

04 • 2012

May

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Coalition for eliminating unfair practices in reinforcement steel trade

On 14.05.2012, a meeting with steel distributors took place under the agenda of Coalition (with the involvement of HIPH, domestic manufacturers and a PwC consultant) which aims to eliminate unfair practices in reinforcement steel trade (avoidance of VAT, irregularities in registration of transactions, falsification of certificates, etc.)

The meeting was held on the premises of PUDS in Warsaw and was attended by the representatives of the Coalition (HIPH, CMC Zawiercie S.A., Celsa "Huta Ostrowiec" Sp. z o.o., ArcelorMittal Warszawa Sp. z o.o.) as well as Board Members of PUDS and members of the Commission for Prefabrication of Construction Reinforcement.

The meeting's objective was to provide reinforcement steel distributors with the information on the impact of unfair trade practices on steel manufacturers.

Representatives of PUDS would like to sort this problem out effectively and hence, they declared cooperation with the manufacturers on this matter.

Swindling VAT continued

In line with statutory performance and in a close cooperation with PricewaterhouseCoopers Sp. z o.o. and steelworks to mitigate or fully eliminate the negative effects of unfair practices in reinforcement steel trade, the Management of HIPH took part in a meeting with Parliament Members (21.05 with the PM I. Leszczyna). During the meeting, we reported the need to improve the law on VAT structure in intracommunity steel trade.

Three Energy Package

On 22 December 2011, the Ministry of Economy published a package of the energy regulations (bill on the new energy law, gas law and renewable energy sources, RES being called three energy package).

In February 2012 (03.02.2012), HIPH provided the Ministry with the sector's comments. At the end of April, the Management of HIPH asked the Energy Department in the Ministry of Economy for special consultations with our industry.

On 17 May 2012, such consultations, attended by the President of HIPH and representatives of the integrated steelworks and EAF steel production mills, were held with the Deputy Director of Energy Department, Mr E. Śloma.

The consultations concerned the following regulations:

- Excise tax on electricity and gas,
- Obligation of purchasing colour certificates by the sector's enterprises (large recipients of electricity),
- Mechanisms and instruments supporting the production of renewable energy.

We repeated our motion for non-calculation of excise for the electricity consumed by metallurgy. Deputy Director, Mr E. Śloma has advised that this issue remains within the competency of the Ministry of Finance which does not have the will to lift the excise tax.

We have appealed for introducing special legal regulations in respect of the energy consuming enterprises and an exemption from the obligation to purchase colour certificates likewise the solutions applied to this sector in other EU countries.

We have raised an issue of lacking provisions in the bill on utilisation of waste gases in the production of electricity.

European Economic Congress

On 16 May 2012, under the European Economic Congress held in Katowice, the Chamber participated actively in a session dedicated to steel. The President of HIPH spoke and moderated the morning session on "Steel Industry in Europe and worldwide". The situation

on the steel market in Poland, Europe and worldwide has been assessed from the point of view of steel manufacturers, coke suppliers and refractory producers. It has been unanimously agreed that the year 2012 will be the recession time for majority of the European countries. Globally, the dynamics of steel production and consumption will slow down as well. Against this background, Poland still stands out well. The infrastructure projects which are now being finalised, maintain domestic steel consumption at a good level. Prognosis of the apparent steel consumption for 2012 are higher by 3% to 3.5% compared to the previous year. The growing phenomenon of "unfair practices" such as VAT swindling, unreliable registration of transactions and falsification of certificates in intracommunity steel trade has been noted. The situation on the coke and refractory markets is affected by the condition of the steel market. Every slowdown on the global and European steel market raises concerns of the manufacturers (Poland is a net exporter) of these products.

Talks at KOBIZE

On 24 May 2012, the President of HIPH met the management of KOBIZE. The meeting was dedicated to the issues related to the market of emission allowances in 2013-2020. According to the European Commission, the emissions under EU ETS diminished in 2011 by over 2%. It is heard that as a result, the EC wants to reduce the supply of emission rights after 2012. According to an opinion by KOBIZE, currently the European Commission conducts a review of the auction timetable for the third period of EU ETS.

We await the EC's final standpoint. The future provisions in the Polish legislation will depend on the EC's decision on this matter.

Plenary Meeting of SSDC

Upon invitation of the European Commission, we attended a plenary meeting of the Steel Sector Social Dialogue Committee (SSDC) held in Brussels on 10.05.2012. The Committee is composed of the representatives of EUROFER, EMF and European Commission. The following topics have been addressed among others:

- economic situation and the steel market in the European Union (presentations by Eurofer and Syndex);
- summarizing the performance of working groups for structural changes, training and work safety;
- employment restructuring in the steel sector in the EU. Mr J-F. Lebrun from DG EMPL of the European Commission has said that one of the goals of the EC in combating unemployment (currently unemployment rate in EU-27 is 10.2%) is creating 17.6 million new jobs by 2020. DG EMPL is aware that the proper employment policy is the key for creating work places. In June 2012, the EC intends to put forward a draft of the employment market reform in the EU. EUROFER and EMF provided the Commission with a joint standpoint concerning the principles of the EU industrial policy in respect of: competitiveness of the steel sector as a energy consuming

sector, its share in sustainable development of the EU, conditions of employment, health and work safety. Performance report of the European Steel Platform (ESTEP) has been presented by its Secretary General, Mr Bertrand De Lamberterie. He introduced the possibilities of utilising EU funds such as Leonardo da Vinci, Life+, Horizon 2020 (research and innovation) among others.

General Meeting and Committee of CDD ESTA

On 23-24 May 2012, Katowice office of HIPH hosted General Meeting (AGO) of Members of European Association of Steel Tube ESTA and directors' committee (CDD).

ESTA Secretary General presented the 2011 performance report of the association, financial statements and budget proposal for 2012. ESTA budget at the level of 2011 has been adopted.

CDD briefed on the current status of protective procedures conducted by the EU and the procedures run by the third countries such as those against tube import from the EU.

The production of tubes in the EU amounted to 14.5 million tons in 2011. Import from the third countries accounted for 6.6 million tons while the apparent consumption of steel tubes in the EU was recorded at 13.3 million tons. Situation in the tube consuming sectors had been assessed as good and similar assessment was made in respect of the raw material supplies and materials for tube production. The modernisation of the market protection instruments (TDI) proposed by the EC is based on a far-reaching liberalisation and was met with a firm criticism by CDD Members.

Conference under Automotive Silesia Region project

We took part in conferences and workshops organised under the project of Automotive Silesia Region held in May 2012. The conference highlighted the automotive industry in the Silesia Voivodship against the global trends. Technology, Knowledge and Innovation were noted as the trends which may affect the automotive sector in the Silesia Voivodship and in Poland in the years to come.

The Conference and workshops were organised under the project: Automotive Silesia Region by the Department of Economy, Promotion and International Cooperation of the Marshal Office of Silesia Voivodship. There is a need to make the locally sourced materials and products more accessible for car production plants in Poland.

Steelworker Day Celebrations

Upon invitation received from the management of our Members, we took part in numerous celebrations on the occasion of Steelworker Day including the ceremonies:

- at AGH in Krakow (11.05.2012)
- at Huta Łaziska S.A. (11.05.2012)
- at ISD Huta Cz. Stochowa Sp. z o.o. (11.05.2012)
- at CMC Zawiercie (12.05.2012)
- at Huta Łab. dy S.A. (18.05.2012)
- at Celsa Huta Ostrowiec Sp. z o.o. (18.05.2012)
- at AMPS A. (19.05.2012)

We extended our congratulations and occasional wishes.