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Electricity prices to negotiation

At the beginning of 2008, when the Board of HIPH addressed a letter to the Prime Minister of Poland (see the website www.hiph.org), we stood alone. Today, high electricity prices cause a common protest in Poland. In this situation, the President of URE appealed to the energy sector and the large recipients to renegotiate purchase contracts for electricity in 2009. The readiness to renegotiate prices had been confirmed by consolidated energy groups. On 20 January 2009 a meeting was held in Warsaw (with participation of HIPH) from which we noted that URE expected to get from the recipients signals about the following:

- adverse provisions in the contracts,
- difficulties encountered when purchasing energy,
- groundless requirements set for the recipients in the contracts.

We encourage the members of Polish Steel Association to provide the information.

HIPH's appeal to Polish Government

On 12 January 2009, the Board of Polish Steel Association addressed a letter to the Deputy Prime Minister of Poland. The letter was an appeal for taking up steps to diminish negative effects of crisis in the Polish economy. We expressed the need to organize a forum with participation of the representatives of the government, sector organizations, scientific circles and possibly banks. Our initiative was a result of the market assessment. The world's economic crisis has a negative impact on the entire

economy in Poland. A big number of companies reacts to that situation on an individual basis. For example, they stop the production, reduce investments and cut costs including the social ones. The cost rationalization, improvement of competitiveness, stronger emphasis on customer care constitute positive implications. However, some negative phenomenon occur at the same time. The cooperation has been shaken within the chain of suppliers, producers, raw materials and products from the industries manufacturing investment and consumption goods with the usage of steel.

The condition of domestic steel companies has been adversely hidden by the fact that we are on the front line of the countries where goods from the East flow in, not always following trade practices in the market in a fair manner (at prices lower than their production costs).

The domestic industry is facing extraordinary situation and therefore needs some extraordinary measures.

The Polish government proposed PLN 90bn in "Stability and Development Plan". This is the right idea we need its implementation in which we shall actively participate.

URE starts action

On 28 January 2009, URE organised a conference: "Factors shaping the electricity prices. The regulated and liberalised market." Poland has the most expensive energy in Europe. In 2009, the prices for industrial recipients are higher by 40-60% compared to 4th quarter of 2008. The high electricity prices and taxes lower the

competitiveness of Polish products. The energy consuming sectors will relocate the production outside our country (aluminium, zinc, copper, steel, paper and cement among others).

Intervention made by the energy consuming sectors (including HIPH) to the Polish Government on high electricity price increases made the Government think about changes to high taxes while UOKiK will investigate whether the power industry violated the legal Act on the consumer and competitiveness protection.

HIPH in Ministry of Economy

In response to a letter ref. HIPH/0054/09 addressed by the Board of HIPH to the Ministry of Economy, a meeting of the President of the Chamber with the Minister, Ms Grazyna Henclewska was held in Warsaw on 30 January 2009. The meeting was joined by Director K. Galas and Mr D. Kotlewski from the Economy Development Department. The President of HIPH presented the current situation in the sector and on the steel market. He also proposed the solutions how to improve the situation (see the website: www.hiph.org). The Minister, Ms G. Henclewska informed that some of them would be included in "The measures taken by the Ministry of Economy for stability and development". The Ministry expects further proposals following discussion of the Board with the members of Polish Steel Association and the representatives of steel recipients.

Electricity for large recipients

On 4th February 2009, a meeting of big recipients of electricity took place.

The subject of the meeting was as follows:

- assessment of the current situation on the electricity market,
- defining some possible legal and PR actions for reduction of electricity prices and enhancement of the market position of the recipients,
- including big energy recipients in giving opinions on energy bills (through the commission of economy),
- indicating the necessity to get the state offices deal with the problems of industrial electricity recipients.

WKDS visiting the Voivode of Silesia

On 4 February 2009, a Presidium of the Regional Social Dialogue Commission took place. It was dedicated to the analysis, diagnosis and prognosis of the labour market and the economic situation of the Voivodship of Silesia against the current economic conditions prevailing in Poland. The social stakeholders and sector organisations were invited to the meeting. Polish Steel Association was represented by Mr Romuald Talarek.

During the meeting, the situation faced by the most important industrial sectors in the region was discussed and the scale of immediate measures to be taken up in enterprises was determined.

The Office of the Voivode and the Marshal will support from the regional side the measures to be taken under the governmental "Plan for stability and development".

An Expert Team was established to cooperate with the Voivode for the purpose of mitigating the effects of the crisis. The President of the HIPH Board became a member of the team as the sector's representative.

HIPH on AD 527 SSCR (China, Korea, Taiwan) OJ C2 of 1.02.2008

The Polish Steel Association supported the standpoint of the EU producers presented by EUROFER before EC on imposing temporary customs duty on import of stainless cold-rolled sheets SSCR from the countries sued in the procedure (AD 527).

European Commission on AD Procedures

On 07.02.2009 two pieces of information concerning the antidumping procedures were released in the Official Journal of the European Union (OJ No. L38). The first one, the Regulation 112/2009 imposing temporary antidumping customs duty on import of rolled steel wire from China and Moldova. Until the procedure is finished, import from China will be subject to customs duty from 8.6 to 24.6% while import from Moldova 3.7%.

No temporary customs duty was applied to Turkey.

The second piece of information was the Decision by the EC (2009.106.WE) on closing the procedure AD concerning import of flat products hot dip coated with metals from China (OJ No. L38). The procedure commenced on 14.12.2007 was closed after the complaint was withdrawn by the suing European industry on 11.12.2008. The Commission will be active in monitoring import of this product and should new reasons be observed, the procedure can be started promptly.