

*COP25 – Side Event: Acceleration of innovation for reducing CO<sub>2</sub> emissions*

# Exploring the Prospects of a Steel Sector Decarbonization Club

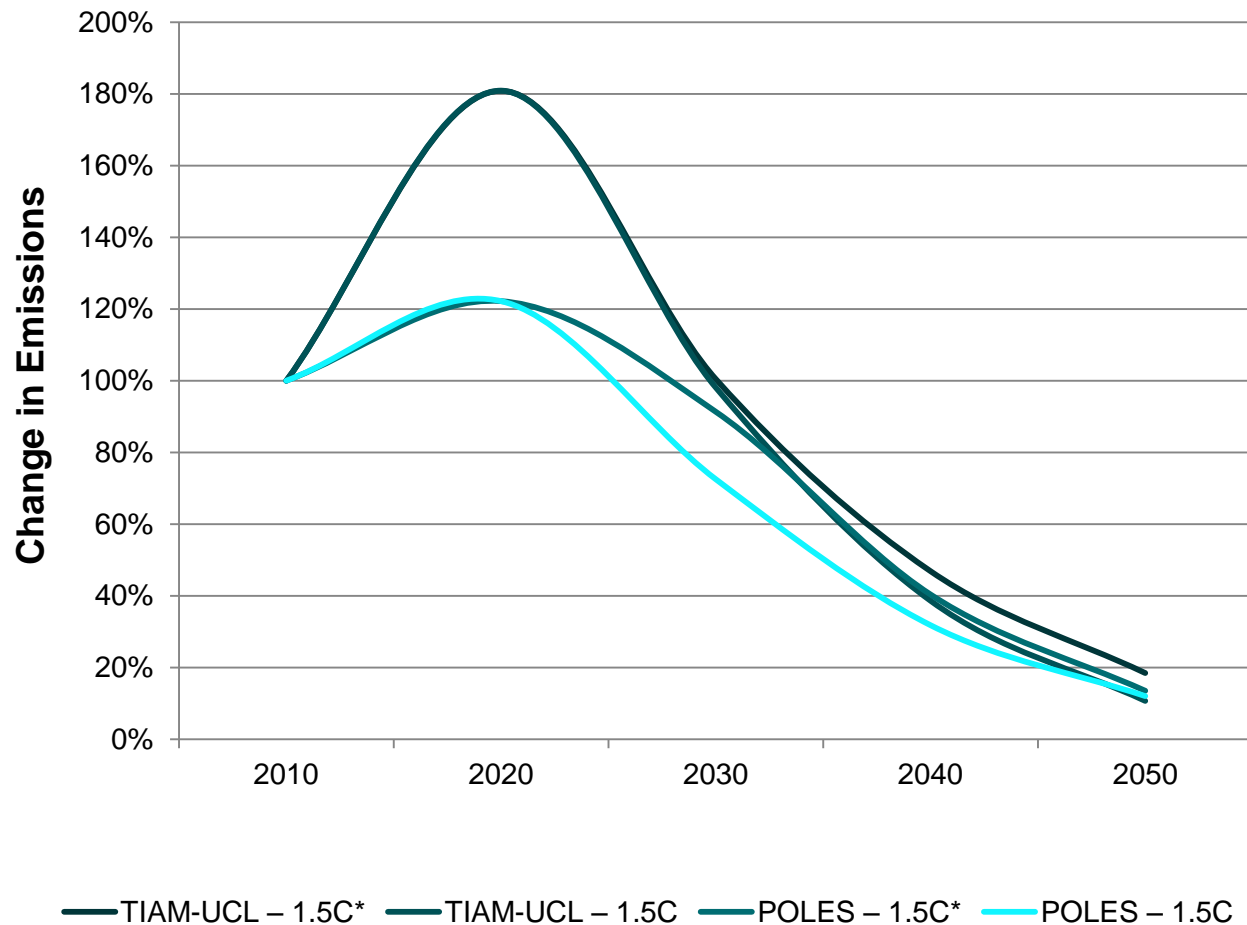
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## Iron & Steel



## Challenges:

- Strong demand in the future
- Current overcapacities
- Global commodity
- No mature zero-emission technologies

