



### IN THIS ISSUE:

- **Environment Protection Team**
- **HIPH on possible export duties on iron ore and steel products from Russia**
- **Energy Experts Team**
- **Ministry of Economy about CO<sub>2</sub> emissions**
- **Statistics Committee of EUROFER**
- **Economic Committee of EUROFER**
- **HIPH - PIKS**
- **Law on GHG emission allowances trade system**
- **HIPH speaking to National Section of NSZZ Solidarno**

### Environment Protection Team

On 31.01.2011, HIPH hosted a meeting of the Environment Protection Team. Its main subject was to discuss decisions on the allocation rules for CO<sub>2</sub> emission allowances according to art. 10a of the EU ETS Directive.

The discussion focused on the impact of implementation of the EC decision on the activity of member companies. Steelworks are applying for:

- possibility of transferring the saved emission allowances between periods in relation 1:1,
- possibility of transferring the allowances between installations of the same owner within the area he is legally entitled to,
- defining an index (close to 1) allowing for calculation of efficiency of the reference production installation in the 3 settlement period for new installations commissioned in the 2 settlement period,
- possibility of adoption of the reference period individually for particular installations (2005-2008 or 2009-2010), for example steel plant and rolling mill,
- making available the compensations admitted by the European Commission for enterprises which will lose their market competitiveness due to implementation of the new rules. Directive 2009/29/EC assigned the competencies to the Member States' governments.

### HIPH on possible export duties on iron ore and steel products from Russia

At the request of Trade Policy Department of the Ministry of Economy, the Management Board of the Chamber prepared the sector opinion on the possibility of introduction of export duties on iron ore and steel products by the Russian Federation.

The period 2009-2010 recorded a rapid decline in import of iron ore from Russia to Poland with a simultaneous increase in supplies of iron ore from Ukraine.

All the existing barriers or the ones being introduced in relation to purchase of iron ore for the sector will be severe. Higher duties on this raw material will increase production costs of crude steel and thus worsen the competitiveness of domestic steelworks.

In export of hot and cold rolled flat products, Russia is the fourth partner by volume.

Introduction of export duties on steel flat products from Russia will not have a negative impact on the Polish manufacturers and will not cause distortions on the recipients' market. The domestic market is fully open for importers.

### Energy Experts Team

On 16.02.2011, a meeting was organised by the HIPH Management Board for Members of the Energy Experts Team operating at HIPH. Having acquainted with the situation in the production, trade and consumption of steel products and situation on the market of raw material and energy carriers affecting the competitiveness of the steel sector in Poland, the team members emphasised the consequences of the lack of national energy and fiscal policy for competitiveness of the industrial sectors such as large energy recipients. Unlike Poland, majority of the EU countries apply various solutions aimed at reducing the energy costs for these energy consuming sectors. The Legal Office DLA Piper Wiater provided information on the judgement of the Administrative Court in Gliwice in which the Regional Administrative Court states that the Polish legal regulations imposing excise duty on the electricity used in metallurgical processes are against the EU law (the Council Directive 2003/96/EC of 27 October 2003, so called 'energy products directive'). During discussion on gas supplies, tightening of the conditions by PGNiG for gas orders and supplies under 2011 contracts was highlighted. After getting familiar with the subject, the HIPH Management Board will appeal to the Ministry of Economy and PGNiG on behalf of the enterprises.

### Ministry of Economy about CO<sub>2</sub> emissions

On 2 February 2011, a meeting at the Ministry of Economy in Warsaw gathered the representatives of the Economic Development Department of the Ministry, KOBIZE and organisations representing the industries included in EU ETS. The participants discussed the works performed so far and planned in the near future in respect of the implementation procedure of the EC Decision on CO<sub>2</sub> emission allowances allocation rules for the period 2013-2020.

Timetable and scope of works on the Decision is the following:

- 15.12.2010 - EC Decision draft to be adopted during CCC meeting,
- 7.01.2011 - draft to be sent to the European Parliament,
- 11-25.01.2011 -time allowed for the objections lodged by MEPs to the Environment Commission (6 MEPs including 2 from Poland lodged the objections),
- 10.02.2011 -the resolution on objection to be presented,
- 17.02.2011 -the resolution on objection to be discussed by ENVI Commission,
- 16.03.2011 -the resolution on objection by the ENVI Commission to be voted,
- 4-7.04.2011 - the EC Decision draft of 15.12.2010 to be voted at the European Parliament
- 30.09.2011 -a list of installations with their free allowances allocated under the Directive to be published by the Member States.

