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### HIPH's Council

HIPH's Council met on 12 September in Katowice. Its agenda included the following issues:

- information about the steel, coke and refractories market in Poland and worldwide after 6 months of 2011,
- Implementation report regarding restructuring of steel and iron metallurgy in 2010,
- Information on securing raw materials and materials for the steel industry,
- Information about the status of works on the Act on excise tax for energy carriers,
- Draft programme of the jubilee ceremony of 20th Anniversary of HIPH.

The Council gave a positive opinion on the implementation report on restructuring of the iron and steel industry in 2010, raising no objections to it. On 29th September, the Council of Ministers approved the report by circular resolution. The Management Board made a briefing for the Council on raw material and material policy for the steel sector and the cooperating industries which was further submitted to the Ministry of Economy and then included in the National Programme of Law Carbon Economy.

### ECON

On 7-8 September 2011, Istanbul hosted a meeting of the Economic Committee (ECON) of the World Steel Association. In the opening session, Mr John Walker, expert of Oxford Economics, assessed the current state and perspectives of the global economy. His speech carried the meaning: "Hard time is coming". Many programmes elaborated at the turn of last year and this year need to be revised due to the global economic slowdown. Vague political and financial rules in a number of countries have a negative impact on the economic forecasts. In addition, the effects of the first stage of the crisis, when the financial and fiscal policies in many countries were lavish, start to be felt. According to Mr J. Walker, the

urgent issues faced now include reduction of inflation in BRIC countries, improvement of finances in the Euro zone, activation of employment market in the USA and tightening of the energy and environment policy in China. The main session of the meeting of the Committee was devoted to discussing the state and forecasts of the steel market in 2011-2012 in the main regions of the world and in selected countries. The 2-day meeting was summarised in WSA Report. Following 2nd half of 2011, the whole of the year 2012 will show a lower steel consumption than forecasted in April 2011 (1,360 million ton of finished goods worldwide).

### About EU ETS at the Ministry of Environment

On 5th September 2011, we took part in a meeting held at the Ministry of Environment to discuss the issues related to operation of the emission trade system after 2013. An assessment was made in respect of the preparation of a list of installations included in the system called National Means of Execution (K W) whose draft was published on the websites of the Ministry of Economy and KOBiZE for social consultations. Deadline for submission of all comments to the draft was 20th September 2011. Poland was obliged to pass K W on to the European Commission by 30th September 2011. Decision on granting free emission allowances is expected to be taken by the end of 2012.

### Commercial Directors Forum

On 22-23 September 2011, the Forum of Commercial Directors of member entities of the Association took place in Ustro. The issues taken up during discussion covered an assessment of the situation on the steel and raw material market in Poland and worldwide after 7 months of 2011, trade of EU with the third countries as well as the current state of antidumping proceedings in

trade of raw materials and steel products. In the discussion, the European and domestic markets for steel products were assessed and their forecasts for 4th quarter were presented. The 3rd quarter of 2011 shows a slowdown in the sales of producers caused by, among others, sales of stocks by wholesalers in the holiday season, unstable Polish Zloty currency and the clients' expectations of price correction. While in case of long products one can observe a stable situation on the market, the market for hot-rolled sheets is rather low. The volume of orders from the domestic appliances sector has decreased visibly. The wholesalers' stocks are kept on a low or average level. Stock replenishment takes place very carefully due to increased purchasing costs (weaker Polish Zloty) and general slowdown on the market.

### Talks at the Ministry of Economy

During a meeting held on 14 September 2011 at the Economic Development Department, the President of HIPH passed over the sector's opinion on the Act adopted by the Polish Sejm on the excise duty for energy products used in metallurgy. Bearing in mind how supportive the Ministry of Economy was in respect of our appeals for excise exemption for coal and coke used in metallurgy, we made a similar appeal in relation to electricity and gas.

The President informed about acceptance of "Implementation report on restructuring of the steel and iron industry in 2010" by the Council of HIPH.

We also requested the Ministry of Economy to provide their stance on implementation of the statistics for the sector's reporting after 2012.

The President of HIPH informed the representative of the Department about a Report being prepared by the Association regarding the raw material needs of the steel sector and cooperating industries. Meetings at the Ministry of Economy constitute a regular element of the collaboration between both parties.

### The end of AD procedure on import of graphite electrode from China

On 29 September 2011, the European Commission made a decision on closing AD procedure in respect of the import of graphite electrodes from China. The decision was published in Official Journal L 254 of 30.09.2011. The procedure came to an end upon the consent by all parties concerned following withdrawal of the complaint by the European Association of Coal and Graphite.

### At the British Embassy

On 14 September 2011, the British Embassy in Warsaw organised an interesting conference on "Sustainable Construction". The British contractor, B & K Structures specialising in the design and comprehensive completion of the hybrid structures with so called "low footprint" presented some examples of their commercial, retail, educational, sports and recreation facilities.

They showed their far reaching designs which combine steel with wood (so called X-LAM panels and SIP models). The hybrid structures create new possibilities of connecting steel with other building materials. B&K Structures and HIPH plan to get back to this topic again in connection with a conference to be organised by the Association with involvement of the industries using steel in investment projects.

### Quota on import of steel tubes to Ukraine

On 4 October 2011, a decision of the International Commission of Ukraine on Foreign Trade regarding extension of the currently applied quota on import of steel tubes to Ukraine including the ones from Poland by another three years came into force. The quota will be valid until 30.09.2014 and will cover seamless tubes with diameter not exceeding 406.4 mm.

### Economic Committee

A meeting of the Economic Committee took place on 11 October 2011 on the premises of EUROFER in Brussels. The crucial issues under the agenda included:

- Necessary changes to the reports on the economic situation in general and on the

steel market,

- Domestic presentations and discussion about the Eurofer's draft Report of on the situation in 2Q 2011 and forecasts for the European steel market in 2011 and 2012.

The need to introduce changes to the reporting technique for the macro-economic and steel market issues appears due to the fact that the reference year for the existing reports was the year 2005. Since then, the changes in the structure of the matrix describing the sector's steel consumption have been essential (even by 300%). The year 2010 was suggested to be the reference year. In the discussion, some of the countries noted the year 2010 as a post-crisis year and as such not providing a good reference. Finally, it was agreed that Eurofer would undertake a simulation and will disseminate the conclusions resulting from it among the members of the Economic Committee. The reports presented by particular countries clearly show the scenario envisaging a major slowdown in 2011 and 2012.

A good assessment of the situation in Poland so far is going to change under the pressure of negative surrounding environment and will need to be corrected from optimistic to moderate. The sectors such as automotive and domestic appliance in particular give signals which clearly indicate the necessity of "in minus" verification of the earlier made forecasts for 2011 and 2012.

### 20th Anniversary of HIPH

The year 2011 is a special year for the Polish Steel Association as it stands for 20th Anniversary of its operations. On this occasion, the Management Board and the Council of HIPH are organising an official evening in Katowice on 16th November during which we will get together with our members as well as companies and individuals cooperating and sympathising with HIPH.

The jubilee is organised under the honorary patronage of the Ministry of Economy, the Marshal of the Silesia Voivodeship and the Marshal of the Małopolskie Voivodeship.