## Decarbonization Options

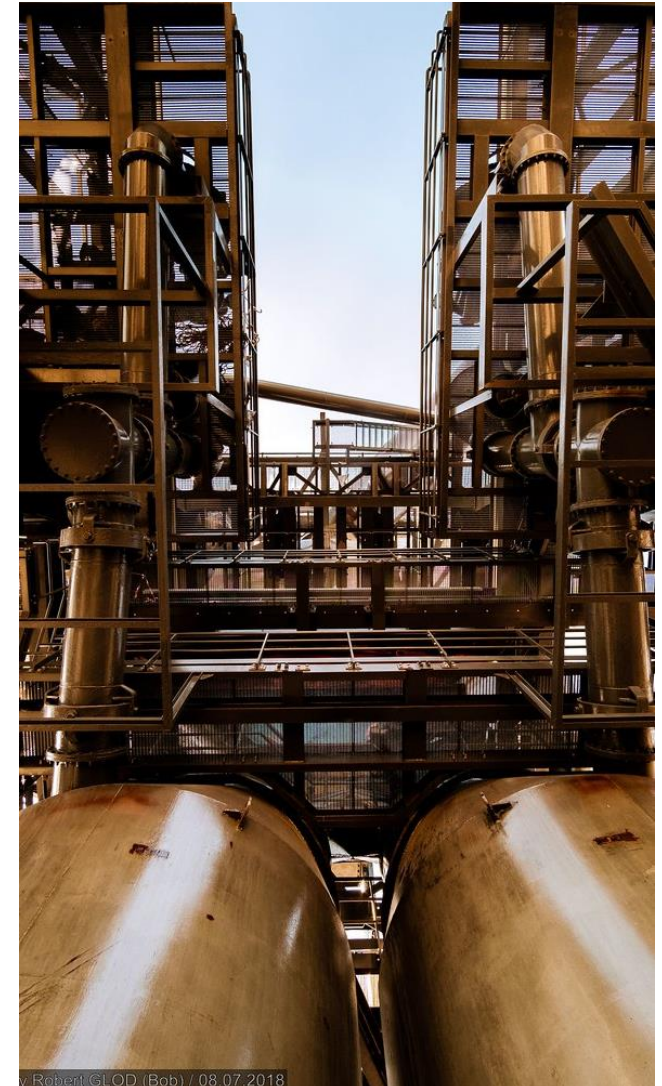
- Circularity
- Material efficiency
- **Zero-emission primary steel**

- **Lack of decarbonized technologies**
- **Technological inertia and R&D mismatch**
- **High CAPEX and technology risk of new breakthrough process technologies**
- **Competitiveness concern**

## Why Global Governance?

- **Signal:** decarbonization roadmap to guide investment
- **Rules & Standards:** global commodity with high risk of carbon leakage; labelling
- **Transparency & Accountability:** monitoring of emissions to enable and support cooperation
- **Means of Implementation:** need for technology transfer and financial Mol esp. in Africa
- **Knowledge & Learning:** coordinated R&D, diffusion of technical knowledge

**ALMOST COMPLETE DEARTH OF  
INTERNATIONAL GOVERNANCE!**



## DEFINITION:

We define a transnational decarbonization club as a limited grouping

- that comprises at least three country, non-state, or subnational actors from more than one country as members;
- that is formalised in terms of membership, dues, regular meetings, and tracking action;
- that delivers a club good or benefit (exclusively) to its members;
- and that significantly contributes to decarbonisation.



# Key Features of a Steel Sector Decarbonization Club

## *Objectives*

- Phase out process and energy-related carbon emissions from primary steel making by 2050
- Moratorium on conventional unabated blast furnaces by 2025/30

## *Club Benefits*

### **Innovation Component**

- support development of demonstration plants through public private partnerships
- IPR Hub: enable access to sustainable technologies on pre-determined conditions

### **Infrastructure Component**

- coordinate and facilitate build-up of hydrogen, carbon capture, and electric infrastructure for large-scale employment of breakthrough technologies

### **Market Component**

- establish a label for zero emission steel
- create lead market through (e.g. through public procurement)
- explore border carbon adjustments

