

# Canadian Steel's Path to Decarbonization

State of Play

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CSPA  ACPA

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[www.canadiansteel.ca](http://www.canadiansteel.ca)

[#WeAreCdnSteel](https://twitter.com/WeAreCdnSteel)

- Canadian Net-Zero Emissions Accountability Act, 2021
  - Enshrines Canada's national Net-Zero by 2050 target
- Canada's 2030 Emission Reduction Plan
  - Released March 2022
  - Goal is cutting emissions by 40 per cent below 2005 levels by 2030
  - Focus on heavy Industry and 8 other areas of the Canadian economy
- Canada's Output Based Pricing System
  - Established in 2019
  - Carbon price currently \$50/t
  - Rising by \$15/t/year to \$170/t in 2030

# Canadian Climate Context



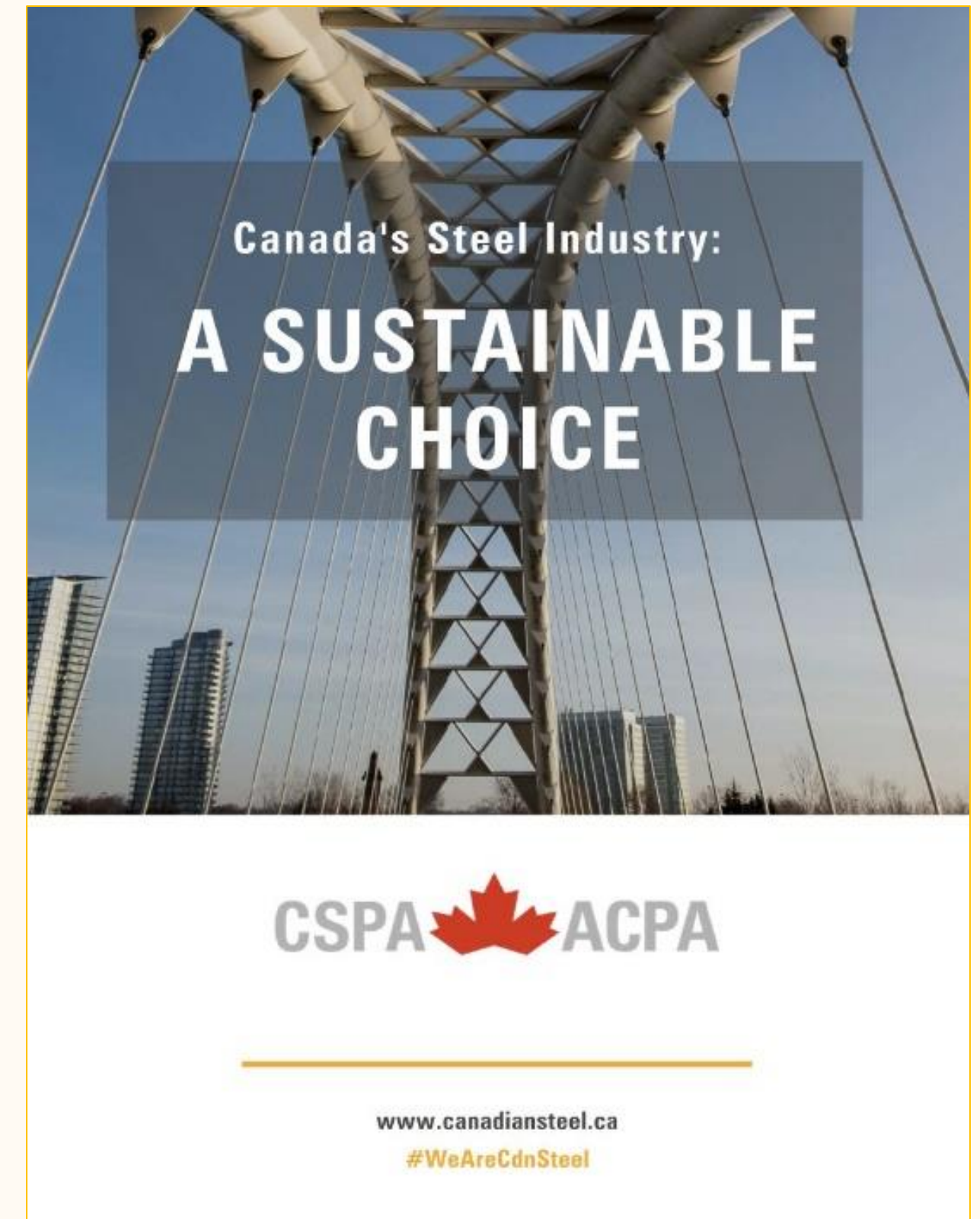
We know that climate change is a global challenge that requires our collective action. While net zero is an aspirational goal, we believe we can achieve our vision of a low-carbon steel sector if we work in collaboration with governments, stakeholders, customers, and the supply chain.



