



06 • 2012

July

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EUROFER Statistics Committee

The Statistics Committee of Eurofer (participated by HIPH's representatives) met on 27 June 2012 in Brussels. The Committee gathers twice a year to discuss the current issues concerning the obligatory and voluntary statistics of the steel industry.

During the meeting, report from the previous meeting of the Committee was approved. The issues regarding availability of the latest production and trade statistics have been discussed. The response of the European Commission to the amendments proposed to the Harmonised System (HS) has been reported. The Commission found the proposal too excessive and inconsistent with an idea of making the statistics easier. Eurofer will introduce a new procedure for disseminating aggregation of national statistics. This system will be based on exchange of data directly between the interested federations. The meeting has also addressed advisability of continuing the statistical programme covering energy consumption, investments and production capacity due to a small number of the received questionnaires. The need to update the database containing EU steelworks' output has been noted.

The next meeting of the Statistics Committee will take place in January 2013.

EUROFER Economic Committee

A meeting of the Eurofer's Economic Committee summarizing the situation on the steel market in first quarter of 2012 was held on 4 July 2012 at the office of the Italian steel federation "Federacciai".

The meeting included following issues:

1. amendments which are to be introduced by Eurofer to the steel market reports,
2. particular national associations reported their results for 1 quarter of 2012 and presented their forecasts for 2012 and 2013,
3. a discussion took place on a draft of the Eurofer's report: "Economic and Steel Market Outlook 2012 - 2013",
4. under miscellaneous matters - HIPH informed the Committee on the phenomenon of unfair practices (VAT swindling) in intra-Community steel trade.

Major action points of the Committee:

Ad.1. By October 2012 national steel associations will prepare and submit to Eurofer a new matrix of the sector steel consumption in the economies of their countries.

Ad.2. In the economies of Spain, Italy, France and Great Britain pessimism maintains. The macroeconomic and steel market indicators have worsened. Purchasing Manager Index (PMI) has been weakening. The worsening economic indicators and bailout offered to save the Euro zone give a negative signal to manufacturing sectors and make them limit their investments. The declining domestic demand makes the situation even worse. The economy of Germany and Nordic States are defending from the recession; however, their forecasts for subsequent quarters are verified downwards. The reports of Austria, Holland Belgium and Poland have been a bit more optimistic. The Polish sectors such as domestic appliances, automotive, machinery and metal export majority of their products to the EU countries. As this part of Europe is close to recession, some of our forecasts will be verified downwards.

Ad.3. Having introduced slight amendments, the Committee accepted the Eurofer's report "Economic and Steel Market Outlook 2012-2013".

Ad.4. Eurofer promised their support and asked for full information collected by HIPH has in respect of unfair practices in rebars' trade.

Energy Task Force

On 09.07.2012, the energy task-force met again under the meetings periodically organised by the Board of HIPH. The team consisting of 12 power engineers and energy experts from steelworks and other HIPH member enterprises discussed the following issues:

- the status of works on exemption / non-calculation of excise in the price of electricity and gas used in steel industry.

The Chamber together with other sector organisations form a coalition for working out tax solutions system regarding burdens on energy products used by the energy consuming sector. The Minister of Economy appointed a special Working Group for energy consuming recipients (hereinafter referred to as "the Team"). Mr H. Kali, the Team's member and the Chairman of the Electricity and Gas Recipients' Forum briefed on the performance of the Team. The Team drafted provisions of the regulations under the "Energy Act" following the suggestion of the energy consuming enterprises (details available on the website: www.odbiorcyenergii.pl). Nevertheless, it is hard to assess how our proposals will affect the final bill and its regulations.

- consequence of implementing the legal act on energy efficiency for steelworks. Investment projects aimed at increasing energy efficiency will be very expensive; however, the lack of their implementation in the period 2013-2020 or their ineffective execution will be also expensive due to penalties.

The Board of HIPH invited a representative of the Polish National Energy Conservation Agency to the meeting in September to take a standpoint regarding some of the proposals (capex) of the member companies.

- HIPH's performance with respect to interim principles under the harmonised allocation of free CO₂ emission allowances. Preliminary draft of the allocations for installations used by member entities has received a positive assessment. The Polish government sent the national list of installations with their allocations to the European Commission. The consultation stage is in progress. EC's decision on this matter is expected soon.

- the Autumn meeting of HIPH's member companies with Tauron S.A. is scheduled to take place in the third decade of October 2012.

Counteraction to VAT swindle - continued

In collaboration with the legal firm Ernst&Young, the Association organised a conference on 17-18 July 2012 in Warsaw dedicated to: "Identification and counteraction to pathology in trade exemplified by VAT swindling in Intra-

community reinforcement steel trade".

The Conference was organised in order to work out the assumptions and forms of cooperation between the injured entities such as steelworks and domestic producers of reinforcement steel and the state administration governing bodies as well as international institutions to combat the proceeding.

The discussion took place regarding registration of deliveries under the EU trade, procedures and types of inspection documents, the ways of marking goods by producers as well as examples of forging them by fraudulent traders.

... prior to Krynica'2012

On 16.07.2012, together with board members of AMP S.A., CELSA Huta Ostrowiec and CMC Zawiercie, the President of HIPH took part in a meeting which was to agree on the issues related to organisation and program of the session to be held at the economic conference in Krynica on:

- taxation on energy products in Poland and its impact on the industry (in particular steel industry).
- effects of the criminal practices observed in Intra-community steel trade.

This session will be conducted on 06.09.2012.

The European Steel Day

On 28 June 2012, we took part in a conference under "The European Steel Day" organised in Brussels by Eurofer. A remarkable note was made by Wolfgang Eder, the President of Eurofer who appealed to the EU decision makers to create such legal regulations which would not be an insurmountable obstacle but would include the economically justified technical possibilities of the steel industry.

The discussion, attended by: Claude Turmes, Deputy President of the Greens in EP, Yvon Jacob, the French Ambassador for Industry, Ulrich Eckermann, Secretary General of the European Federation of Steel Industry Workers and Janez Potoènik, EU Commissioner for Environment, addressed the following challenges faced by the steel industry in Europe:

- the need for increasing the energy efficiency and reducing CO₂ emission,
- energy price increases,
- unfair practices in steel trade.

Eurofer informed about launching the works on the project: "Steel roadmap for a low carbon Europe" which is a comprehensive approach to steel which takes into consideration the entire product life cycle.