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**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
STEEL COMMITTEE**

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SECTORAL APPROACHES TO REDUCE CO2 EMISSIONS IN THE IRON AND STEEL SECTOR

7-8 November 2006

Presentation by John Newman.

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Sectoral Approaches to Reduce CO₂ Emissions in the Iron and Steel Sector

OECD Steel Committee -- 7 & 8 November 2006, Paris

John Newman

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Outline

Purpose: To initiate discussion within the iron and steel community about whether a sectoral approach to CO₂ reduction might be feasible.

- Design Considerations
- Existing Industry-Led Initiatives
- Other Ideas for Sectoral Approaches
- Possible Motivations
- Feasibility

Design Considerations 1

- Firms in an industrial sector (*e.g.* I&S) undertake -- voluntarily or by mandate -- to reduce their collective emissions.
- Emissions, technology and/or information targets

Design Considerations 2

- Overall form and stringency (ambition)
- Burden sharing methods (differentiation)
- Boundaries and participation rules
- Negotiation and administration
- Monitoring, verification and enforcement
- Time frames, evolving goals and late entrants
- Data collection and analysis to support for negotiations and performance monitoring



Existing Industry-Led Initiatives

- IAI -- Aluminium for Future
Generations Sustainable Development
Programme
- WBCSD -- Cement Sustainability
Initiative
- IISI -- CO2 Breakthrough Programme



Some Other Ideas

- Sectoral Crediting Mechanism (SCM)
- Sectoral "No Lose" Pledge Approach
- Benchmarking
- Reporting
(e.g. Global Reporting Initiative)

Possible Motivations

- Goodwill
- Pre-empt more stringent policies
- Pre-empt poorly designed policies
- Shape "inevitable" policies
- "Level the playing field"
- Attract external financial resources

Feasibility

- Negotiation, monitoring, verification
- Benchmarking
- Relationship with existing CO₂ emissions reduction policies
- Relationship with free trade principles and competition policies
- Inter-material competition

Conclusions

- **A comprehensive sectoral approach to reducing CO₂ emissions in the iron and steel sector would be difficult, but might be worth the effort.**
 - **Fragmented motivations** -- There are few universally-held motivations upon which to base a sectoral approach. A diverse, but coherent, set of motivations might be a viable foundation though.
 - **Many, widely dispersed plants** -- The tasks of negotiating, monitoring and verifying the measures for an even moderately ambitious sectoral approach in such a large and dispersed industry would be formidable.

Discussion Topics

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- **Motivation**
 - companies have diverse interests
- **Emissions trading, CDM, JI**
 - possible components of a sectoral approach
- **New institutions and activities**
 - possible precautionary / anticipatory measures for a post 2012 policy regime
- **Overcapacity problems and sectoral approaches to CO₂ emissions reduction**
 - obstacles? opportunities?