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Meeting in KASHUE on NAP II

On 16 March 2007, a meeting was held at the office of the National Administrator of the Emissions Trading Scheme. The meeting was to discuss the current situation and plans for further steps to be taken with NAP II. It was attended by representatives of the sectors included in NAP, KASHUE and the Ministry of Environment. Mr Paweł Selek and Ms Marzena Chodor from KASHUE made a briefing from meetings of representatives of the industry sector organisations (including steel industry) with EC General Directorates:

- DG Competition,
- DG Environment.

The meetings were organised in the form of consultations.

The stance of the European Commission on banking allowances and NAP II had been introduced. In this matter, the European Commission gave an announcement in which they objected transferring the allowances between the first and the second term but accepted transferring them between the second and the third accounting term. Poland is the only state within the EU 25 which supports banking allowances between the first and second term. The European Commission stresses that in case of applying for banking allowances between the first and second term, we should be aware that the amount of transferred allowances are to be deducted from the total amount of allowances admitted for the next accounting period (in the opinion of the European Commission, the particular countries under NAP I were admitted more allowances than it was necessary). The Polish side does not agree with such a stance of the EC. The Commission informs that all the decisions in respect of banking allowances between the

periods 2005-2007 and 2008-2012 will be notified by the EC. Prior to issuing such a decision, the EC will check whether over-allocation of the allowances took place for a given installation which led to public aid received by a company. Justifying own stance, Poland acknowledged banking to be an important tool for the installations which saved allowances in result of reductions (through investments, work organisation changes and technological stoppages, among others).■

Green Book market protection measures

On 16 January 2007, HIPH disseminated so called Green Book among its members (in Polish and English) concerning the European debate on the proposals of liberalisation of the EU market protection measures and a questionnaire related. At the end of January, we provided our members with proposals of the Eurofer's and ESTA's standpoint in this matter for the members' reference and comments. We have received only 4 opinions from our members concerning these documents the remaining members have not raised any comments. As a result, we gave a positive opinion on the EUROFER's standpoint and we passed the received comments to ESTA. The ESTA's and Eurofer's stances submitted to the European Commission are available from our website: www.hiph.org.■

Zeroing

The dispute which has been ongoing for many months between WTO and the US Trade Department on the American method of calculating antidumping customs duty called zeroing came to an end. Zeroing was one of many barriers in trade with the USA. WTO did not accept the American version of calculating antidumping customs duty considering that it does not follow the

requirements of the worldwide trade. The USA were obliged to stop using this procedure and introduce the rules recommended by the World Trade Organisation applied by the EU, among others.

9 April 2007 was set as deadline for the USA to introduce the regulations recommended by WTO.■

EU steel bilateral agreement with Russia for 2007-2008

On 7 February 2007, the European Commission took into account the Russia's request for increasing quota for exporting steel products to the EU in the years 2007 and 2008 because of two steelworks possessed by Russian investors in Romania. The increase of limits by 83,000 mt in 2007 and 103,000 mt in 2008 applied by the Russian side was reduced by 12% due to maintaining by Russia the customs duty for steel scrap export.

To sum up, the export limits agreed earlier with the Russian side, will be increased in:

- 2007 – by 74,000 mt (by 27,000 mt SB2 and by 47,000mt SB3),
- 2008 – by 91,000 mt (44,000 mt SB2 and 47,000 mt SB3)

So, the total quota for Russia will go up from 2.2 million ton in 2006 to 2.9 million ton in 2007 and 3.0 million ton in 2008.■

Trade Directors Forum

On 15-16.03.2007 in Ustro , the Management Board of the Association organised the HIPH Members Trade Director Forum, the first one this year. The results in 2006 were summarised and the situation in January and February 2007 in the steel sector and cooperating industries was discussed. The markets for steel products were assessed and the second quarter of 2007 was forecasted.

The maintaining uptrend for prices of steel products and semiproducts as well as raw materials (ore, scrap, ferroalloys) was emphasised. The requirement still exceeds the supply. In the producers' opinion, prices will continue to rise in 1st

half of this year.

The information was given by the Management Board on the current relations of the EU in trade with the third countries, among others, on:

- threats resulting from an increase of import to the EU;
- the usage level of import licences (EU bilateral agreements with Russia, Ukraine and Kazakhstan);
- the ongoing market protection proceedings.

During the meeting, Kolporter Expo Sp. z o.o. representatives made a presentation of a new Exhibition Centre and EXPO Trade Fairs Silesia.■

ECON Meeting

From 1 to 2 March 2007, a meeting was held with participation of representatives members of the Economic Committee of International Iron and Steel Institute (IISI) from 30 countries (Poland was represented by the HIPH's President). The major objective of the meeting was to work out the projections for the steel sector. They were presented and discussed by the IISI Directors' Council on 25–26 March 2007. During the ECON meeting the situation on the worldwide markets today and till 2010 was discussed. The meeting agenda also included situation on the prospective markets (Brazil, Russia, India, China) and presentation of domestic reports. HIPH's report in the form of a brochure was made available for the participants.■

Co₂ FORUM

ACO₂ FORUM was held in Warsaw on 8 March 2007.

The overall activities of the FORUM in 2006 were summarised and the activities for the purpose of NAP 2008–2012 were discussed. A debate was made on the role and strategy of FORUM for the time when the European Commission issues decision on Polish NAP II.

The organisational issues as well as possibilities of closer cooperation with energy sector were addressed.■

Opinion of Assotian's Council on investment in Walcownia Rur Jedno Sp. z o.o.

As we informed in previous issue of the Newsletter, during the meeting in December 2006, the Association's Council obliged to issue an opinion on the investment in Walcownia Rur Jedno Sp. z o.o. Extensive fragments of the opinion dated 25 January 2007 are presented below:

Steel tubes constitute one of the basic products in the overall steel production assortment. They are products sought by the present consumers, i.e. industries such as: chemical and petrochemical, machinery, energy, automotive and steel structures.

Domestic deliveries of seamless tubes do not meet all the needs of the local market due to incomplete production offer and export performed. High development growth of the national economy and increasing requirement in the sectors consuming tubes lead to a rise in domestic production and competitive import...

The production of seamless tubes in Poland constitute only 4% of the EU production while the apparent consumption – 7% of the apparent consumption of the Union. In Poland like in the EU, the import and apparent consumption in the years 2002–2006 show the uptrends. In the next years, it is projected that the high requirement for seamless tubes in Poland and Europe will continue. New investments in the sectors consuming seamless tubes should translate into a further increase of the requirement for these products. In addition, the European Commission in July 2006, imposed antidumping customs duties for import of seamless tubes from Russia, Ukraine and Croatia for the period of 5 years. These aspects support the completion of investment in Walcownia Rur Jedno Sp. z o.o., which, however, should be a business undertaking in the first place. Its performance does not mean an immediate regaining of the domestic market of seamless tubes. In order to fully regain the market, financial outlays will have to be made and they will have to be added to expenditures for completion of the investment in WRJ Sp. z o.o.

The Assotian's Council decided to give a positive opinion on decision of TF Silesia Sp. z o.o. to complete and set up the production of seamless tubes in Walcownia Rur Jedno Sp. z o.o.■