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# BIULETYN INFORMACYJNY NEWSLETTER



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### Personal changes in HIPH's members:

Mr Vijay Kumar Bhatnagar, President of the Board in Mittal Steel Poland S.A., has been appointed as General Director of Arcelor Mittal for Eastern Europe. His successor, Mr Gregor Muenstermann, will hold the position of General Director and President of the Board of Mittal Steel Poland S.A. Simultaneously, he is the head of Mittal Steel Ostrava. The former Financial Director MSP S.A., Mr Augustine Kochuparampil has become General Director of Mittal Steel Galati and his post in Mittal Steel Poland S.A. was taken over by Mr Surojit Kumar Ghosh.

The Supervisory Board in Huta Łab dy S.A., following the competition, assigned the position of President of the Board to Mr Zenon Górniak, the position of Board Member and Controlling and Strategic Analysis Director to Mr Krzysztof Mysiak and the position of Production and Trade Director to Mr Jerzy Sitek.

As a result of the competition in Koksownia Przyja Sp. z o.o., Mr Edward Szlak has become a new President of the Board, Mr Ryszard Cebula has become Deputy President of the Board and Director of Investment and Development, Mr Henryk Kolender has become the Board Member and Director of Finance and Trade while Mr Krzysztof Lebdowicz was appointed as a Board Member and Production and Technology Director. Huta Szczecin S.A. has a new President of the Board, Mr Tadeusz Johaniuk.

The Management of the Board and the Council of the Association congratulate the new-elected. We wish a lot of successes in performance of the current and strategic plans of the Companies managed. ■

### HIPH Council

On 20 December 2006, at HIPH's premises in Katowice, another sitting of the Council of the Polish Steel Association was held. During the meeting the following issues were addressed:

- situation in the production and trade of steel products after 11 months of 2006;
- monitoring of the restructuring process of the Polish iron and steel industry;
- performance of the investment programme by steel investors in Poland;
- the implementation state of restructuring and

privatisation of WRA and WRJ companies.

The situation in the steel sector after 11 months of 2006 was found good. The production, export and import growth was noted in all categories of steel products and an increase in the apparent consumption of steel was recorded. Concerning the monitoring issue, the steel restructuring process was discussed. There was a discussion about the EC standpoint on public aid benefited from by Arcelor Huta Warszawa Sp. z o.o. and Technologie Buczek S.A. In both cases the Commission started the examination procedure concerning legitimacy of admission and usage of public aid in the restructuring period. The Council accepted and appreciated the information given by Mr J. Podsiadło, the President, with respect to the performance of investments in MSP S.A. and the achievements of the other steelworks owners (CMC, Celsa, ISD and Złomrex S.A.).

In Mittal Steel Poland S.A., the advancement of the main investments is very high. The investments in Sosnowiec and wiatuchowice have been completed while in Dobra Górnica a restored blast furnace no. 2 and a new CC no. 3 have been launched. A new hot-rolling mill in Krakow will start operation in 2nd quarter of 2007. In 3rd quarter of 2007, Arcelor Huta Warszawa will launch a moderately fine rolling mill with the production capacity of 700,000mt/year. CMC Zawiercie S.A. will increase the production capacity of steelworks by 40% as a result of the undertaken investments and modernization. Melting time in arc furnaces will be reduced. Among others, converter power was increased and oxygen-fuel burners were installed. In Celsa Huta Ostrowiec Sp. z o.o., the production capacity will rise as a result of, among others, the modernization of arc furnaces and CC. In ISD Huta Czajka Sp. z o.o., the production increase is assumed within the existing production capacities by higher utilization of rolling mill and steelworks used in 100%. Złomrex S.A. will increase the production in HSW – Huta Stali Jakościowych S.A. it will change the work arrangement (into continuous work) and make investments in rolling mills in order to produce high-quality products. In Ferrostal Sp. z o.o. the investments made to steelworks will allow, among others, for intensification of the melting process in arc furnaces. The recent progress in privatisation of Walcownia Rur Jedno Sp. z o.o. and Walcownia Rur Andrzej Sp. z o.o. had been also presented. The Council of the Association committed itself to issue an opinion on the investments in WRJ Sp. z o.o. We will make our Members familiar with contents of the opinion in the next Newsletter. ■

## Prices of electric energy in 2007

On 16 December 2006, the Head of Energy Regulatory Office (URE) published decision on tariffs for electric energy binding for the receivers in 2007, PSE S.A. and PSE-Operator S.A. as well as 13 distribution companies. Purchasing price of electric energy increased on the wholesale market, thus PSE S.A. tariff was subject to 7.4% rise whilst PSE-Operator S.A. tariff was subject to 11.5% decline. In published report, URE stated that prices of electric energy for end-receivers including distribution service increased by 1.12% on the average (predicted level of average yearly inflation for 2006 can be 1.2%).

