



27 September 2013

**ArcelorMittal Poland S.A.**

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**Mr Karel De Gucht**  
**Commissioner for Trade**  
**Member of the European Commission**  
European Commission  
BE-1049 Brussels  
Belgium

*Dear Commissioner,*

The present letter is addressed to you jointly by ArcelorMittal Poland S.A. ('ArcelorMittal'), Jastrzębska Spółka Węglowa S.A. ('JSW') and Kompania Węglowa S.A. ('KW') - the main coke and coking coal producers in Poland.

We are very deeply concerned by the developments regarding the **restrictions on import of coke to Ukraine** which have been recently established by the Ukrainian Government and which have far-reaching negative consequences for the coke exporters to Ukraine as well as for producers of coking coal in general. While we are representing mainly the Polish coke and coking coal producers and exporters, we believe that - if not properly addressed - this issue may have further repercussion also for the producers of coke and coking coal in the whole European Union ('EU') causing a problem on a much wider scale throughout the supply chain.



KOMPANIA WĘGLOWA S.A.



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Based on the actual production capacity of coke and coking coal industry in Poland the only possible way to avoid negative implications for European and Polish coke and coking coal producers and the European and Polish economy is **for the Ukrainian Government to lift altogether the recently introduced import restrictions.**

The quota granted in July for 210 thousand tonnes until the end of 2013 for import of coke covers only 30% of the planned exports of the Polish coke producers. Therefore a request to increase the coke quota by an additional 90 thousand tonnes for Q4 2013 has been presented to the Ukrainian Government.

Trade is a key contributor to the European economy. We therefore would welcome your strong support on this matter to ensure that Ukraine does not prolong these quantitative restrictions on import of coke beyond 2013 and stops them as soon as possible.

We remain at your disposal for any question you may have.

Yours Sincerely,

On behalf of ArcelorMittal  
Poland S.A.



Surojit Kumar Ghosh

Member of the Management  
Board

On behalf of Jastrzębska  
Spółka Węglowa S.A.



Grzegorz Czornik

Vice-President of the  
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On behalf of Kompania  
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Krzysztof Brejda

Vice-President of the  
Management Board



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#### **Annex:**

#### ***Breach of Ukraine's international obligations***

The restrictions on import of coking coal and coke introduced by the Ukrainian Government constitute a breach of numerous provisions of the international agreements of which Ukraine is a party, including in particular:

- **Provisions of the cooperation agreement with the EU** - especially the "Partnership and Cooperation Agreement between the European Communities and their Member States and Ukraine", to which Ukraine is a party since 1998.
- **Rules applying to members of the World Trade Organization ('WTO')**, of which Ukraine is a member since 2008 - especially provisions of Article XI of the General Agreement on Tariffs and Trade ('GATT').
- **Provisions of the Energy Charter Treaty of 1994** – according to which it is prohibited to apply restrictions on an enterprise regarding the import of products used by or related to its local production (Article 5 (2) of Energy Charter Treaty).

#### ***Economic impact of coke restrictions***

Ukraine is the largest and most important economic partner of the European Union among the 6 Eastern Partnership countries and a significant trading partner to Poland, especially in the trading of raw materials, including coke and coking coal. The dynamics of exports of Polish coke to Ukraine have been steadily increasing and have exceeded 450k tonnes in 2012 while the expected total value of coke and coking coal export in 2013 was 1,018k tonnes (before the information on the restrictions has been made public). Potential economic consequences of the current coke restrictions include:

- **Business environment:** The Ukrainian restrictions on import will have negative economic consequences not only to the coke and coking coal producers themselves, but also on suppliers and customers, especially customers who depend on the by-products manufactured during coke production.
- **Technological process:** A reduction in the production of coke may lead to closures of coking batteries. The subsequent restart of these batteries will be extremely costly (of up to PLN 100M per each battery) and might prove economically unfeasible.
- **Employment:** The significant reduction of sales and potential closure of coke production facilities may lead to reduction of employment (both for coke and coking coal producers and their trading partners).

#### ***Political impact for EU and Poland***

The introduced restrictions may have a negative impact on Polish-Ukrainian relations. To date, these countries have had strong economic ties. Ukraine has been one of Poland's most important strategic business partners from the Central and Eastern European region, particularly in the energy sector. However, the introduced restrictions on coke exports to Ukraine can cast a shadow over the cooperation to date between the two countries, as well as the association process with the EU.