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Appealing to the Prime Minister of Poland for correction of tax policy on energy products

On 16 August 2011 we addressed a letter to the Prime Minister, Donald Tusk with a request to correct tax policy on energy products.

As the costs of steel production are continuously rising which is caused by an increase in energy prices and its taxation to a great extent, it is more and more difficult for enterprises in the steel sector to effectively compete on an open global market.

We provided the Prime Minister with the information regarding the impact of the rising prices of energy and its taxation on the condition and competitiveness of the steel industry in Poland. The information presents our standpoint supported by the Union of Employers of the Steel Industry as well as the sector's trade union organisations such as Solidarnosc and OPZZ.

Although modern, the steel industry belongs to a group of energy-consuming industries due to its specific technologies. In order for these industries to stay competitive, we appealed for adjusting the national economic and fiscal policy to the practices applied in other EU countries. The following are the most urgent issues in our opinion: exemption or significant reduction of the excise tax for electricity used in metallurgy and recognition of the electricity generated from the post-production gases such as coke oven, blast furnace or BOF as the renewable energy. Full text of the appeal is available on the website: www.hiph.org

Customs duty on aluminium

Under the Working Group of EC for Economic Aspects of Customs Duty Tariff, a compromise was reached regarding the customs duty tariff in import of aluminium

alloy from the third countries to the EU. Reduction of customs duty (from 6 to 4%) will apply to primary aluminium alloy. The Trade Policy Department of the Ministry of Economy asked HIPH for information about aluminium consumption in steel production, the proposal for modification of customs duty protection in import of aluminium and the suggestion as to the way of distinguishing between the primary and secondary aluminium. The enquiry regarded also HIPH's involvement in the Working Group.

In our response, we informed the Ministry as follows:

- Neither the board nor HIPH's members participated in previous meetings with EC regarding modification of customs duty on aluminium imported to the EU from the third countries,
- To deoxidate liquid steel or supplement its chemical composition in steel production processes, secondary aluminium (mainly alloy) in different forms (pig sows Al, wire Al, granules or small casts in shape of cones, pyramids, hemispheres Al and others) is used.
- Polish steelworks source this product mainly domestically while the average consumption of aluminium in the steel industry ranges from 25,000 to 30,000 ton per year,
- Suspension of collection of the customs duty on primary aluminium (especially in view of ceased Al production by Huta Konin) would be the most appropriate solution,
- Distinguishing between primary and secondary aluminium with organoleptic methods is impossible; it is possible with spectrometric methods of marking chemical composition.

AD on graphite electrodes imported from China.

EUROFER and WV Stahl as the parties being against introduction of temporary

import duties on graphite electrodes from China, under the AD proceedings appealed for the support to the associations of member states. Some of the member entities of HIPH were for, some were against while the others stayed neutral. Under these circumstances, HIPH did not issue any unambiguous opinion on the subject.

Meeting of the Environmental Protection Team

On 13 July 2011, HIPH hosted a meeting of the Environmental Protection Team.

The agenda covered the following issues:

- National executive means the status of works of particular installation operators on KASHUE-KOBIZE form,
- Mercury convention further environmental restrictions,
- Active management of the emission allowances limits today and in 3rd period of EU ETS HIPH workshops,
- Other issues.

In principle, member entities did not report any problems with filling in the KOBIZE forms.

However, the companies asked for extending the deadline for submission of verified forms with historical data regarding installations. We justified the motion for extending the deadline as follows:

1. Limited executive possibilities of the entities authorised to verify data.
2. Extended scope of data for verification resulting from division of installations into sub-installations.
3. Delayed publication of EC's Decision of 27 April 2011 on establishing temporary rules for harmonised allocation of free emission allowances in the whole of EU.
4. Lack of implementing regulation to the Act on emission allowances trade system and EC's Decision of 27 April 2011.
5. Lack of Polish translation of the guidelines of EC's Decision.
6. Interpretation inaccuracies concerning the limits for division of installations into sub-installations.
7. Report on methodology - still lack of

the plans (guidelines) for monitoring and reporting.

In the course of consultation with KOBIZE, the Management Board of HIPH passed on the arguments of the parties applying for extension of the deadline for submission of forms. KOBIZE extended the deadline to 8 August 2011.

Media about steel and steel industry

The Management Board of HIPH uses press, radio and TV to inform the public about situation on the steel market and the conditions for operation of the steel industry in Poland.

During a debate in TOK FM (22 June 2011), twice in TVN-CNBC (19 July and 23 August 2011), in TVN (30.08.2011) as well as in numerous press publications (PAP, Rzeczpospolita, Puls Biznesu, Steel Business Briefing, Magazyn Hutniczy) we were demonstrating that the steel market in Poland has been growing dynamically; that the domestic steel industry is needed by the Polish economy and that only a reasonable economic and tax policy can provide an incentive for sectoral investors.

At the European Council for skills and employment in the steel sector

On 15 July 2011 we took part in a conference closing the 1st stage of the project carried out jointly with EMF and Eurofer: "Towards a European Steel Council on Skills and Jobs. Identifying the actors" held in Brussels. The project concerned the establishment of the European Council for skills and employment in the steel sector.

The 1st stage of the project was aimed to collect and analyse data available from the interested EU member states. Out of 15 countries participating in the project, 10 have national systems of vocational education and training for the steel sector varying depending on the country. A representative of the EC's DG for Employment emphasised the usability of the national and regional councils for skills cooperating with enterprises reporting certain needs as well as educational and training institutions.

Some of the EU countries observe a minimal information exchange between the advisory and employment policy bodies and the steel industry and its needs.

A representative of the EC's DG for Education and Culture indicated the current challenges facing the member states such as aging society, shortages in qualifications of people entering the labour market and over 20% unemployment among the youth. Rapid technological changes and transformation to a low-carbon economy require development of a close cooperation between the educational and training institutions and the industry. The Council for skills and employment should play this role. There is a need to supplement the information further so that the social partners could move on to 2nd stage of the project (establishment of the Council for Skills and Employment in the steel sector). Next activities will be performed under working groups of the Steel Sector Committee for Social Dialogue.

Ministry of Economy a report on implementation of restructuring

In connection with implementation of the regulations stipulated in art. 41 of the Act of 24 August 2011 on restructuring of iron and steel (Journal of Laws No. 111 item 1196 with later amendments), the Ministry of Economy prepared a report on implementation of the iron and steel restructuring in 2010 under a task of "Monitoring the restructuring process of iron and steel". The document was submitted to the Association for appraisal. No comments had been made to the document.

Workshops "Active management of CO₂ emission limits"

Let us remind you about the workshops organised by HIPH at the Belweder Hotel in Warsaw on 6-7 October 2011 on the subject: "Active management of CO₂ emission limits". You are most welcome to attend.