In practice, depending on particular receiver groups and the region, the price increase will be much bigger.

Preliminary consultations made by the Association with steelworks proved that in the steel sector, which is a large receiver of electric energy, its prices in 2007 increased on the average by 5-10%, which was much beyond inflation in 2006. The price increase of energy in 2007 is affected, apart from the black energy price increase, by the rise in costs of obligatory energy purchase from renewable sources (so called green energy) and sources associated with heat production (so called red energy). The energy price increase will certainly lead to an increase in the production costs of steel products, which will have an impact on the sector's competitiveness on the European and world-wide markets.■

## Main Inspector of Environmental Protection – steel scrap

We are presenting herewith full content of the reply made by the Main Inspector of Environmental Protection (GIO ) following a motion lodged by the Management Board of the Association.

The Main Inspector of Environmental Protection wrote:

...”Responding to the letter of 14 November 2006, ref. HIPH/3099/06 concerning the import of steel scrap, I wish to explain as follows:

Having regards to the signals addressed to the Ministry of Environment by enterprises and their organizations about the burdensome provisions of the Accession Treaty with respect to scrap import to the territory of the Republic of Poland, the Ministry of Environment made repeated efforts aimed at cancellation of interim periods for the Council Regulation No. 259/93/EWG on supervision and inspection

of wastes sent within and to the European Community as well as outside its territory with respect to majority of wastes placed on so called “green list of wastes” including scrap.

Due to the lack of possibility of shortening the interim periods with respect to provisions of the Council Regulation no 259/93/EWG, the Ministry of Environment took up steps to significantly reduce the interim periods burden, with special consideration made to the issues of scrap import. For that purpose, the procedure of wastes dispatch notifications was analysed, especially against the provisions of the new regulation of the European Parliament and Council of 14 June 2006 on movement of wastes (EU Official Journal series L no. 190 page 1) which will come into force on 12 July 2007.

Once this regulation comes into force, it is planned to introduce some solutions reducing the administrative burden of the applied notification procedures, like, for example, in certain cases the possibility of obtaining permit even for 3 years period when a receiver of wastes possessing installation for their utilisation has so called an initial permit.

It is planned that the initial permits will be received by the enterprises whose business activity does not increase the threat for environment and complies with regulations binding in environmental protection.

Referring to Your proposal on transferring the authorisation for issuing import permits to the Regional Inspectorates of Environmental Protection (WIO ) or other governmental or self-governmental administrative bodies, in my opinion, it would not much change the situation because all the procedures relating to issuance of permits have to be retained, for example, opinions of authorities competent for issuing permits for conducting activity in wastes management. Furthermore, it would then be necessary to employ a big number of staff in all the sixteen WIO or other governmental or self-governmental administration bodies as well as to prepare new staff to perform new tasks. Moreover, the currently valid division of competences in the subjective scope allows for a better organisation and coordination of the inspection duties connected with cross-border movement of wastes. Simultaneously, I wish to note that the standpoint of the Ministry of Environment concerning the above mentioned issue had been presented in the letter of the Minister of Environment addressed to You, Mr President on 14 November 2006, ref. GIO /DKR/442-115/06 mag.

At the same time, I wish to assure that the Main Inspector of Environmental Protection admits the permits for import of subjective wastes on the on-going basis. The administration

procedures relating to notification of wastes dispatch to Poland take up to 30 days from receiving a complete notification by GIO ”...

dr inż. Marek Halimaj

## Certificates of member entities

The Polish Steel Association informs that among the member entities, all the manufacturing plants possess ISO 9 001 certificates which are the basis for implementation and certification of the quality management system. ISO 14 001 certificates in environmental management is in the possession of the half of production plants. ISO 14 001 standard allows for development of Environmental Management System based on, so called, process approach. One of the most important objectives of certification is a continuous development in the performance of a given organisation. The industrial safety management systems, ISO 18 001, can be demonstrated by one third of the entities.■

## Polish Steel Industry ‘2007

I am pleased to inform that the Management Board of the Polish Steel Association is now starting preparation for the next issue of the guidebook **Polish Steel Industry 2007**.

Likewise the previous issues, the publication will brief on the national steel industry, finished goods market, the cooperating industries such as coke and refractories as well as the scientific and design supporting environment. Polish Steel Industry 2007 will be distributed among the largest domestic and foreign end-users and distributors. It will also be disseminated among the ministries and EU institutions, foreign embassies in Poland and Polish embassies abroad, the Chambers of Industry and Commerce and other producer organizations.

Should You be interested, kindly send Your advertising materials to our address by 28 February 2007. Technical issues concerning the advertisements shall be consulted with Mr Adam Szewczyk, our staff member, (tel. +48 32 788 77 75, e-mail: a.szewczyk@hiph.org).

**Deadline for the issuance of Polish Steel Industry 2007 is April 2007.■**