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### Battle for Gas without Excise Duty

Polish Steel Association submitted a set of sectoral data to Mr Jacek Kapica, Undersecretary of State, Ministry of Finance, on 29.11.2012 which provided arguments in favour of exempting gas from the excise duty after October 31, 2013.

While presenting facts and figures characterizing domestic steel industry in the context of gas consumption, HIPH demonstrates that minimizing operating costs is the only way to stay competitive.

Next and following years will put a lot of challenge on Poland's steel industry as Polish market softens and Europe is plagued by recession.

Under the circumstances, Polish law-maker should take into account an entirety of conditions and constraints of the metallurgical operations when establishing a new tax system including excise duty on gas. From our perspective, it is key to create:

- a catalogue of excise tax exemptions/reliefs or to introduce a zero rate for gas mirroring solutions provided for in the EU Energy Directive for coal products,
- excise duty system which reflects complex technological processes and which includes not just natural gas, but also other gaseous products arising in and utilized for steel making processes, i.e. coke oven gas (COG), blast furnace or top gas, and basic oxygen gas.
- excise duty system which, to the greatest possible extent, simplifies excise tax evidencing procedures for both gas consumption and trading.

HIPH declared its willingness to support the Ministry of Finance in developing optimum solutions for gas taxation.

### National Associations at WSA Forum

On 5.12.2012 in Paris (on the eve of the OECD's Steel Committee session), national and regional WSA member associations came together. In addition to staple topics, the associations agenda included matters raised at the session (present WSA actions, role and actions of the Sustainability Committee of WSA, cooperation charter between national associations and WSA, and miscellaneous).

National representatives delivered short reports in important events and key changes to their respective nations/regions (USA, Canada, Pakistan, China, South Korea, Turkey, Eurofer, UK, Germany, France, Sweden, Poland, Spain).

The Activities Report of the WSA Executive Committee pertained to such issues as: health & safety, raw and input materials, market development and steel image improvement. Edwin Basson did very concisely present the cooperation programme which should be the subject of common interest and joint actions by national associations and WSA (adjusted forms of communications, improvement and alignment of mutual relations and cooperation nature with WSA).

The health & safety programme for 2013 features exchange of information and support of best H&S practices in the steel industry.

Search for common steel market growth initiatives, customer awareness improvement, global steel marketing, improved documentation and statistics etc are next programme tasks.

### Social Dialogue Committee on Steel

On invitation by the European Commission, DG Employment, we attended the plenary session of the Sectoral Social Dialogue on Steel on 17.12.2012 (along with representatives of Eurofer, European trade unions and EC DG Employment). Eurofer and trade unionists evaluated the steel and raw material markets.

A report was presented from the Committee's Working Group under the Stress at Work in the EU Steel Industry Project as well as the coverage from the High Level Round Table (held on 6.12.2012). During the meeting, EC Industry Commissioner Antonio

Tajani provided programme assumptions to the European steel sector.

The European Parliament, in its resolution dated 13.12.2012, supported Commissioner Tajani's proposal and found that the steel industry is indispensable for Europe's wealth growth and that it is in the interest of entire Europe to create proper conditions for and to support the growth of this sector.

EP expects the EC to present the sectoral plan soon. Eurofer presented priorities and recommendations for Mr A Tajani's plan, covering climate policies, energy costs, use of raw material resources, increased R&D and innovations spending, active training policies in terms of employee skills development and change. The trade unions supported Eurofer's position in most cases.

### Trade Directors Forum

November 29 to 30 saw The Trade Directors Forum convene. The Chamber's Management updated on present coke, steel and refractories market positions as well as on the status of steel and raw materials protective measures. The Chamber provided the insight into the VAT fraud cases in the intra-community rebars trade. Various representatives of Member Organisations presented their own views on the coke and steel markets in Q4 2012 and their forecasts for Q1 2013. According to the mills' evaluations, Q4'12 turned out worse than anticipated. November and December saw lower order books, in spite of thin margins, virtually with all product categories. Destocking continues. Manufacturers keep reporting increasing problems in getting credit (banks are becoming more and more demanding in their relations with steel and associated companies) while payment bottlenecks are on the rise.

Due to reduced hot metal volumes (blast furnaces idled and/or shut down in Europe), Polish coke output and exports fell in 2012 by ca. 10%. As of the year-end, large coke volumes remain on stock. Q1 2013 steel market forecasts by the mills provide for prolonged bad situation as in Q42012, with expected improvement in Q2.

### Meeting PUDS in Warsaw

On 11.12.2012 in Warsaw managements of HIPH and PUDS and their member organizations met to align rebars VAT fraud action cooperation directions and scope in Poland. Unanimous finding was that, legislation-wise, the most effective way in combating this unlawful conduct is to introduce the reverse charge mechanism to Poland's legal system.

HIPH and PUDS stated further cooperation in collecting steel trade data and finding solutions designed to counteract counterfeiting inspection attests/certificates.

### Ministry of Economy Visit to AMP S.A.

Mrs Gra yna Henclewska, Undersecretary of State, Ministry of Economy, accompanied by Director J. Majchrzak and Unit Head K. Zar ba, visited on this December 3 the AMP S.A. D browa Górnica Unit. The official visitors could follow through the complete integrated steel making processes, including heavy sections mill and the rails inspection and measurement unit. The BoD of AMP S.A. provided the update on technological investments made (where, since 2009, AMP has invested to Poland another billion PLN).

Mr Surojit Ghosh, CFO AM BD East, commented on EU climate actions. The associated costs affect the competitive position of AM. The advantage of Polish mills gets further reduced through taxes (electricity excise duty, planned excise duty on gas or by what is known as colour certificates and transmission fees).

The Chairman of HIPH covered the international, European and domestic steel business which witnesses production overcapacities which necessitate special actions for the operations. The situation is compounded by steel import quotas lifted once Russia became WTO member.

R. Talarek invited the MoE delegates to visit the EAF route based mills.

### TVN 24 about VAT Fraud

On November, 29 TVN24 broadcasted the footage of journalists investigation into rebars trading grey zone as part of its Poland and the World programme.

### Regional Labour Market

On invitation by the Regional Development Department of the Silesian Voivodship Marshall Office, a conference was attended on December 14, 2012 to sum up the Systemic Project on the Attractiveness of the Regional Labour Market - Analysis, Evaluation and Required Changes in the Context of Ongoing Developmental Trends. The Project has been implemented under the Operating Program Human Capital. The outcomes of the study were presented which included activation efforts for distressed people, life-long training offerings and entrepreneurship development support schemes. The Marshall Office is going to publish the comprehensive report in January 2013, reflecting the study outcomes and recommendations.

### Chambers Cooperate

On invitation by the Regional Chamber of Industry and Commerce in Gliwice (RIPH), we attended the festive session of RIPH Council.

One of the meeting agenda points was to discuss the present condition of and prospects for the capital market in Poland.