

- HIPH's Council
- The Association against unfair practices in reinforced steel trade
- Previously with PwC
- Currently with Ernst & Young
- At the Trade Directors' Forum
- At Zawiercie City Hall
- Meeting of the Regional Social Dialogue Commission
- Making attempts to change fiscal burdens on energy products
- Meeting with J. Olbrycht, Member of the European Parliament
- Technological Foresight of the Polish Industry InSight2030
- IED Directive

### HIPH's Council

On 26.06.2012 the Council of the Polish Steel Association met in Katowice. They were briefed on the situation in the production and trade of steel products, coke and refractories. The Council listened to the information provided by the Board and gave a positive opinion on the activities performed by the Association to eliminate unfair practices in the intracommunity steel trade and to exempt the electricity and gas used for metallurgy from excise tax.

The Council was briefed on the consultations being currently held in the EC with respect to modernization of the EU market protection instruments presented by Mr B.Czyczerski, Head of the Department of Trade Policy in the Ministry of Economy. The Council accepted the draft elaborated by the Board with an opinion on Technological Foresight of Industry.

### The Association against unfair practices in reinforced steel trade

#### Previously with PwC

The first phase of the coalition project: "Against unfair practices in reinforced steel trade" (with participation of the legal firm operating within PricewaterhouseCoopers, HIPH and steelworks - domestic producers) had been completed. Its outcome is a thorough analysis of the market and market practices of competitors, contractors, suppliers and recipients of rebars. The analysis shows that in order to defend the interests of State Treasury and the enterprises, members of HIPH, a dispute with the unfair entities needs to be commenced. Conclusions and specific guidelines have been formulated concerning the economic activity which curbs or eliminates fair competition by the enterprises who break the market rules by swindling VAT to reduce prices or counterfeiting certificates. Full information on this matter has been provided to the Government Administration including Ministry of Finance and Ministry of Economy.

### Currently with Ernst & Young

The advisory services and representation of members of the Association in the regulatory matters related to competition law including preparation of the enterprises and helping them elaborate proper strategy for elimination of unfair practices in reinforced steel trade will be provided, at the steelworks' request, by the project's partners, the company Ernst & Young.

On 1 June 2012, the project's partners met with the representatives of the company in Warsaw. The meeting was held to analyze the agenda, rules and condition of cooperation between the Association, Ernst & Young and a Steelworks. The scope of activities for the upcoming months has been agreed with an emphasis on the need to increase effectiveness of the projects eliminating the procedure destructive for the market and domestic industry such as VAT swindling.

### At the Trade Directors' Forum

On 18-19 June 2012, Ustron hosted a Forum of HIPH's Trade Directors. The following additional guests have been invited to the meeting by the Board: Mr Wojciech Sacha from the Department of Trade Policy in the Ministry of Economy and Mr Karl Tachelet, External Relations of EUROFER. They introduced the proposal of the European Commission regarding modernization of the EU system of market protection instruments (TDI), being currently at the consultation stage and explained the way and procedure of filling in the questionnaire of DG Trade of the EC (deadline for submission of comments is 3rd July 2012).

The questionnaire shall be filled in by the manufacturing companies as well as sectoral organisations and associations. HIPH has completed the questionnaire and made it available as an example for reference of the members on 29.06.2012.

At the Forum, its participants made an assessment of the situation on the steel, coke and refractories market after 4 months 2012. Producers' pessimism is propelled by the perceptible standstill on the European market of final recipients (recession in many EU countries), weakening domestic demand for steel products and unfair practices in the intracommunity steel trade in particular with respect to reinforced bars.

Moreover, the situation gets worse due to high prices of scrap, rising prices of gas and electricity and the recipients' pressure on reducing prices of many steel products. Such a situation may cause the reduction of steel production by domestic steelworks and necessity of employment cuts.

Mr Karl Tachelet supplemented the information with data on imports of steel products from the third countries and the ongoing trade protective procedures for steel products and raw materials for the steel industry.

## At Zawiercie City Hall

During a conference attended by the regional authorities, members of the parliament, HIPH, trade unions and press, the Management Board of CMC Zawiercie S.A. presented and justified the reasons for laying off 330 employees.

The main reasons of such decision are as follows: low utilisation of production capacity at CMC Zawiercie S.A. steelwork as a result of the market situation, the lack of comprehensive solutions for the energy consuming sectors in Poland which would mitigate the effects of price increases of gas and electricity, unfair practices in intracommunity trade of reinforced bars such as VAT swindling and certificate counterfeiting.