# CSPA's Climate Call to Action

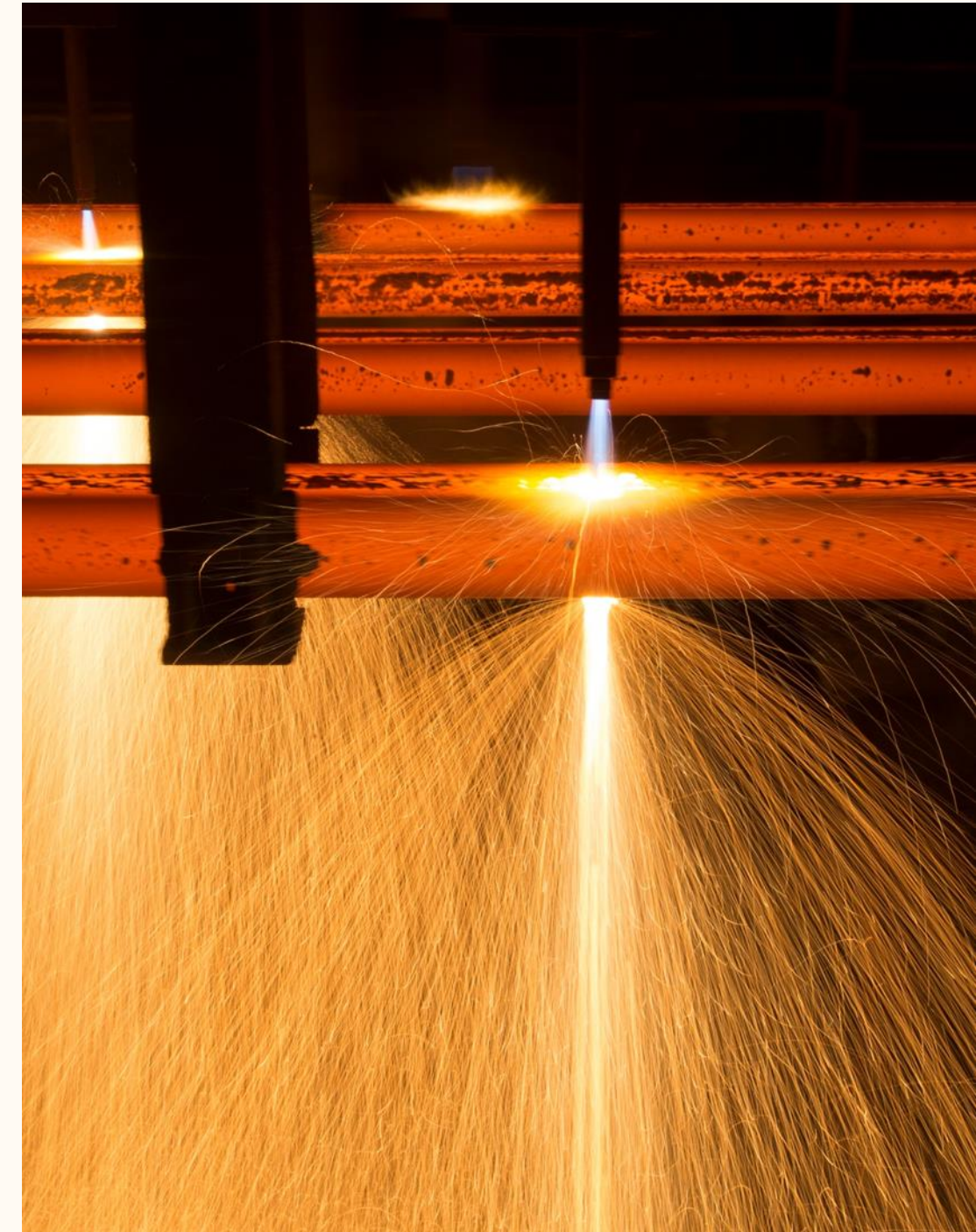
- Maps out CSPA vision and conditions for an aspirational Net Zero future
- Maps out conditions of success and technology needs for Net Zero steel making

