Contribution to the GFSEC ministerial
1 October 2021

Thank you for inviting the World Steel Association to participate in this very important discussion. The steel industry has great appreciation for the role of GFSEC and its secretariat as a communication channel between industry and government. As in the discussion around excess capacity, we look forward to constructive discussion in the environment challenge ahead of us.

The steel industry has responded well to the challenge of the global pandemic. During 2020, global demand for steel reduced by less than 1%, although it was admittedly a story in two parts, with steel demand growth in China of around 9% and a decline in the rest of the world of around 8%. Our April 2021 Short Range Outlook (SRO) forecast global demand growth of 5.8%, but with China demand growth at 3%. Our revised SRO, which we will issue later in October, will broadly confirm this forecast, and will suggest a further slight reduction in the levelling off of demand growth in China.

There is today little doubt that steel as a product has an important role to play in supporting the long term sustainability of modern society. A key task ahead is addressing the climate change challenges before us. Already, steel as a product has a lower CO₂ footprint than most of its competitor materials, but the industry is planning for future production of steel with lower carbon emissions.

Evaluation by the International Energy Agency (IEA), with support from worldsteel, indicates that it is possible for the industry to support and meet the 1.5°C goal as set out in Paris in 2015. We see three phases. Phase 1 will initially need to rely on improved efficiency in making and using steel. Phase two, accelerating towards the end of this decade, will benefit from growing availability of scrap in China and other developing economies. This will allow for a larger portion of global production to rely on recycled scrap and so reduce the average CO₂ intensity in the industry. In the third phase the focus will be on using hydrogen and new production methods to reduce the CO₂ intensity of our industry further. R&D is presently undertaken, but availability of sufficient renewable energy is an important precondition for this phase.

The industry is fortunate to have multiple options before it that can be adapted to regional conditions. I am confident that the industry is committed and focussed on developing and implementing the solutions available to it and that we will succeed. It will take time, investment and effort, but it is possible.

I wish you success with the rest of today's discussion.

Edwin Basson, Director General, World Steel Association