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### ECON of WSA

On 4 -7 September 2012 Warsaw hosted a meeting of the Economic Committee of the World Steel Association. Polish Steel Association was co-organiser of this event.

During the meeting the Report Short Range Outlook (SRO) for the period from 2012 to 2013 was updated.

On its first day, particular sessions took place to introduce and discuss the medium-term forecasts for the steel market (China and worldwide), steel consumption of the regional economies, prognosis of the real steel consumption and possible scenarios for the steel market. The reviewed projects: Ukraine'2020 / Russia'2020 were presented as well.

The subsequent two days were dedicated to the steel production and consumption in the regions (Asia & Pacific: China, ASEAN, NAFTA, EU-27, CIS and MENA) and in specific countries (HIPH introduced the situation in Poland).

Majority of the speakers have emphasised that the situation on the steel market in 2012 will notably deteriorate. The 2013 forecasts are not so optimistic either.

### Economic Forum in Krynica 5-7.09.2012

Polish Steel Association co-organised and attended two discussion panels held during 22nd Economic Forum in Krynica dedicated to the vital for the steel industry topics such as excise duty on gas and VAT swindling in steel trade.

1. The first panel: "Excise duty on gas against other energy carriers versus competitiveness of the Polish industry" (5.09.2012) touched upon direction of the envisaged amendments to regulations on gas excise duty. The industry's expectation as to the scope of excise exemptions for gas similar to those commonly applied in many EU countries was raised. Representatives of the industry have underlined that the possible introduction of excise duty on energy products would have a negative impact on the costs and would reduce competitiveness of the domestic producers. Ministry of Economy has supported the appeal, Ministry of State Treasury has indicated the need to balance up the budget requirements and interested of the State

Treasury whereas Ministry of Finance has backed the model of extensive exemptions. Professor Dariusz Rosati moderated the panel which was composed of the government's representatives such as R. Baniak (Ministry of Treasury), Minister J. Kapica (Ministry of Finance), Minister T. Tomczykiewicz (Ministry of Economy) as well as the industry: Mr Surojit Ghosh (AMP SA), Mr S. Jedrzejczyk (PKN Orlen), Ms Dorota Wloch (KGHM) and Mr S. Hinc (PGNiG).

2. There was a discussion held during the panel on "Explosion of black economy on the steel market: how to counteract?" The discussion concerned the possible ways to accelerate better effectiveness of measures for elimination and reduction of the proceeding of VAT swindling in steel trade and its impact on the producers (lower competitiveness, limited or even ceased production and the employment cuts) and the state budget (reduction of tax revenues). According to experts, one of the effective solutions could be an introduction, like for scrap, of the "reverse charge" mechanism in trade of steel products. The panel was moderated by Mr Adam Rapacki, former Interior Minister and was composed of the following speakers: Mr Steve Bill (E&Y GB), Mr Ivan Miklos (Member of the Parliament in Slovakia), Mr Dariusz Rosati (Sejm), Mr Jerzy Kozicz (CMC Zawiercie), Mr Pere Petit (Celsa HO) and Mr J. Kozinski (E&Y).

### VAT swindling in rebars' trade

On 24 July 2012, the Management Board of HIPH organised a meeting of the producers and distributors of rebars in Katowice. The Association prepared and introduced an updated information regarding the market of rebars in Poland and worldwide. An attention was paid to the proceeding of VAT swindling and its negative impact on domestic rebar producers (the total sold production of rebars for the first half of 2012 dropped by 13% while domestic supplies \*) went down by around 60%).

◦ Market impact of the phenomenon was illustrated - apparent consumption of steel rebars in Poland after 5 months 2012 amounted to 166,000 tons and was down by 62% (estimated by HIPH based on data of Ministry of Finance).

◦ Actions taken by both organisations (HIPH and PUDS) in order to limit/eliminate the pathology in reinforcement steel trade being detrimental to the image of reliable (fair) steel distributors were discussed.

◦ The discussion touched upon all aspects of the pathology in this trade such as, among others, VAT swindling, falsification of technical and transport documentation and criminal practices in the relation: supplier - final user.

Both organisations, HIPH and PUDS declared their willingness to jointly undertake measures aiming to:

- identify and eliminate from the market unreliable distributors, participants of the proceeding in order to accelerate legal actions already conducted by the Ministry of Finance and other institutions, for example, investigative authorities.

- collect the arguments justifying introduction of legal amendments (legal acts and regulations eliminating VAT swindling), in particular learning from the experiences of the act on trade in scrap and building EU support for such solutions.