## *Modalities*

- open club with clear pathway to membership

## For corporate members

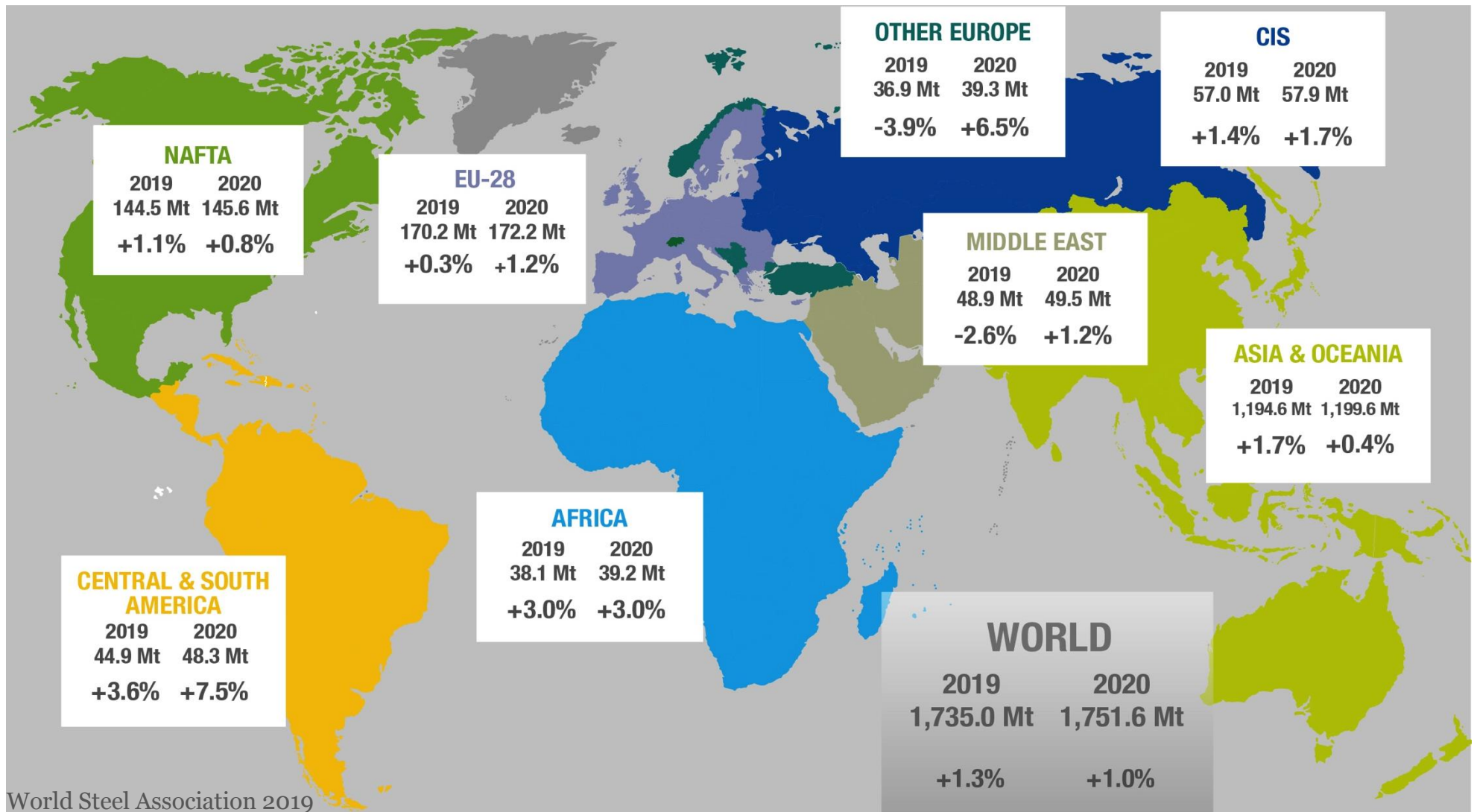
- to get (preferential) access to R&D funding, venture capital and zero-emission technologies
- to gain a competitive advantage over companies that are outside of the club
- to shield their domestic/main market from international competition
- to access and influence policy processes.

## For governments

- tool to advance domestic decarbonization while maintaining industrial base
- challenge domestic industries' innovation capacities
- support its domestic industries in their innovation efforts through targeted R&D
- improve leverage of subnational governments vs. multinational corporations
- improve terms in intra-company competition for investments



# Where to Start?



# Thank You For Your Attention

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for questions get in touch with  
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