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# Progress To Date

- Canadian steel producers are proud to be amongst the greenest steel in the world today
- By 2030 we will have reduced emissions by at least 45%
  - Two significant projects announced in 2021 at Algoma and ArcelorMittal Dofasco
  - Eliminating 6M tonnes/year
  - More reductions expected as companies continue to define projects

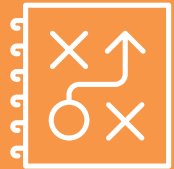


# Decarbonization Requires Partnerships and Policy Support



## Goal

**Net-Zero by 2050**



## Policy Challenge

### **Carbon Leakage – Increases in global carbon emissions**

- Increasing domestic costs creating advantages for foreign production and imports, risk of loss of domestic market share and profitability;
- Potential shift to existing and planned economic activity, production and investment.



## Channel

### **Competitiveness of Domestic Industry**

- Directly manage carbon leakage through incentives that promote green steel use & policies to level the playing field; investments in and affordability of carbon reduction solutions (e.g. cleaner grids, hydrogen, CCS)



# GOAL: REDUCE GLOBAL CARBON EMISSIONS

## National Policy Instruments

### Carbon Pricing & Regulatory Costs

Steel is EITE and prone to carbon leakage. Emissions costs must be mitigated to avoid carbon leakage and support decarbonization efforts.

### Decarbonization Technology Adoption

Steel production technologies to reduce carbon. Clean energy, Hydrogen, CCUS, etc. Available, accessible, and affordable quantities.

### Clean Steel Procurement

Market pull policy mechanism for clean North American steel.

## International Policy Instruments

### Carbon Border Mechanisms

A competitive fairness policy mechanism that helps to level the playing field with imports on emissions costs. Done at the country or regional level (EU CBAM).

### Broader International Carbon/Trade Mechanisms

US/EU Global Arrangement on Sustainable Steel and Aluminum & other international policy developments.

### Fair Trade Policy

Strong Fair Trade policy mechanisms help move us towards countries' carbon goals.



# Barriers to Carbon Neutrality

- Global Excess Steel Capacity
  - Persistent excess capacity maintains business uncertainty and competitiveness challenges
- Risk of Carbon Leakage
  - Must find policies to level the playing field and support consumption of green steel
  - WTO evolution required to address the global climate challenge
- Scale of Technological Challenge
  - Globally and nationally
  - Innovation to drive solution development & adoption
  - Necessitates collaboration across our supply chains & borders



## How to Achieve Success

**Working with like-minded countries, stakeholders, and the WTO is essential to achieve success.**

We look forward to working with others to reach aligned environmental and trade policies.



# The Importance of GFSEC

- Trade and environmental policy are increasingly at a nexus for effective action on decarbonization and excess capacity.
  - Understanding our supply chain and the origins of steel products is necessary to implementing effective trade and environmental policy.
- GFSEC is a necessary forum to address the linkages between reducing excess steel capacity and global steel carbon emissions.