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### Our Support to EUROFER's Position

In connection with the Council Summit of Heads of State, which took place on 26 and 27 June, and where the energy and climate policy was raised, HIPH sent the EUROFER position statement on the subject, with which HIPH fully identifies as a representative of the environment metallurgical, to the representatives of the Polish Government.

### Debate at BCC

On this 30 June, Warsaw hosted the debate on "State The Enemy of the Entrepreneur? - How to Fight the Shadow Economy in Poland?"

This event was organised by Business Centre Club.

The main purpose of the debate was to develop joint activities of entrepreneurs and representatives of the authorities to eradicate the market fraud.

It was stressed that the grey zone is much smaller where tax laws are stable, simple and transparent, and where the Government promotes honest businesses. Business and the State have a common goal in the fight against the shadow economy.

During the debate, representatives of several sensitive sectors showed examples of bad mechanisms counteracting the grey zone and presented ways to raise efficiency of the actions.

Lessons learned indicate that the effective fight does not involve any expensive and difficult-to-implement solutions.

The meeting strengthened the dialogue between various stakeholders, and the debate contributed to the agreement with the notion that the most important thing is to develop new and better ways to combat unfair competition. The conclusions of the meeting were sent to the Prime Minister and the ministers present at the meeting.

### IED Directive

On 27 June, 2014, the Chamber sent a letter to the Polish Government regarding the Law on Environmental Protection transposing to the Polish legislation the Directive of the European Parliament and of the Council 2010/75 / EC of 24 November 2010 on Industrial Emissions, in which we proposed to exclude from the governmental draft Act amending the Environmental Protection Act and Other Laws (Form No. 2162) any provisions that go beyond the legislation of the European Union relating to the historical soil pollution (1980-2007).

### No to Proposed Changes to VAT Law

On 4 July 2014, HIPH Management Board approached the Government of the Republic of Poland with a firm opposition to the proposal to amend the VAT Act including proposed introduction of a threshold in the application of the reverse charge mechanism in the draft of 25.06.2014.

Our letter argued that the amendment proposal could lead to open doors for rogue traders and trigger the risk that market fraud could reappear on the steel and scrap markets.

The Ministry of Finance took into account the arguments presented and resigned from the application of the limit of PLN 20,000 net for transactions with steel products. The cap shall apply only to sales of mobile phones including smartphones. The new bill is expected to come into force on 1 January, 2015.

## Feasibility Study for the Sectoral R&D Programme

On this 11 July, in consultation with the sector businesses and with a view to innovation and technological development of metallurgy, HIPH submitted to the National Research and Development Centre (NCBiR) an offer for a feasibility study for the sectoral programme.

On 9 September, the information was received that the offer to prepare a full study as submitted by HIPH on behalf of the steel sector entities was assessed positively and would obtain the funding from NCBiR.

## The Sector's Position on Industrial Policy Priorities

On this 16 July, the sectoral position paper was handed over to the Ministry of Economy in relation to the Industrial Policy WG's document on the 2014-2020 Industrial Policy Priorities.

## Commercial Directors Forum

On 4 and 5 September, at Domaslaw near Wroclaw the consecutive Commercial Directors Forum of HIPH member organisations was held. The meeting began with the visit to the air separation unit (ASU) at Kobierzyce, launched in 2010 by Linde Gaz Polska Sp. z o.o, a HIPH member company. The ASU manufactures liquid gases such as nitrogen, oxygen and argon. During the meeting, the Chamber presented an update on the steel, coke and refractory markets after 7 months of 2014 and on the situation in steel product trades between the EU and third countries. World crude steel production posted after 7 months of this year a 2.3% increase (960 million tonnes) with the EU-28 growing 3% (101 million tonnes) and Poland up 6% yoy (4.9 million tonnes). The first half of this year Polish steel exports saw the decline of 5% as against the same period of the last year while imports grew 23% y-o-y. Along with the improvement in the economy and steel consuming sectors, apparent consumption of steel products in the domestic market increased 30% year on year. Such a good result was due to both increased demand for steel and to significantly reduced grey zone in the intra-community steel products trades (mainly rebar and wire rod) as a consequence of changes to the VAT Law of October 2013.

Coke production in Poland in the first half of this year amounted to 4.6 million tonnes of which nearly 70% was exported, which makes Poland rank second in the global coke trades (after China).

The EU trade with third countries saw a further increase in steel imports, especially in the segment of long products.

The EU exports of steel products in the first half of this year had as main destinations Turkey, USA, Russia and Ukraine (flat products) and Algeria, Turkey and the USA (longs).

HIPH presented information on Modernization of EU Trade Defence Instruments and current barriers and protective measures in the international trade of steel products and raw materials for the steel industry. CD Forum participants evaluated the current situation in the steel and raw materials markets and sales forecasts for the fourth quarter. The manufacturers opined that the current market situation was pretty good, as evidenced by a marked increase in orders.

## Our Voice in Media

- On a proposed Ministry of Finance proposed amendments to the VAT Law and Tax Code. We firmly argued vis-a-vis authorities that the adoption of amendments to the Act would open gates for tax fraudsters and lead to steel products market underhandedness:

- in Puls Biznesu (4-6.07.2014)
- in Tygodnik Śląsko-Dąbrowski (24.07.2014)
- in Magazyn Hutniczy (15.07. and 05.08.2014)

- On the preparation of a feasibility study for the steel sectoral program announced by the National Centre for Research and Development. The Chamber as the representative of steel producers took concrete actions that are planned to increase innovativeness of Polish steel industry - Magazyn Hutniczy (29.07.2014)

- Summary of the steel market situation after 7 months of 2014:
  - for Internet portal WNP.PL (29.08.2014)
  - for Magazyn Hutniczy (9.09.2014).

- Assessment of the situation on the domestic steel market and attempt to answer the persistent question - may the current situation in the East resulting from the conflict between Ukraine and Russia impact the condition of the domestic steel industry? - for Stalowe Forum.

## HIPH attended:

- Teleconferences with EY both as part of the Steering Committee and Working Groups operating under the existing coalitions on competitiveness of the Polish iron and steel industry (a total of 15 conference calls over two months)

- Teleconferences organized by the Forum of Electricity and Gas Consumers FOEEiG and FORUM CO<sub>2</sub>,

- Celebrations of the twentieth anniversary of the Inter-Works Trade Union of Workers of ArcelorMittal Poland SA HUTNIK,

- The celebration of the 10th anniversary of the presence of ArcelorMittal in Poland;

- Meeting at the Ministry of Economy for the public consultations on the draft Energy Efficiency Law

- Debate on Biomass as a Source of Green Energy - Present Status and Prospects,

- Silesian BCC Gala at Promnice.