The Vice President of HIPH elaborated on negative impact of this proceeding for domestic steel manufacturers and the State Treasury. He also informed about the stage of works and results of the activities already performed. The Parliament members attending the conference announced that they would submit a proper question in this matter.

## Meeting of the Regional Social Dialogue Commission

A meeting of the Regional Social Dialogue Commission took place at the Swietokrzyskie Voivodship Office in Kielce on 15 June 2012. It addressed the issue of negative impact of unfair practices in intracommunity trade of reinforced bars on Celsa "Huta Ostrowiec" Sp. z o.o.

The meeting was attended by representatives of the local authorities, Ministry of Finance, Tax Inspection Office in Kielce, police, trade unions of Celsa "Huta Ostrowiec" Sp. z o.o. and HIPH's Management Board.

The meeting was held to provide the information and evidences collected so far in order to enable the relevant local institutions and government agencies to take up proper preventive actions.

The Management Board of HIPH briefed on the activities performed so far by HIPH in collaboration with domestic manufacturers and advisory firms. The participants were informed about the threats to the Steelwork's operations and local labour market. They were also advised about the losses of State budget and economy estimated by the Association.

## Making attempts to change fiscal burdens on energy products

On 19 June 2012, HIPH hosted a meeting of representatives of the legal firm Viewpoint Group, Elzanowski Cherka & Wspólnicy, steelworks such as AMP S.A., CELSA "Huta Ostrowiec" Sp. z o.o., CMC Zawiercie S.A. and the steelworks forming the coalition for introduction of comprehensive solutions, similar to those valid in other EU countries, in the scope of taxation on electricity and gas used by energy consuming sectors.

The subject of the meeting was to sum up the accomplishments of consultants achieved in the period from 1 April to 19 May 2012 based on the Agreement made by HIPH and the above legal firms meant to change the excise regulations by making gas and electricity exempted from excise tax.

Representatives of Viewpoint Group briefed on their performance in the scope of lobbying, public relations and public

affairs while a representative of the legal firm Elzanowski Cherka & Wspólnicy informed about the activities performed when preparing the draft of the regulations (including justification) which are to introduce comprehensive solutions to reduce the electricity costs for the energy consuming enterprises.

The steelworks, partners in the coalition concerned, approved the actions performed to date by the legal firms; however, they indicated the need to intensify efforts made by the above law firms and suggested to strengthen the activities pertaining to excise tax on gas in particular.

## Meeting with J. Olbrycht, Member of the European Parliament

Under the HIPH's agenda aimed to lift the EU ban on accessing the public aid by the iron and steel industry from 2014 onwards, on 15 June 2012 we met Jan Olbrycht, Member of the European Parliament to present our arguments in this matter and request his support in the EU circles. Mr J. Olbrycht has agreed with an opinion that maintaining the iron and steel industry excluded from the possibility of applying for aid to support investments and employment indeed limits the development of the less privileged regions. Mr Olbrycht asked for the arguments backing the statement that the steel industry is no longer a sensitive sector. The material was provided to Mr Olbrycht on 27.06.2012.

## Technological Foresight of the Polish Industry InSight2030

On 18 June 2012, we attended the social consultations taken up by the Department of Innovation and Industry of the Ministry of Economy with regard to the project of the technological foresight of the Polish Industry InSight2030 completed in 2011. When describing the results of the project during the meeting, the Ministry asked for opinions and proposals of the sector on the project's implementation. The Chamber was not informed about the project carried out by the Ministry of Economy and was not requested to provide opinion on it earlier.

When analysing the Foresight project, we established its basic incorrectness, namely the analysis being irrelevant to the economic reality and omitting mature and basic technologies which are predicted to be significantly important for the industry in the time frame considered. Assessing the future significance of traditional production technologies, one shall take into account a vast range of their current applications and the lack of possibility of replacing them with reasonable alternatives, at the similar cost and their importance in generating GDP in the next 20 years.

Therefore, the Chamber prepared a draft with the sector's opinion on Foresight following its consultations with all members. It was submitted to the Ministry of Economy on 29.06.2012.

## IED Directive

At the request of the Management Board of HIPH, a meeting was held with the Management of the Air Protection Department at the Ministry of Environment on 21.06.2012. The meeting addressed the state and progress of works concerning transposition of IED Directive to the national legal regime.

On behalf of the members, operators of the installations which previously have been subject to the IPPC Directive, we asked for deadlines and obligations which will be introduced to the national law and as such will be important and will have an impact on the installations operated.

We received answers to the questions raised which we then passed to the member companies in a separate letter HIPH/1270/12 of 29.06.2012.