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HIPH Council

On 14 July 2009, Council of the Polish Steel Association had a meeting with the following agenda:

1. Adoption of the minutes from the Council meetings on 19.02.2009 and 25.03.2009.
2. Impact of the crisis on the condition of the steel consuming sectors and its consequences for the production and trade in the steel sector, situation after 5 months of 2009 and prognosis for 2nd half of 2009.
3. Stability and Development Plan enhancing the Polish economy against the world's economic crisis, effects of introduction of the Plan into the steel sector and the cooperating sectors.
3. ETS proposal of EC (Ministry of Environment and Ministry of Economy) on implementation documents under the Energy and Climate Change Package (package 3x30, new Directive 2004/101/WE amending the Directive 2003/87/WE, a list of sectors subject to "carbon leakage" the steel sector in danger of carbon leakage).
4. Electrical energy in the steel sector energy consumption, its prices and taxes, economic impact on large recipients, information on measures undertaken in this respect by the Board of HIPH.
5. The European and world's policy in trade of steel products including economic cooperation between Polish and Russian regions.
6. Under the miscellaneous, the following was taken up:
 - Placing by the Polish Ministry of Science and Higher Education the metallurgy on the list of preferred majors a HIPH's letter to the Ministry.
 - Impact of the economic crisis on the members of the Association and hence on HIPH, information on the payment status of membership fees, economic and financial standing, reference to takings and expenditures estimates.

Ministry of Finance deaf to arguments

On 16 July 2009, we received a reply from the

Ministry of Finance to our repeated appeal for the reduction of excise tax on electricity.

..." In response to letter of 29 May 2009, ref. HIPH/1070/09 on the reduction of excise tax on electricity, I wish to inform that I maintain my standpoint expressed in my letter of 31 March 2009, ref. AE3/0301/2/NDQ/09/2015. Concurrently, please note that electricity prices for industrial recipients in Poland belong to the average European prices while compared to countries like Germany, Italy and Spain, they are twofold lower. Moreover, in the majority of EU countries, the labour costs and energy distribution costs burdening their recipients are much higher than those applied in Poland which as a result allow the products produced by domestic enterprises from energy consuming sectors including the steel sector, effectively compete on the free market. Therefore, I am deeply convinced that the reduction of excise tax would not have much impact on the electricity prices, especially in the aspect of their increase caused by other factors.

Having regards to the above, I do not envisage any changes to excise tax on electricity in the near future."...

The undersigned upon authorization of the Minister of Finance J. Kapica Undersecretary of State in the Ministry of Finance

Well.. in this situation we could do nothing but provide the Ministry of Finance the actual electricity prices in Poland and in the aforementioned EU states.

New contracts for deliveries of natural gas

The Board of HIPH collected opinions from the member companies on changes to the contracts for deliveries of natural gas. Pursuant to the "Energy Law Art. 4", PGNiG has to adjust the above mentioned contract to the requirements set out in Art. 5 of the Law by 31 December 2009. The Association is preparing the sectoral standpoint to be passed on to the Ministry of Economy in the near future.

"Single-checking"

On 27 July 2009 HIPH addressed to the Ministry of Economy a letter on the European

system of prior supervision over imports of certain steel products based on the "single-checking" system. The system provided information on future import of certain steel products to the European market and through extended statistical data allowed for a quick analysis of import trends. HIPH members were for maintaining "the system" and such a standpoint was passed on by us in a letter HIPH/1532/09 of 27.07.2009 to the Department of Trade Policy of the Ministry of Economy.

Import of seamless tubes from China decision on AD tariff

AD procedure AD533 was commenced on 09.07.2008 in response to a motion put forward by ESTA on behalf of the European producers. Temporary duty amounting from 15.1% to 24.2% were imposed on 08.04.2009. The final duty valid for the next 5 years were increased and will be from 17.7% to 39.2%. The decision of the Committee is to be approved by the EU Cabinet in August and published in the Official Journal of the EC by 08.10.2009.

Check of construction products

On 06.06.2009 we asked our members to assess the draft of the Minister's Ordinance on the check of construction products introduced to trade deadline for reply is the end of July 2009

HIPH - KIG

On 18 June 2009, the General Meeting of the Polish Chamber of Commerce (KIG) was held in Warsaw. HIPH is a member of KIG. Mr Andrzej Arendarski was again appointed the President of the Board of the Association Mr Romuald Talarek as a representative of the sectoral associations was appointed a member of the Presidium. We trust that the HIPH membership in KIG will let us more effectively implement the economic objectives vital for our sector enterprises and the whole industry in Poland.

CO2 and OEEiG FORUM

On 17-18 June 2009, the second Congress of the sector organisations, CO2 and Electricity and Gas Recipients Forum took place in Cracow. HIPH is a member of

the Forum. During the Cracow meeting, the Forum's activity in the period 6.06.2008 - 16.06.2009 was summed up. In connection with the appointment of Mr Tomasz Chruszczow as Director of the Climate Change and Air Protection Department in the Ministry of Environment, the composition of the Board of the Forum was complemented. Mr Chruszczow's position in the Board was filled up by Mr Janusz Turski from the Association of Polish Papermakers. The following three programme speeches were delivered:

- "EU Climate and Energy Package. Growth opportunity or downward slope? Objectives to reach and challenges to face by the Polish economy."

- Competitiveness of the Polish industry in light of the Climate and Energy Package and the envisaged development trends of the electricity market in Poland"

- "SO₂, NO_x and dust emission standards. Current state - challenges for the industry".

As a result of discussion, the Forum prepared 14 demands addressed to the Minister of Economy. The demands can be read on our website: www.hiph.org.

New testing lines in ArcelorMittal

On 17 July 2009, an official launch of the new rail control and measurement block in finishing room of Large Rolling Mill of AMP S.A. /D browa Górnica Branch took place. On our own behalf and on behalf of the entire industry, we congratulated the Board and voiced our approval for the successful undertaking in spite of many hardships encountered in connection with the crisis. The new rail control and measurement block, like the previous investments, is in line with the strategy of production of new generation steel products by AMP SA, products which fulfill the increasing market and competition requirements. This investment will let AMP SA provide the market with the acknowledged high quality rails. PKP and other rail recipients got another incentive to reach for products from domestic production!!!

HIPH - GARR

On 30 June 2009, a representative of the Polish Steel Association attended a meeting organised by the Upper Silesian Regional Development Agency in Katowice under the Common Market Club. The meeting which

combined a speech and discussion, was to exchange experiences with regards to cooperation with German partners. The interpersonal relations in business were emphasised.

Bill on Economic Self-Government

On 23.07.2009, a meeting was held at the Regional Chamber of Industry and Commerce in Gliwice aimed at working out the Chambers' common standpoint on the Bill on Economic Self-government presented for assessment by the Marshal of the Silesian Voivodship. The meeting was participated by a HIPH representative. In the course of discussion, the Bill was assessed negatively by the industry and hence it was not accepted by the Chambers. A standpoint was adopted that a draft amending the currently valid Law on Chambers of Commerce of 30 May 1989 shall be worked out and it shall include the potential and experience of the sector and regional Chambers existing in the region. Works on the amendments to the Law will be performed independently by regional as well as sectoral Chambers while the opinions concluded in the course of the joint debate will be used when creating the amendment draft. What was also discussed, was the possibility of appointing relevant representatives of business community on the regional level who would be partners for Marshal and Voivod providing them with common opinions and views of the community.

Miscellaneous

The Silesian Theatre provided us with a comprehensive subscription offer. For details please refer to our website: www.hiph.org