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A global steel sectoral approach (GSSA)

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World Steel Association

- **130 steel companies in 55 countries (including top companies in BRIC)**
- **50 regional and national associations + research institutes = > 90% world steel production.**
- **Offices: Brussels and Beijing**

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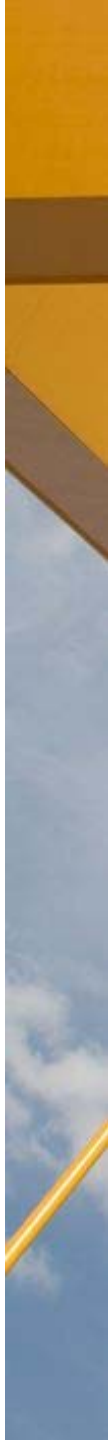
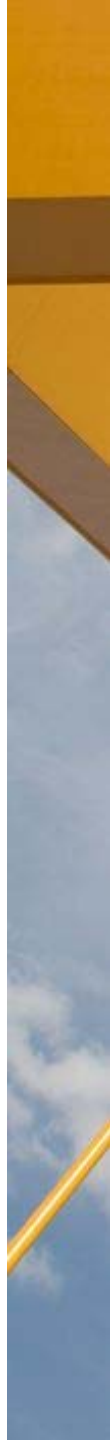
Steel in a modern world

- **Steel fulfils a unique place in our lives**
- **1.3 billion tons used in 2008**
- **>90% of all metals are steel**
- **Steel is essential for sustainable development**
- **Steel is key to infrastructure, energy delivery, transportation, housing, construction and vital consumer goods**



Why is a global approach essential for steel?

- 40% of steel is internationally traded
- >50% of today's production is in developing countries and the figure is growing
- Energy-intensive (~ 1.9 t CO_2/t)
- Common technology – freely available



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Principles of our approach

- To have the greatest impact on the problem – substantive reduction in global emissions
- All major steel producing countries are engaged in this process
- We should work within the UNFCCC framework
- Respect principle of common but differentiated responsibilities
- Avoid market and competition distortions

The GSSA 4 Building Blocks

1. Commitments to reduce CO_2/t
2. Technology Transfer
3. Breakthrough Technology
4. Steel Solutions to save Energy

Each building block involves actions by the industry and policy implications for governments

Commitment to reduce CO_2/t

- CO_2/t is an intensity measure which is common to all steel producing countries
- Every steel company needs to know its current footprint to enable it to identify improvement potential
- We now have common methodology, definitions and boundaries agreed
- Similar and comparable to APP data collection
- 3 process routes: BF/BOS, EAF, DRI/EAF
- Distinction between Scope 1 and Scope 2 emissions

Data Collection System

- **Site-by-site**
- **Strictly confidential - (not disclosed to competitors)**
- **Open to all steel companies - (not just worldsteel members)**
- **2/3rd worldsteel members already collected**
- **Reporting by region and national associations**
- **Benchmarking ⇨ target setting**
- **Global coverage**
  (9 countries >90% total emissions globally)

Technology Transfer

- **Promotion of current best practice worldwide in medium-term**
- **Drawing on lessons from APP programmes**
- **Some of the best plants in the world are in developing countries**
- **Maximisation of scrap recycling. Steel is 100% recyclable and steel created 100 years ago can be recycled today and used in new products and applications**
- **Technology is freely available through the internet and best practise handbooks**

Breakthrough Technology

- Radical lower CO_2/t technologies need to be researched and developed
- Carbon capture and storage needs to be developed
- Major R&D programmes by steel industries
- Pilot plants
- Major new investments in new technology after 2020

Steel Solutions

- **The most important contribution of steel will be in reducing the carbon footprint of all aspects of the economy:**
  - transport
  - construction
  - energy generation
  - consumer goods
  - automotive

Government Policies

- What government policies and measures will best support our approach for steel?
- UNFCCC: special agreement for steel not essential
- But: recognition of positive role of GSSA would be helpful, particularly if COP 15 agreement has a section on GSSA which could lead to a facilitated process for the future

Our Concept for Commitments to reduce CO_2/t

- Parallel negotiations between national/regional associations
- Commitments by steel companies based on current position and potential for improvement
- Different timetable for each country/region
- Governments free to choose appropriate policies and measures (should avoid policies that distort market for steel and do not improve global emissions)
- Commitments for developing countries – entirely voluntary

Policies to assist Technology Transfer

- **CDMs or other financial incentives which do not distort fair competition**
- **Adoption of APP-type approach**
- **Identification of barriers to adoption of best practice**

Policies to support Research and Development

- **Major expenditure (hundreds of millions of dollars) on long-term breakthrough technology cannot be supported by industry alone and requires government funding**
- **Already major support in EU and Japan**

Policies to promote Energy Efficiency in Society

- Use of LCA approach
- Building codes
- Promotion of use of steel by-product (slags) in cement and aggregates
- Vehicle fuel efficiency targets

Why developing countries will participate in GSSA

- Entirely voluntary
- Consistent with sustainable development aims
- Commitments already in China, Brazil, India
- Developed countries need a competitive energy-efficient steel industry
- Avoids trade barriers
- No barriers to adopt new technology

Conclusions

- **A global steel sectoral approach:**
  - Does not opt-out of national targets and commitments for annex-1 countries
  - Does not assume business as usual
  - Does involve a major real commitment to reduce CO_2/t for all major steel producing countries

Conclusions

- **A global sectoral approach is not appropriate for all sectors**
- **Steel is in a limited group of globally competitive energy-intensive industries**
- **We can make the greatest impact at a global level**
- **Let a free, competitive market for steel work**

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