



09 • 2012

September - October

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VAT Fraud

The intra-Community steel VAT fraud issue which affects such steel products as rebars, sections etc. has now become a priority of the Chamber's activities. The Coalition set up by Steel Companies - the Chamber - E&Y is focused on supporting the Ministry of Finance and its control bodies.

The Chamber supports efforts in favour of systemic solutions to be introduced in combating fraudulent conduct (reverse charge mechanism), provides on-spot detailed arguments and current statistics, started cooperating with PUDS.

The Chamber has sent numerous letters to all institutions in Poland and in the EU of key importance to the subject matter, specifying the extent of this unlawful act, its materiality to the State Budget and its consequences to domestic steel manufacturers, which can and should tackle the issue effectively.

Nowadays, domestic steel makers lose out to dishonest 'competitors' and are forced to resort to painful decisions (e.g. idling facilities), which may lead to redundancies.

Excise tax on gas

The MF-led gas excise tax law amendment has been delayed. The Ministry of Finance announced that the draft law publication should be expected end of November/early December 2012. MF continues, though, expressing its willingness to apply an extensive catalogue of gas excise tax reliefs and exemptions for gas used for highly energy-intensive technological processes; this, however, must be monitored.

As part of the E&Y-HIPH-Other Sectoral Associations, the Chamber drafts market studies and provides sectoral arguments supporting the case on an ongoing basis. In search for more arguments, the Chamber Members which are not directly participating in the Coalition are requested to submit their own comments on the respective law making process.

HIPH- Steel Companies - EChW Law Firm and Viewpoint Group

The October focus of the Coalition workings was on:

- indirect compensation for energy-intensive industries (according to the European Commission's Guidelines on Certain State Aid Measures in the Context of the Greenhouse Gas Emission Allowance Trading Scheme after 2012 dated 22 May 2012),

- draft Commission Regulation (EU) No 1031/2010 on the auctioning of greenhouse gas allowances in 2013 to 2020.

- so-called Energy Tri-Pack another version of the draft Energy Law, Gas Law and Renewables Law.

Adequate position letters and proposals have been prepared in relation to the pre-notification and notification procedures for selected draft pieces of legislation.

The Future of European Steel Industry

On 30.10.2012 the Chamber's Board submitted to the Ministry of Economy the sectoral position letter related to the CE's initiative called The Future of European Steel Industry.

The Chamber's position pertained to such questions as steel market, competitiveness of Polish steel industry, raw materials, environmental and regulatory costs (directly implemented EU regulations and domestic amendments). The said position letter (HIPH/2166/2012) was drafted based upon feedback submitted by the Chamber's Member Companies.

Pipe & Tube Processing Procedure

On 16.10.2012 HIPH provided MoE with the position paper of domestic pipe and tube makers in conjunction with the request for permitting processing under customs control of seamless tubes of Chinese manufacturing, classified under CN 7304 19 10 20 and CN 7304 19 30 20, as filed by a Bulgarian company to the EC.

Taking into account Polish manufacturers' position, HIPH opted against such permit.

Mercury Convention

The sectoral position letter regarding the UN Protocol on heavy metals was sent to the Ministry of Environment and the Institute of Environment on September 4 and October 4, respectively. The letter highlighted the need for the steel representatives to participate in the Protocol review process. As the domestic steel industry's workings so far on heavy metal emissions could not be concluded with independent

corollary, HIPH supported the Eurofer position, which opted for following heavy metal emission abatement techniques:

- sintering plants, application of BAT 21 makes installation operators use input materials of low mercury content (BAT No 7), to reach Hg emissions within 0.03 to 0.05 mg/Nm³,
- electric arc furnaces, application of BAT 88 would reduce gas emissions to more than 98%, thus helping reduce mercury emissions below 0.05 mg/Nm³.

HIPH distributed the draft mercury convention paper along with capacity-related emission threshold values amongst steel mills requesting their positions. The final sectoral position shall be sent by HIPH to MoE by 21 November.

STAHL'2012

The annual international event STAHL'2012 was held on 8 to 9 November, 2012 at the CCD Congress centre in Düsseldorf.

Its leading motif was "Future starts with Steel". As evidenced every year, the event attracted a lot of visitors and participants.

