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Efforts concerning natural gas contracts continued

In our bulletin 7/2009 we informed HIPH's members about our efforts aimed at soothing the provisions drafted on comprehensive contracts for supply of natural gas for steelworks and other manufacturing enterprises.

PGNiG as befits a "real monopolist" instructed us that the Association will be a partner to them only after ... "receiving proper authorisation from steelworks"... (full text of the PGNiG's reply has been disseminated among the members in pdf format).

After such a dictum, we had no choice but to publish our appeal in "Puls Biznesu" and it turned out to be effective PGNiG became open to negotiation.

Support from URE

We provided Ministry of Economy (MG) and Energy Regulatory Office (URE) with a copy of HIPH's letter to PGNiG. URE's reaction to our appeal was totally different from PGNiG's reply. URE perceives our voice as a signal that the newly drafted "comprehensive contracts" for gas supply by PGNiG are disadvantageous to enterprises.

In its letter, URE emphasises that according to them ... "the recipients cannot conclude contracts on the conditions imposed by PGNiG"... because such a practice can be regarded as monopolistic. A full version of the letter received from URE by HIPH (in pdf) has been disseminated among manufacturers, the members of HIPH!

ECON - WSA

On 16-18 September 2009, the headquarters of World Steel Association in Brussels hosted a regular meeting of the

ECON economic committee. The President of the Board of the Association is a HIPH's permanent representative in the committee.

Meeting of HIPH's Management Board and a representative of Ministry of Economy

On 18 September 2009, HIPH's Board met Energy Department Director of the Ministry of Economy, Mr H. Majchrzak at HIPH's headquarters. The meeting was also attended by Mr H. Kalis, Chairman of 3E+G Forum.

During the meeting, some solutions applied by other EU countries were referred to while discussing possibilities of cost reduction of electricity prices for steel industry and other energy consuming sectors. We hope that the Ministry of Economy will support the efforts made by the Management Board of HIPH and 3E+G Forum in order to reduce excise tax on electricity and other parataxes resulting from lowering the obligation of energy purchase from OZE (colours) and correction of transmission fee.

To Prime Minister W. Pawlak on EU ETS

In connection with talks conducted by the Polish government with the European Commission on European Emission Trade System (EU ETS), we appealed to the Ministry of Economy for making efforts to exclude from adopted solutions such provisions which would hamper competitiveness of the local steel industry. The Management Board of the Chamber has proved that domestic installations in the steel industry are qualified for free allocation of 100% emission allowances. We asked the government to adopt solutions which provide enterprises exposed to CO₂ leakage with

compensation (from auction's revenue) to finance their adjustment transformation. We asked for solutions which enable new sectoral investments and the natural resources and energy saving activities to be co-financed by structural and cohesion funds following public aid rules. We appealed to the Polish government for introducing system based solutions in the form of "sustainable measures" against steel import from countries excluded from EU ETS. When formulating an international agreement in Copenhagen, we urged for ensuring domestic manufacturers their competitiveness over steel imports from countries not burdened with costs of compliance with EU ETS.

Meetings with Voivods continued

Subsequent meetings of the President of the Board of HIPH with the voivods took place in the regions where steel industry and its cooperating sectors exist:

- in Cracow on 21.09.2009
- in Kielce on 23.09.2009
- in Rzeszow on 28.09.2009

Trade Directors Forum

On 17-18 September 2009, Ustron hosted the Forum of Trade Directors, members of HIPH. The following issues were addressed:

- Situation in the iron and steel industry and its cooperating sectors in Poland and worldwide after 7 months of 2009,
- Situation in steel trade between the European Union and the third countries,
- Directions of steel imports to EU in 2009 and the usage of import licences with Russia and Kazakhstan,
- EU Trade Policy the present status of protective procedures,
- Market demand analysis for steel products in Poland and Europe. Representatives of member companies of HIPH presented their own forecasts for 4Q 2009.

Union of Polish Tube Workers

On 24 September 2009, the Union of Polish Tube Workers met at Huta Batory in Chorzow. The following issues were discussed:

1. Steel tube market in Poland after 8 months of 2009,
2. Import of steel tubes to EU from the third countries in 1 half of 2009 and the current state of protective procedures undertaken in EU and certain third countries,
3. Market of charges for tube production (semi-products, HRC, CRC)

The current market situation was assessed and the forecasts for 4Q 2009 were presented by representatives of domestic producers.

Another meeting is scheduled for November 2009.

Meeting of HIPH's Council

On 9 October 2009, Weglokok S.A. in Katowice hosted another meeting of HIPH's Council.

The Council decided to:

1. Positively assess a motion filed by the Management Board of ArcelorMittal Poland S.A. and to recommend Mr Stefan Dzienniak, a candidate for a Member of Council of HIPH, to the General Meeting.
2. The Council was informed by the Board about the following:
 - Situation in the steel sector,
 - Activities of the Chamber aimed at mitigating adverse effects of increased electricity prices

Terms to be included in comprehensive contracts for purchasing natural gas proposed by PGNiG

The President of the Board informed the Council about the Management Board's meetings with the Voivods in those regions where the steel industry and its cooperating sectors exist.

Economic Committee at Eurofer

On 14.10.2009 another meeting of the Economic Committee took place at EUROFER.

Agenda of the meeting covered the progress with technical reports and presentations of particular countries belonging to EUROFER.

"Steel and cement in infrastructure"

During 2nd edition of the International Metal and Steel Fair STEELMET 2009, the Management Board of HIPH in cooperation with the Association of Cement Producers organised a conference: "Steel and cement in infrastructure".

There was a joint exhibition stand of the Polish Steel Association and ISD Huta Czestochowa during the fair.

Extraordinary General Meeting of HIPH's Members

On 23.10.2009, HIPH hosted the Extraordinary General Meeting of the Members of the Polish Steel Association. The assembly had a voting nature. In the course of the meeting, it was decided that the composition of the Council will include 8 members till the end of its term of office covering the years 2007-2009. Mr Stefan Dzienniak was appointed a new Member of the Council.

PSI takes over AIS

On 26.08.2009, PSI purchased 100% shares in Austrian group, AIS Advanced Information Systems, a supplier of IT systems for advanced planning, production control and supply chain management for the steel industry. As AIS provides services to the steel sector clients in 25 countries all over the world, it is the world's leader in supplying software applied in production management by the steel sector.

Meeting of KIG's Presidium

On 24.09.2009, there was a ceremonial gathering of the Presidium of the Polish Chamber of Commerce in Czestochowa.