The guidelines are now being prepared for the project to set out allocation rules for free allowances for the carbon leakage (CL) industries. The EC is also finalising a template for collecting data from operators of the installations (data from the period of 01.01.2005-31.12.2008 or 01.01.2009-31.12.2010).

### Statistics Committee of EUROFER

Statistics Committee of EUROFER met on 25 January 2011 in Brussels. The Committee performed a review of statistical data available from the third countries. The meeting discussed the status in respect of data available under the community trade statistics system.

A working group for the changes to harmonised system [HS] was established. Minutes from the meeting FEBI-FEBS-Business Europe-Eurochambers-INS-Eurostat were presented. The Committee also addressed data credibility under the Prodcom system in connection with confidentiality of unit data. From May 2011, the supplies related data will be based on the information provided directly by the EUROFER member companies.

It was underlined that till now not all the countries had provided data concerning electricity consumption, production capacity and scrap consumption.

### Economic Committee of EUROFER

On 26 January 2011, the Economic Committee of EUROFER had a meeting with the following agenda:

- progress in respect of technical reporting aspects,
- presentation of the economic situation and steel sector in particular EU Member States,
- discussion on a draft of the report Economic and Steel Market Outlook 2011-2012,
- an update on the issues concerning steel absorption of the national economies and EU (27) - technical working groups.

There is a clear recovery observed in the economies of particular countries (at different pace) as well as the whole of the EU economy. The German economy is relatively the strongest. The prognosis for 2011 and 2012 indicate continuation of the revival noted in 2010. Export is to be one of the vital factors supporting GDP growth. Maintaining the high growth dynamics may be an issue as a result of the rising prices of raw materials and energy on the global market.

The Economic Committee expects 1.8% and 1.9% GDP growth in the EU 27 in 2011 and 2012 respectively. It is estimated that steel apparent consumption in EU27 will grow by 4.6% to the level of 155 M mt in 2011 and by 4.2%, i.e. to the level of 162 M mt in 2012. Real consumption is expected to go up by 4.5% and 4.0% respectively. In 2011 and 2012, the steel consuming sectors are to record the following growth: 1.5% and 3% in construction, 7% and 2% in machinery industry, 6% and 3% in the automotive sector, 6% in metal industry and 4.5% and 2% in the production of white goods.

The import share in the European apparent consumption is increasing, although is not alarming, from 14.8% in 2009 to 17% in 2012.

The Economic Committee assumes that the European steel export to the third countries will grow in 2011 and 2012. At the same time, the Committee pointed out its visibly low level in 2009.

### HIPH - PIKS

On 15.02.2011, the Council of the Polish Chamber of Steel Structures held a discussion on various ways of promoting steel as a basic material in structures and construction facilities. The Management Board of HIPH and PIKS expressed their

readiness to take up joint activities in the projects promoting steel. It was indicated that the promotional activities should be carried out across different fields, starting from technical universities through to architects, designing offices and steel end users.

The promotion shall be carried out in a traditional or modern way (trade fairs, exhibitions, lectures on particular subjects, films, internet, product catalogues and e-learning).

The chambers will inform each other about their projects and make available their platforms for a wider promotion of steel as a structural material of 21st century and steel industry as a modern and market driven industry.

### Law on GHG emission allowances trade system

On 15 February 2011, the Cabinet adopted a draft on the greenhouse gas emission allowances trade system put forward by the Ministry of Environment. The draft defines the operational rules of the greenhouse gas emission allowances trade system in Poland. According to the draft, the allowances trade system covers greenhouse gas emission from installations (their activity cause the emission) and the air operations (performed by an airship operator on the territory of the EU country). The Act envisages inclusion of a new category of the entity such as airship operators in the emission allowances trade system. Under the draft, supervision over the emission allowances trade system will be assigned to the Ministry of Environment.

The system will be administered by the National Centre for Emission Management (KOBIZE). The Centre will take over tasks of the National Administrator of the Emission Allowances Trade System (KASHUE).

The draft with justification is available on the website of the Ministry of Environment: [http://www.mos.gov.pl/artykul/3849\\_iii\\_rada\\_ministrow/14440\\_projekt\\_ustawy\\_wy\\_sylany\\_na\\_rade\\_ministrow.html](http://www.mos.gov.pl/artykul/3849_iii_rada_ministrow/14440_projekt_ustawy_wy_sylany_na_rade_ministrow.html)

### HIPH speaking to National Section of NSZZ Solidarnosc

On 3 February 2011, a meeting of the Steering Committee was held in Warsaw in connection with the project: "Professional qualifications today and tomorrow - survey on the adaptation of enterprises and personnel in the steel industry".