Key topics of this year's conference were: Germany's energy policy reversal, EU climate policy and how to tackle the Eurozone crisis. These issues clearly impact the competitive position of the entire economy including the steel industry. The discussions centered on what had to be done by the steel sector so that the German / European economy remained at the top of the European/global industrial hub.

Unequivocally, technical innovations within the sector were pointed to. The second day, i.e. November 9, during the International Steel Day, saw business, scientific and political experts discussing the future of steel in Germany and in Europe. The Chamber's Chairman followed the invitation from the Wirtschaftsvereinigung Stahl and took part in this event.

Steelmet'2012

HIPH attaches a lot of meaning to promoting steel and steel manufacturers. During this autumn's STEELMET'2012 Fair, the Chamber exhibited at the steel stand. Our activities were highlighted along with products and services offered by Member Companies (as requested by: ISD Huta Czestochowa sp z o.o, Huta Labedy S.A., CMC Zawiercie S.A.). During the Fair numerous contacts were made with various companies, brochures and catalogues were distributed, multiple sector-related information was shared etc. However, based on our observations we could conclude that STEELMET was losing its renown.

Tripartite Committee for Steel Making

23.10.2012 saw the session of the Tripartite Committee for Social Conditions of Steel Making Restructuring held in Warsaw and attended by HIPH. The Committee Agenda included:

- HIPH providing an update on global and domestic steel business;
- Ministry of Economy presenting the Government's industrial policy relating to the steel sector and energy-intensive industries;
- evaluation of the social condition within the steel sector.

Minister G. Henclewska presented main assumptions of the Enterprises Development Program, intended support instruments

for innovative enterprises and Poland's position towards the EU climate policy. Mr K. Zareba informed about the Government actions associated with indirect compensation, to carbon leakage enterprises, of increased costs passed through in electricity prices following the ETS operation. The MoE Energy Department representative delivered an update on the project status of the Working Group for Relieving Energy-Intensive Industries. Subsequently, social condition within steel was discussed in connection with employee social package in the coke making industry as well as controls of employment forms in the sector.

KIG's Energy and Climate Conference

On 24.10.2012 The Chamber's Chairman attended the 'EU Climate and Energy Policy. Post Energy Roadmap 2050. Facts and Consequences Conference' held in Warsaw. According to KIG, event organiser, the present EU climate policy jeopardizes 10 industries of Poland. KIG signposted that lost profits on account of tackling the greenhouse effect might translate to as high as 800,000 jobs made redundant. Unfortunately, possible benefits such as energy savings, cleaner environment or new jobs created by renewable energy generators were mentioned only in passing.

HIPH opined that the conference was clearly representing the interests of the power sector, and this opinion was shared by other attendees during an open discussion.

Low-emission economy

As part of the National Development Program for Low-Emission Economy, in conjunction with the findings of the MoE meeting of September 5, the Chamber's Board run consultations with HIPH Member Companies and developed steel sector proposals pertaining to the activities areas of NDPLEE.

The listing and descriptions of 17 proposals made by steel makers were sent to MoE on 8.11.2012 r. (Ref.: HIPH/2184/12).

Stefan Dzienniak, BoD Member of AMP leaves the Company

Having spent his 40 years working for the industry, Mr Stefan Dzienniak, BoD Member of ArcelorMittal Poland S.A., leaves the Company. The special function was held on November 12 with the BoD Members of AMP SA and invited guests attending. The Chamber's Chairman extended congratulations and best wishes on behalf of himself and the community represented by HIPH.

Mr Stefan Dzienniak continues as HIPH's Council Chairman for the remaining term of the incumbent governing bodies.

PTPS joins the European SPIRE initiative

On 30.10.2012 the Steering Committee of Polish Technological Platform Steel was held and attended at the Institute of Ferrous Metallurgy (Instytut Metalurgii elaza). The Committee Agenda included developing PTPS position vis-a-vis SPIRE (Sustainable Process Industry through Resource and Energy Efficiency) initiative, which was to be presented at the Mirror Group of ESTEP (European Steel Platform).

SPIRE is a platform which brings together scientific and industrial communities to act under the Public-Private Partnership. The Steering Committee took notice of the position letter drafted by IM. No resolution was made, however, due to the lack of required quorum.