



In this issue:

- Krynica Economic Forum**
- Excise Tax Law**
- Consultative Conference on ROP for Silesian Voivodship**
- The Energy Efficiency Potential for the Industry Seminar**
- Cross-Sectoral Correction Factor**
- Steel Market Conference**
- European Small and Medium Enterprises Congress**
- VAT Law Amendment Seminar**

Krynica Economic Forum

Krynica Economic Forum, held annually since 1991, is a widely recognized event in Central and Eastern Europe. Its mission is to create a favourable climate for the development of political and economic cooperation between the European Union and neighbouring countries.

This year, on September 3, Polish Steel Association participated in a panel discussion on the Condition of Metallurgy Industry in Central and Eastern Europe.

Excise Tax Law

Late August and early September saw the fate of the Polish steel industry hanging in the balance. Polish Steel Association actively participated in the ongoing legislative process, both at the meeting of the Public Finance Committee on 29.08.2013 and at the session of the Extraordinary Subcommittee on 09.04.2013.

During both meetings we argued that the imposition of an additional tax on the steel industry (the excise tax on gas would be such, indeed) would significantly decrease the competitiveness of Polish steel. HIPH sought for the removal of a provision stating that if the price of natural gas would drop by double the excise duty rate the exemption at the time being would be suspended and half of such alleged profit be returned to the State Treasury.

The Committee adopted following findings:

1) provisions providing for a mechanism which would disable the exemption for industrial uses of gas were removed - the position of having to

forego such mechanism due to the poor condition of the Polish industry was stated by Minister Jacek Kapica when deliberating on amendments in the course of the law drafting, then the amendments in this respect of tantamount wording were tabled by two MP groups - Coalition MPs led by the Committee Chair, Ms. Krystyna Skowrońska, and the Opposition MPs led by Mr Henryk Kowalczyk. The amendment deleting the disabling provisions for industrial gas uses was voted on unanimously.

2) the proposed exemption for natural gas to be used in stationary power units such as the combined production of heat and electricity (Article 31b Paragraph 4 Point 1) was extended to include all gas products. Thus, the process gases used to drive cogeneration gas turbines will be subject to the exemption. The provision was also complemented by an exemption for gas products used for heating stationary equipment for these purposes.

3) the bill introduced regulations which simplify the application of the exemption to households to the extent that small users, according to the criteria adopted in the amendments, would need not to collect / make statements about the use of the natural gas (or gaseous propane butane in some parts of Poland) for the household purposes. A transition provision was modified which facilitate the settlement of prospective invoices as well as one which simplify CNG sales at pump stations.

It is worth emphasizing that joint activities and efforts produced desired results for the metallurgical sector.

Consultative Conference on ROP for Silesian Voivodship

HIPH took part in the Consultative Conference on the Regional Operational Programme for the Silesian Voivodship for 2014 to 2020, aimed at entrepreneurs, which took place on September 2, 2013 in Katowice. The conference presented current experiences of Implementation Entities, instruments for entrepreneurs operating in the region and the cut-off lines in the Regional Operational Programmes and National Programmes for the dedicated support to business.

The budget of the Silesian ROP would amount to EUR 2,558 million, of which most funds would be allocated to: transport (20%), energy and low carbon efficiency (11.5%), strengthening the competitiveness of SMEs (10.1%), and modern economy (9.7%).

The final draft will be presented in October and then, in December, the project will be submitted to the Council of Ministers. In the first half of 2014, negotiations will start with the European Commission. You are encouraged to read the conference materials posted on the website:

<http://ris.slaskie.pl/pl/aktualnosc/0/1378193786>

The Energy Efficiency Potential for the Industry Seminar

We took an active part in the Energy Efficiency Potential for the Industry Seminar organized by Stowarzyszenie Klaster 3x20. The Seminar took place on 4 September 2013 in Zabrze at the memorial Guido Colliery at the 320 Level.

