the meeting the information update was presented about the state of the economies of individual countries - members of ESTA. The situation was described as not very good, with a chance for a slight improvement in the near future. The production output of pipes and tubes in the EU in the first half of 2015 was 6.3 million tonnes and declined 5.2% as compared to 2014, of which 1.9 million tonnes were seamless pipes (down 17%), 0.6 million tonnes of welded pipes above 406.4 mm (up 10.6%) and 3.8 million of welded pipes below the 406.4 mm diameter (down 0.2%).

Our voice in the media

- Good News From The Steel Market The Production Output Has Been Growing Significantly, Puls Biznesu (21.08.2015)
- How To Recover Stainless Steel Market, Magazyn Hutniczy (25.08.2015)
- From Ropczyce To The Markets Around The World, Magazyn Hutniczy (01.09.2015)
- Innovation As An Opportunity For The Development Of The Steel Sector In Poland, Polish Market (09.2015)
- Steel Consumption In Poland Growing Will It Hit The Record?, WNP (11.09.2015)
- How Steelworkers Are Fighting The Shadow Economy? - Magazyn Hutniczy (15.09.2015)
- Steel Prices Yet To Bottom Out?- Puls Biznesu (12.10.2015)
- What Is The Current Situation In The Steel Industry - Gazeta Wyborcza w Cz stochowie (23.10.2015),
- Optimistic Forecasts And Unpredictable Threats, Magazyn Hutniczy (27.10.2015)

Events attended:

- the combined session of the Budget and Public Finance and National Economy Committees (03.08.2015),
- meeting with Ms Anna Nem , Deputy Minister of Economy (10.08. and 17.08.2015)
- meeting with the Ministry of Economy's Tomasz D browski, Director of the Department of Energy (Warsaw, 21.08.2015)
- meeting on preparations of draft guidelines for the BAT Conclusions for the Ministry of the Environment (AMP, D browa Górnicza, 17.09.2015)
- General Assembly of Delegates of the National Section of Metallurgy of NSZZ Solidarno (Le ne K ty near Ostrowiec w., 02.10.2015)
- festive inauguration of the academic year at AGH (Kraków, 05.10.2015),
- the 5th European Congress of Small and Medium Enterprises (Katowice, 12-14.10.2015)
- meeting with the National Fund of Environment Protection NFO iGW about the study of energy efficiency financing conditions in the corporate sector (Warsaw, 20.10.2015),
- debate on "European Funds For Sustainable Development In The Regions - Silesian Province" (28.10.2015),
- teleconferences and numerous meetings with EY in the framework of the Steering Committee and established coalitions on the competitiveness of the Polish iron and steel industry.