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Council of Polish Steel Association

A meeting of the HIPH Council took place in Katowice on 13 September 2012.

The Council listened to the Chamber Management Board information on:

- the situation on the steel market after 7 months of 2012
- the financial standing of the HIPH after 8 months of 2012
- the effects of the coalition (established with involvement of the HIPH and legal offices) work with respect to:

- elimination of unfair practices in the steel products trade within the EU,
- efforts to exempt natural gas from the excise duty,
- reduction of other costs burdening the electricity,
- compensations on indirect emission costs for entities running plants

included in the EU ETS.

The Council has considered the motion of Celsa Huta Ostrowiec Sp. z o.o. to change the composition of the HIPH Council due to entrusting this company representative in the Council with obligations in another company of the Celsa Group. The Council has decided to convene an Extraordinary General Meeting of HIPH Members before the end of this year.

The President of the Chamber Management Board has informed the Council about the course of the WSA Economic Committee meeting, for the first time organised in Poland by the HIPH, and appreciated the financial support of the ArcelorMittal Management Board for this meeting organisation.

Energy Task Force

The meeting of the energy task-force was held on 10 October 2012. The agenda of the meeting comprised the following issues:

1. improvement in the energy efficiency in the sector;
2. excise duty on gas and electricity for energy-intensive enterprises;
3. modifications of the electricity market in Poland.

The information about the implementation of Priority I "Improvement in the energy efficiency" under the law on the Energy Policy Poland '2030, including the role and activities of the National Fund for the Environmental Protection and Water Management (main programme "Effective use of energy") was presented by Mr R. Talarek, the Chamber President. The discussion was related to the areas of energy efficiency improvement in the steel industry.

Drafts of the implementation provisions to the act on the energy efficiency are already ready in the Ministry of Economy.

The information about actions taken within the coalition in the field of excise duty on gas and electricity has been presented under the second item of the agenda. The information on the work carried out at the Ministry of Economy (MoE) on the electricity market model was presented next (earlier participants of the meeting had a possibility to familiarise themselves with the report prepared by the MoE special Working Group for energy consuming recipients).

During the meeting, because of a change of the place of work, thanks were expressed to Mr Andrzej Curyło for exceptionally good and effective cooperation with the HIPH.

HIPH Conference "Waste Law"

The HIPH Management Board organised a Conference "Waste Law the Scrap Trade in the Light of Amended Regulations". The Conference took place on 11 and 12 October 2012 in Wisła. It was attended by representatives of steel plants, scrap suppliers, scrap processing companies, and representatives of research-scientific circles. Presentations were delivered by experts from law firms, companies providing services in the field of certification, independent experts as well as by GIOS and NFOSiGW representatives.

On the first day of the conference the papers and presentations were devoted to changes in the community and national legislation (binding and new), i.e.

- bill of the Waste Law, main assumptions of the law,
- changes and the schedule of work, the Waste Law assessed by the users and authorities.

The conference participants have also learned about a new system for waste classification, about the mechanism for waste status changing, about permits for processing and management, about the change of conditions of hazardous waste reclassification to non-hazardous waste, etc.

A lot of attention was devoted to the Council Regulation (EU) No 333/2011 of 31 March 2011 establishing criteria determining when certain types of scrap metal cease to be waste under Directive 2008/98/EC.

The assumption of the Regulation consisted in ensuring appropriate quality of scrap for the steel and foundry industry and exempting a clean and safe scrap from the obligation to be subject to the waste legislation. The possession and implementation of a certified quality management system, meeting the requirements of the Council Regulation (EU) No 333/2011 of 31 March 2011 is a prerequisite in the process of waste processing into non-hazardous products.

The issues discussed on the second day of the conference were related to: international shipment of metal scrap (GIOS presentation), possibilities of financial support for the scrap recycling (NFOSiGW presentation), and to the steel and non-ferrous metals industry as the greatest scrap recycler (presentations of: HIPH, IGMNiR and CMC Zawiercie SA).

The conference organisation was an important project undertaken by the HIPH Management Board considering the changes facing the sector at the beginning of 2013.