The first speaker was Professor Jan Popczyk of the Silesian University of Technology who spoke about Polish energy sector by 2020 and 2050. He predicts a much lower share of coal and lignite and an increased share of natural gas and renewable energy in power generation. Mr Roman Kołodziej of Energopomiar followed with his presentation about energy audits outlining requirements for businesses imposed by EU directives on energy efficiency improvements. The following presentation was about innovative projects implemented at KGHM Polska Miedź S.A.

The Guido Colliery as the host of the conference delivered a short presentation on its business. Mr Andrzej Jurkiewicz' speech focused on a case study of the application of the power source and receiver control and supervision system at the Gluchołazy hospital.

The seminar closing presentation by Zofia Wawrzyczek of LGBS Energis centred around a hybrid IT system which supports efforts to improve energy efficiency. The presentations are available on www.klaster3x20.pl.

Cross-Sectoral Correction Factor

In September the Management Board addressed the subject of the European Trading Scheme, structural funds, benchmarks, new industrial policy, action plan for the steel sector, competitiveness, leakage and transparency twice.

On 5 September 2013, we submitted a letter to the EC Commissioner for Energy, the EU Commissioner for Financial Programming and Budget, Ministry of Environment and the Ministry of Economy on the so-called cross-sectoral correction factor which is set to reduce the amount of free allowances for industry from 2013 onwards. We highlighted absolutely dire consequences for the manufacturing industry caused by the introduction of such mechanism.

On 26.09.2013, MEnvi, MoE and the Permanent Representation of Poland to the EU were approached again with the appeal to prioritise and treat urgently the changes to the

European trading scheme so that achievable targets be set. We called for elimination of the cross-sectoral correction factor for sectors that compete in international markets, striving to ensure a full and Union-wide compensation for the costs of CO₂ emissions carried over in energy costs.

Steel Market Conference

On 11 September 2013 in Katowice, Polish Union of Steel Distributors PUDS held the STEEL MARKET Conference.

During the conference, presentations were given by invited guests: Mr Surojit Ghosh, CFO BDE FCE, Member of the Management Board of ArcelorMittal Poland SA about Steel Market: Challenges and Opportunities for Growth under Conditions of Fair Trading, Ms Iwona Dybal, CEO PUDS, about The Market for Steel Distributors in Poland, Mr Stefan Dzienniak, CEO HIPH, about The Market for Steel Producers in Poland.

Later in the conference, a panel discussion was held at which potential opportunities and threats were analysed for the steel trade in Poland and directions were shown to which the steel market the world over is heading.

European Small and Medium Enterprises Congress

The Third European Small and Medium Enterprises Congress was organized in the capital of Silesia in Katowice.

The overarching theme of this year's Congress was the Cooperation and Relations of SMEs in the Regional, National and International Aspect.

Among the Honorary Guests were the President of the Republic of Poland, Mr Bronisław Komorowski, Vice-President of the European Commission, Commissioner for Industry and Entrepreneurship, Mr Antonio Tajani, Deputy Prime Minister and Minister of Economy, Mr Janusz Piechociński, and the Member of the European Parliament, Mr Jerzy Buzek. The result of many debates, meetings, exchanges of ideas and experiences would be in conclusions and observations on the issues and opportunities for further development of the SME sector in the form of recommendations to be published. These are meant to serve not only businesses, but also representatives of the government and the law makers in Poland.

VAT Law Amendment Seminar

On 09.25.2013, Polish Steel Association in cooperation with PUDS organized the VAT Law Amendment Effective from 1 October 2013 Reverse Charge, Joint and Several Liability and Reduced Tax Settlement Periods in the Practice of the Steel Industry Seminar. The Tax Advisory Ernst & Young Sp. z o.o. took the merits patronage over the conference and EY tax experts presented their papers during the same. The focus centred around issues such as the escalation of VAT fraud as the reason for the amendment of the VAT Law, statistical classification in practice, and new tax regulations vs. the steel industry.

The conference attracted a lot of interest, with 180 attendees. The feedback received has it that the event was by all means much expected and very helpful, notably shortly ahead of the introduction of new rules in force.