

Financing a Just Transition for the Steel Sector

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12 June 2024



Overview

- The just transition has become a leadership issue for climate action
- The LSE's new **Just Transition Finance Lab** aims to catalyse transformation
- Investors are starting to support the just transition across strategies
- Asia is crucial for low carbon steel transition: India & ASEAN in particular
- Just transition in the steel sector considers the impact of transition on workers & communities

United Nations
Climate Change



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Grantham
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and the Environment



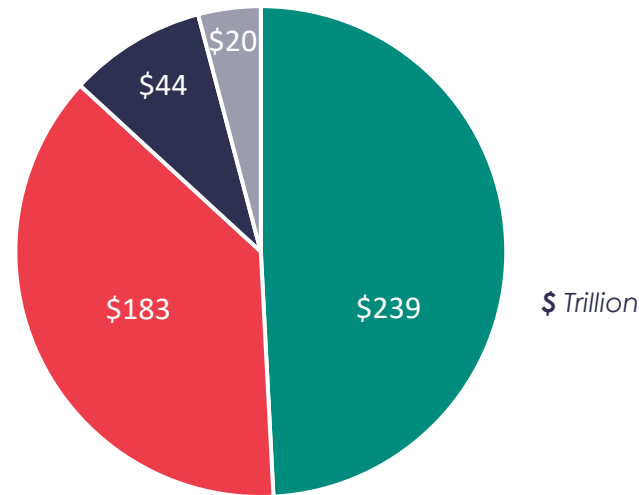
JUST
TRANSITION
FINANCE
LAB

First Signs of Financial System Action

- Public finance programmes
- Institutional investors
- Multilateral development banks
- Commercial banks
- International partnerships

But insufficient speed, scale and depth

US\$486 trillion in global financial assets



■ NBFI ■ Banks ■ Central Bank ■ Public Financial Institutions

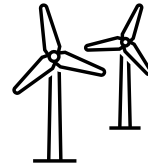
Less than 4% of assets in developing world

Catalysing Progress: the LSE's Just Transition Finance Lab

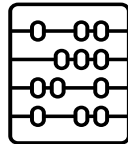
The **Just Transition Finance Lab** is a new centre for experimentation and excellence to accelerate practical solutions



**Financial Instruments
and Strategies**



Real World Case Studies



Metrics



Policy Reform

What can Investors do to Support the Just Transition?

1. **Plan:** include just transition principles in their net zero plans.
2. **Engage:** make just transition part of their dialogue with companies.
3. **Allocate:** channel investment to just transition priorities.
4. **Advocate:** press for policies to mobilise public & private finance.
5. **Disclose:** be accountable for just transition in their reporting.



Disorderly & Un-Just Transitions in the Steel Industry?

- **Policy:** A modern national industrial strategy to achieve economic, social and environmental goals where state support is tied not only to net zero but net zero with people
- **Anticipation:** Facility level and corporate transition plans with just transition embedded & Green Steel social contracts
- **Mobilising Finance:** Investors such as pension funds, banks that are national champions and domestic infrastructure banks



Just Transition: UK's Port Talbot steelworks are closing. What can be learnt from the Netherlands and Sweden?

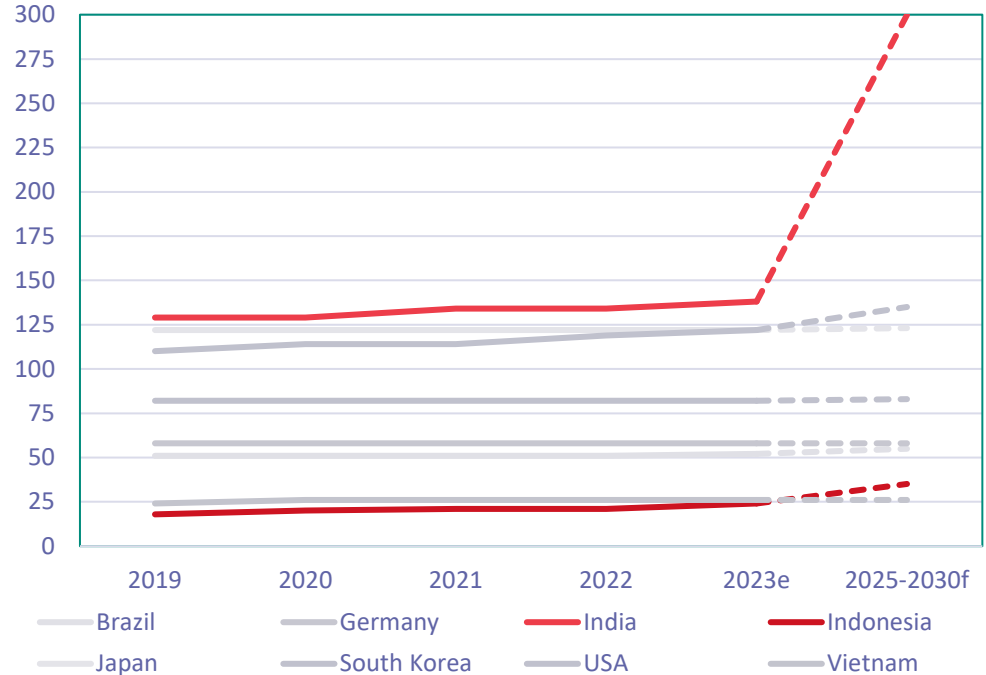
energypost.eu

February 9, 2024 by [Chris McLachlan](#) THE BEST THINKERS ON ENERGY

New coal based steel capacity coming up in India & ASEAN

- New capacity additions in India (~150 mt) and some in Indonesia (~10 mt)
- MSME's in places like India won't disappear as the industry grows but are crucial for decarbonisation & Just Transition
- Need a globally **just** approach for countries with limited domestic fiscal space to cover incremental costs of new capacity

Installed Steel Capacity & Forecast to 2030 [mt]



Source: OECD Latest Developments in Steel Making Capacity 2024, IESR (Indonesia)

Follow the Lab's Work



www.justtransitionfinance.org



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Thank You

THE JUST TRANSITION: TRANSFORMING THE FINANCIAL SYSTEM TO DELIVER ACTION

Launch report of the LSE
Just Transition Finance Lab

February 2024



Where is the capital being spent on primary green steel?

	Company	Project/ Plant	Technology Choice	State Support Cost	Est. Project Cost	Steel Production Capacity (mt)
Germany	Thyssenkrupp	Duisburg/ tkH2Steel	H ₂ DRI + EAF	~€2bn	~€3bn	~2.5
Germany	Salzgitter AG	SALCOS	H ₂ DRI + EAF	€1bn	€1.7bn	1.9
Germany	ArcelorMittal	Bremen Eisenhüttenstadt	H ₂ DRI + EAF	€1.3 billion	€2.5 billion	3.8 (by 2026)
France	ArcelorMittal	Dunkirk	H ₂ DRI + EAF	€850mn	€1.8bn	~4mn (by 2026)
France	ArcelorMittal	Fos-sur-Mer	EAF			N/A
Netherlands	Tata Steel	Ijmuiden	H ₂ DRI + EAF	Negotiations Underway	N/A	N/A
Sweden	H2 Green Steel	Boden	H ₂ DRI+EAF	€371mn	€3.5bn	~5 (by 2030)
Finland	Blastr Green Steel	Inkoo	H ₂ DRI	N/A	€4bn	~2.5 (by 2026)
Norway	CELSA Armeringsstål AS	Mo I Rana	H ₂ DRI	NOK 121.4 million	N/A	N/A
United Kingdom	Tata Steel	Port Talbot	EAF	£500mn	£1.25bn	3