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How to manage environmental risk

The Management Board of the Polish Steel Association invited the Management of Atmoterm S.A. to introduce the idea of the environmental risk management system to Environmental Protection Team. Today's bills are drafted by the working commissions of EU institutions and then fully implemented to the national regulations. Monitoring the economic effects of implementation is not easy, partly due to their number (around a few hundreds of legal acts). In order to avoid the risk concerned and to make proper use of the opportunities, one shall first identify and then manage both of them. Such possibility is provided by the "management system in environmental protection" proposed by Atmoterm S.A. We find the Atmoterm's proposal interesting and hence we intend to take up close co-operation with Atmoterm in this respect.

To the Ministry of Economy on benchmarks

On 25 November 2009, the Management Board of the Polish Steel Association addressed the Ministry of Economy with a letter (HIPH/2320/09) requesting some corrections to the government's standpoint on benchmarks. Ecofys/Fraunhofer (EC' advisers) propose to distribute CO₂ emission allowances between waste gas producer and its consumer. Waste gas consumers would receive allocations corresponding with CO₂ content in natural gas which has the same energy content as the waste gas concerned. Waste gas producer would then receive allocation corresponding with CO₂ content in waste gas minus the part assigned to waste gas consumer. HIPH requested for 100% free allowances to be allocated to waste gas producer. HIPH is concerned that the allowances allocated to energy plants according to Ecofys/Fraunhofer proposal will be lost as now the Commission refuses to allocate free allowances to energy producers (regardless the power plant is on the site or outside, or it belongs to the steel or energy sector). In our justification we stated that the waste gas consumers could not be assigned with benchmarks. In

Ecofys/Fraunhofer's proposal, treating waste gas as a commercial fuel acts to disadvantage of the steel industry which can not sell its gas on the same conditions as natural gas is sold.

At Voivod's Office

On 24 November 2009, a join meeting of the Team for Monitoring Social and Economic Situation in Silesian Voivodship and the Regional Social Dialogue Commission took place. The meeting was dedicated to analysis of the current labour market as well as social and economic situation in the region at the time of economic slow down. The Voivodeship's development opportunities during the crisis were discussed. President of HIPH is a member of the Team for Monitoring the situation in the region.

Cold Rolling Mill at AMP after modernisation

Official launch of the modernised cold rolling mill at AMP took place in Krakow on 30 November 2009. The old rolling mill has not been in operation since 2007 as it had to adjust to working standards of the global company ArcelorMittal and reduce its production capacity after our EU accession which was required by EC. After construction of a new hot rolling mill in Krakow, the modernisation of the new cold rolling mill was a logical part element of the modernisation and investment activities conducted under the entire technological process of production of high quality flat products required by the market. Sheets from the modernised rolling mill met quality standards (in terms of ductility, thickness tolerance, surface flatness and the edge condition) expected from more and more demanding ultimate customers.

We passed our congratulations on this event. The President of the Polish Steel Association participated in the occasional press conference.

Barter platform

In October 2009, the Management Board of the Polish Steel Association received a letter from Ms Małgorzata Handzlik, the Member of the European Parliament working in the Internal Market and Consumer Protection Committee of

EP, informing about so called "barter platforms". The idea of barter is to support enterprises facing cash flow problems during the crisis. Under so called business platform, trade of goods and services is conducted in part and in whole on a non-cash basis while payment settlement is subject to book keeping and tax effects are the same as in case of cash transactions. When credits become more and more expensive, barter allows to save cash. Ms Malgorzata Handzlik will introduce the concept of barter during the meeting of the Council of the Polish Steel Association on 29.12.2009.

Energy and Climate Package

Energy and Climate Package seminar on emission trade system.