Sales Directors Forum

On 24-25 September 2012 the HIPH Management Board organised in Ustro a meeting of HIPH Sales Directors Forum. Participants of the meeting learned the information prepared by the HIPH management on:

- the current situation on the steel, coke and refractories markets,
- the situation in the steel products imports to the European Union from third countries,
- the current state of protective proceedings in the trade of steel and of steel industry raw materials,
- irregularities in the steel products trade within the EU.

During the discussion representatives of individual member entities expressed their opinions about steel products markets in the country and in Europe and also presented their forecasts for Q4 and for the beginning of 2013.

According to the Forum participants assessment the situation on the steel market is difficult. Steel plants experience a clear decline in orders (despite some decline of raw materials and charge prices), the finished products prices continue to be low, which is caused by a growing competition of imports, both from third countries and from EU countries, which markets now show stagnation or decrease of demand.

Domestic steel producers have also focused on the threats resulting from Russia's accession to the WTO and from cancelling the quota for steel imports from this direction.

The demand for blast-furnace coke and its prices have been falling on the domestic and global market, which is mainly related to the steel market weakening in Europe.

New innovation policy 2014-2020

On 9 October 2012 a meeting was held at the Ministry of Economy in Warsaw between the management of the Department of Innovation and Industry of the MoE and representatives of industrial enterprises and sectoral organisations. The meeting had an information-consultation nature.

The assumptions of the "Strategy of Economy Innovation and Effectiveness 2014-2022" were discussed as well as conclusions from the current support system of the innovation. The MoE representatives evaluated the instruments operating now within the system and presented principles of a new system under the EU 2014-2020 financial perspective, including draft allocation of funds.

The Enterprises Development Programme (PRP/EDP) should serve

this strategy implementation, comprising inter alia a description of the current situation of the industry and instruments for its development support. It has been emphasised that in the 2014-2020 budget perspective the following can expect a special favour of the MoE and a support:

- projects related to scientific research innovation and to links with the enterprises domain
- projects related to low-emission economy, environmental protection, prevention and adaptation to climate changes, transportation and energy security,
- projects related to competence and skills and to good management, which have realistic success chances and which will be undertaken with the use of clusters, because it is the industry and not the sector, who is to be the beneficiary.

Representatives of enterprises, presidents of sectoral chambers and of research institutes were answering questions asked by the MoE on the planned innovation-oriented investments, the origins of know-how within these actions as well as opportunities and barriers of innovation development in industry.

The MoE informed that the Enterprises Development Programme will be approved probably in December this year and in June 2013 it will be submitted to the European Commission as an operational programme.

The steel sector was represented by the HIPH and the ArcelorMittal Poland S.A. The position of Alchemia S.A. was submitted in writing directly to the MoE.

Low-emission Poland '2050

On 16 October 2012 a thematic meeting was held at the Institute for Structural Research in Warsaw devoted to the issues of the following industries: chemical, metallurgical and cement within the "Low-emission Poland '2050" project.

The project is implemented by the Institute for Structural Research and the Institute for Sustainable Development in cooperation and with support of the European Climate Foundation. The project is aimed at finding an answer to the question, how to modernise Poland to achieve the reduction of greenhouse gases emission by 80% till 2050.

The effect of both institutes work is to be a report, by which its authors want to encourage politicians and the government administration to make decisions based on their calculations and conclusions.

Quantitative data related to possibilities of CO₂ emission reduction as well as directions of technological development in the sectors mentioned above were presented during the meeting.

For the metallurgical industry the "Low-emission Poland '2050" project assumes inter alia the following as the main directions for CO₂ emission reduction:

- energy recovery from the flue gas,
- use of blast-furnace gas pressure for the electricity generation,
- electricity generation from the waste heat,
- CCS,
- direct reduction of the iron ore.

In his speech in the discussion, the HIPH president commented on the above proposals and delivered a presentation on:

- the current and probable future structure of crude steel production worldwide and in Poland,
- raw materials and energy needs for such steel production structure and the assumed targets for GHG emission reduction,
- the importance and role of financial and monetary policy for the implementation of long-term strategy of steelworks development and hence undertaking high CAPEX investments directed towards the reduction objectives (i.e. UL, COS, CCS or others),
- scenarios for the steel market development in Poland depending on the adopted strategies for the energy market development,
- current indicators of energy efficiency and possibilities of their improvement in the future.