- make a campaign on the consequences of participation (unconscious) and intentional connections with the system of the unfair trade among the companies dealing with steel trade, not only members of PUDS.

- establish contact with the final users of steel in order to make them aware of falsification of documents of a steel producer and others as well as VAT swindling.

The issue of "price criterion" in public procurement was raised. Selection made on the basis of the cheapest price can lead to the situation whereby contractors by trying to get the cheapest services and materials may support locating in their projects steel which was subject to VAT swindling.

PUDS and HIPH express their opinion as to the currently valid public procurement system.

### Prior Surveillance System

On 18 July 2012, STIS Committee (steel, textiles and other industrial sectors) met to address the issue of extension of the prior surveillance system in import of selected steel products after 2012 by the European Commission.

Poland (the sector's standpoint presented by HIPH on this matter was accepted) and 10 other member states stood for the need to maintain the system and commodity scope in the subsequent years.

Based on the information provided by the Trade Policy Department of the Ministry of Economy, the EC stated during the meeting that the EC did not intend to prolong the system for the next years having analysed the data received from EU countries and EU business.

EC does not foresee any threat of facing an excessive import of steel from the third countries, also in case of possible increase of steel import from Russia after the country's accession to WTO (August 2012) when the quota for steel from Russia expires.

In our address we have informed the Ministry of Economy (HIPH/1494/12 of 26.07.2012) that having undertaken preliminary analysis of 2012 bilateral trade in steel products (flats) between Russia and Poland, the import will increase twofold compared to 2011.

### Imposing excise on gas

On 31.07.2012, Polish Steel Association in collaboration with the Economic Chamber of Non-Ferrous Metals and Recycling asked the Minister of Finance for a meeting on supporting works on the new system of imposing excise duty on gas. Our request was accepted and the meeting took place in the Department of Excise Duty and Games on 22 August 2012.

### Antidumping proceeding for welded tubes from Ukraine, Macedonia and Turkey

On 2.08.2012 HIPH prepared an additional (to the sectoral standpoint of 18.06.2012) analysis on the production of rectangular and square welded tubes. Its results which were submitted to the Department of Trade Policy in the Ministry of Economy confirmed our earlier stance for introduction of antidumping duty on import of such tubes from Ukraine, Macedonia and Turkey. The Chamber appealed again to the Polish side to vote for introducing AD restrictions to tube import from the above stated countries during a meeting of the EC's Antidumping Committee.

### Comments to the draft for Electricity and Gas Recipients FORUM

On 03.08.2012, jointly with representatives of the board of the steelworks: AMP S.A., CELSA Huta Ostrowiec Sp. z o.o. and CMC Zawiercie S.A. we forwarded our comments to the draft of the report of the working group for reduction of burdens for the energy consuming enterprises.

### Opinions to the Ministry of Environment, Ministry of Economy and KOBIZE

On 09.08.2012 we provided the Ministry of Environment with our opinion on draft of the regulation of the Minister of Environment concerning the types of installations which can cause significant pollutions to certain environmental elements and the environment as a whole.

On 14.08.2012 we provided the Ministry of Economy with our opinion on the mercury convention in respect of including the steel and iron industry to the emission sources for the atmosphere.

On 16.08.2012 we prepared the Report Analysis of trade in steel products with the third countries and sent it to the Department of Trade Policy in the Ministry of Economy.

On 20.08.2012 we prepared our standpoint for KOBIZE concerning the steel production from recycled materials with respect to remelting steel scrap in electric furnace and the related mercury emissions to the atmosphere.

On 31.08.2012 we forwarded stance of the sector regarding the draft of the decision of the European Parliament and the Council amending Directive 2003/87/EC asking to explain the regulations concerning the auction timetable for the greenhouse gas emission allowances and appealing for a refusal to introduction of the proposed provision to the Directive.

On 14.09.2012 we provided the Ministry of Environment with our opinion on admissible noise levels in the environment. We appealed in the opinion for considering the possibility of increasing the noise level specified for "other establishments and activities being the source of noise". (columns in table 1 and 3) by 5 dB at least. It would mitigate the strict norms for the industry. Disparity will remain (2 ÷ 11 dB in favour of the operators of roads and railways) but it would be a step towards standardisation of the conditions of operation of various economic entities.

### Russia in WTO

On 22 August 2012 Russia joined WTO. This means that that Agreement between the European Community and the Russian Federation on trade in certain steel products including the Russian quota on steel import came to an end and became invalid on this date.