On 11 December, the Ministry of Environment hosted a seminar dedicated to energy and climate package. The conference aimed at explaining the issues resulting from the regulations included in the directive of the European Parliament and the Council 2009/29/WE of 23 April 2009 amending directive 2003/87/WE in order to improve and extend the European system of greenhouse gas emission allowances trade (directive EU ETS). During the meeting representatives of Ministry of Environment, Ministry of Economy and National Administrator of Emission Allowances Trade System discussed the issues such as purchasing allowances at auction, phenomenon of emission leakage and partly free allowances for the sectors as a result. The discussed subjects included emission indicators as the basis for free allowances allocations and free allowances partly allocated to the electro-energy sector. The seminar was organised by Ministry of Environment in collaboration with National Administrator of Emission Allowances Trade System. Conference materials are available at the Polish Steel Association.

Climate dilemmas

On 11 December 2009, Ministry of Economy hosted a public presentation of the results of survey on "Assessment of Poland's potential for reduction of greenhouse gas emissions till 2030" carried out by McKinsey&Company. According to the author, the conducted survey will allow to estimate the reduction level of greenhouse gases in our country and determine the costs involved. Deputy

Primer Minister, Mr Pawlak, indicated the importance of using reliable experts data when taking up decisions on climate and energy. Results of the survey will be used by Ministry of Economy in their works on "National programme for reduction of greenhouse gas emissions after 2012". Information on the report by McKinsey&Company is available on the website: www.mg.gov.pl

Steel in road infrastructure

The Management Board of Polish Steel Association in collaboration with the Polish Road Congress organise a training seminar on "Steel in road infrastructure" on 14 January 2010.

80th anniversary of HUTNIK

In the event of 80th anniversary of HUTNIK magazine, an occasional seminar was held. We passed our congratulations to the Editor in Chief of this magazine, professor Andrzej Wycislik. The President of the Board of HIPH delivered a speech ordered exclusively on this occasion on "Modern steel industry in Poland against the challenges of global economic crisis".

2nd Economic Policy Forum "Slaskie 2013+"

On 26 and 27 November 2009, Wisla hosted II Economic Forum. The Forum addressed the following issues among others: the impact of Climate and Energy Package on regional economy, implementation of Regional Innovation Strategy and the present and future role of modern and traditional industrial sectors. We were actively involved in meetings held during 1st part of the Forum and dedicated to new, energy efficient technologies and environment friendly waste management.

Trade Directors Forum

On 17-18 December 2009, the Forum of Trade Directors, Members of HIPH, was held in Ustron. The agenda covered the following topics:

- situation in the iron and steel industry and cooperating sectors in Poland and worldwide after 10 months of 2009,
- situation in steel trade between the European Union and the third countries,
- import directions for steel products in EU in 2009 and the level of utilisation of licenses in import from Russia and Kazakhstan,
- trade policy of the European Union the

current state of protective procedures, - analysis made with respect to the markets for steel products in Europe and Poland. Representatives of the member entities of HIPH presented their own prognosis for 1Q 2010.

Polski Koks S.A. introduced the current status of the coke market in Poland and worldwide. The biggest coke consumer is the steel sector which determines the situation on the coke market. In 2009, production capacities of Polish coke plants were utilised in 70%.

The world's crisis changed the geographical arrangement of the coke production and trade. The 2009 global coke trade is estimated at 13.2 million ton and it is lower by 60% compared to previous year. China practically deferred coke export this year while Poland became its leader with 36% market share (before Russia, Japan and China). The main recipients of Polish coke are the EU countries, India and Iran.

HIPH KIG

The Council of the Polish Economic Chamber (KIG) met in Warsaw on 17.12.2009. The Council discussed the statutory and organisational affairs as well as the agenda for KIG's activities in 2010. The need was discussed to complete works on the new formula of economic self-government in Poland. The role of sectoral chambers in preparing KIG's standpoint on economic policy will be bigger than before. HIPH is a member of KIG.

Dear Sirs,

We wish a Merry Christmas and a Happy New Year to all Investors, Management and Staff of the steel enterprises, cooperating companies and member organisations of the Polish Steel Association. May you stay optimistic and may your hope for restoring a boom for our products be fulfilled in 2010.



The Management Board and the Council of the Polish Steel Association