Financing decarbonisation of the steel industry

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3,545 - 5,450 Billion USD

Source: worldsteel analysis
Key elements

Decarbonisation

- Renewable energy + GRID
- Miners: Iron ore, coal, pallets
- Hydrogen: Eco-system
- CCUS: CO2 transport & storage
- CAPEX: New & sustaining
Estimated cost by element

- **Upstream**: 4,000
- **Steel CAPEX**: 1,200
- **Downstream**: 250
- **Iron ore/ coal / pallets**: 200-600
- **Renewable energy + GRID**: 2,000-3,000
- **Hydrogen Eco-system**: 300
- **CAPEX New**: 225-235
- **CAPEX Sustaining**: 700-900
- **CCUS**: 120-250

3,545 - 5,450 Billion USD (Minimum VS Maximum)

Source: worldsteel analysis
Steelmakers perspective

• Quite confident to secure sufficient fund to achieve decarbonisation goals
• Short-term investment on Efficiency & Energy saving while long-term investment on Efficiency & energy saving, Low Carbon Energy and Alternative reduction
• Commercial banks and government loans & incentives main source of funding
• Government is an essential enabler of major tech investment
• Climate finance options will be helpful
• Public policy and regulation very important in encouraging the use of climate finance options
• The greatest barriers to financing a green project today are inadequate return and technology risk
• Climate change performance and credible transition to remain an interesting and significant factor in the long term
Our observations

- Around a third of companies responded did not have Paris aligned pathways
- Difference in the needs and views of smaller and larger steelmakers
- Many are familiar with local green finance standards and climate finance product offerings
- Good level of understanding on climate finance options and the pros and cons of using them
- High level of trust in sustainability and climate financing and its associated labels