

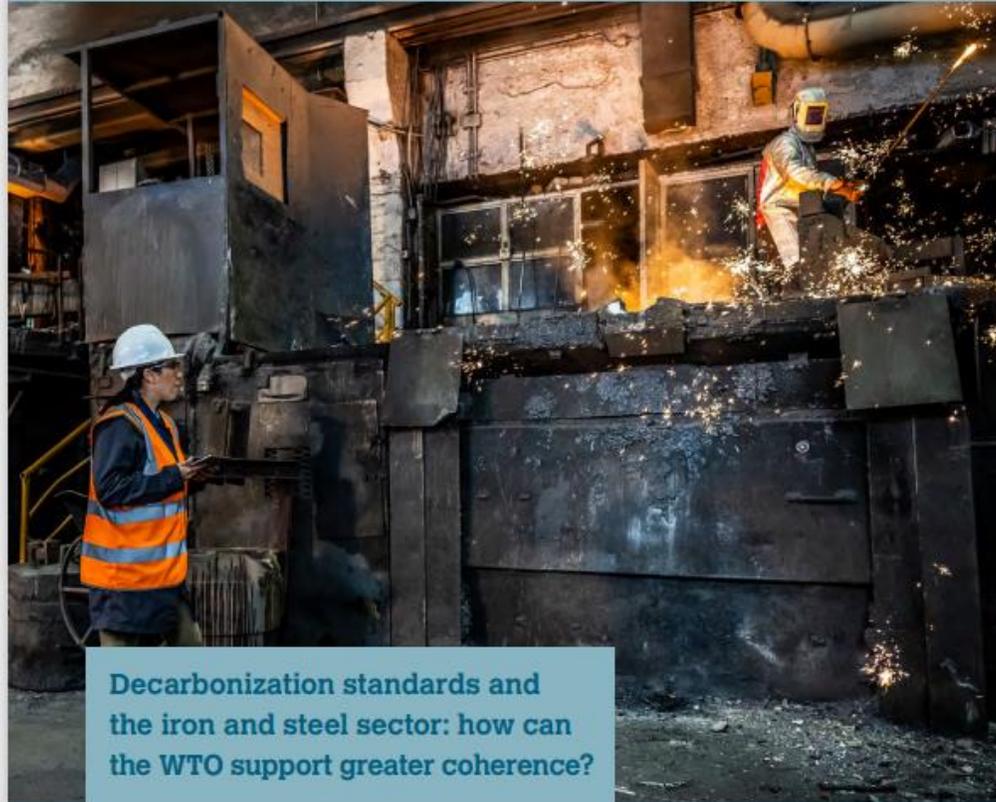
# **Decarbonization standards for the iron and steel sector: how can the WTO support greater coherence?**

**Presentation of information brief no.7**

Devin McDaniels  
[devin.mcdaniels@wto.org](mailto:devin.mcdaniels@wto.org)

# TRADE AND CLIMATE CHANGE

Information brief n° 7



Decarbonization standards and  
the iron and steel sector: how can  
the WTO support greater coherence?

Full text of information brief  
is available [here](#).

# Overview



Proliferation and fragmentation of decarbonization standards poses challenges for climate and trade.

Promoting coherence and bringing developing country perspectives into decarbonization standards are essential.

Although it does not set standards, the WTO has a key role to play in accelerating coherent and inclusive standards.

# Background



Global production up nearly 3-fold since 1965



Over 1.8 billion tonnes produced in 2020



Global exports were 458 million tonnes in 2021

# **Proliferation and the risk of fragmentation: challenges for trade and decarbonization**

# Why is fragmentation an issue?

Global proliferation of different decarbonization standards could create unpredictability for producers and lead to trade tensions.

Regulatory divergences across WTO members, mainly when they rely on different standards or verification systems, may unnecessarily restrict international trade.

Ultimately, a proliferation of different standards and verification mechanisms may reduce the effectiveness of efforts to reduce carbon emissions from heavy industry

# Main initiatives and organizations active in steel decarbonization standards and certification



Initiative/organization	Measurement standards	Definitions and thresholds
ResponsibleSteel	X	X
World Steel Association	X	
First Movers' Coalition		X
Industrial Deep Decarbonization Initiative		X
International Energy Agency, G7	X	X
International Organization for Standardization, European Committee for Standardization	X	
Greenhouse Gas Protocol	X	
Sustainable STEEL Principles		X

# Different terminologies and emission thresholds

Terminologies	Initiatives/organizations	Quantitative thresholds (t CO <sub>2</sub> /t crude steel)	
		Iron-ore based steelmaking	Scrap-based steelmaking
<b>Near-zero emission steel</b>	International Energy Agency (IEA)	0.4	0.05
	Science Based Targets Initiative (SBTi)	0.5	0.2
	Climate Bond Initiative	0.12	0.12
	ResponsibleSteel International Standard	0.4	0.05
	First Movers' Coalition	<0.4	<0.1
	Mission Possible Partnership	0.5	n.a
	Sustainable STEEL Principles	0.2	n.a
<b>Low-embodied carbon steel</b>	SteelZero	forthcoming	forthcoming

# What are considerations for coherence?



- globally relevant and technology neutral

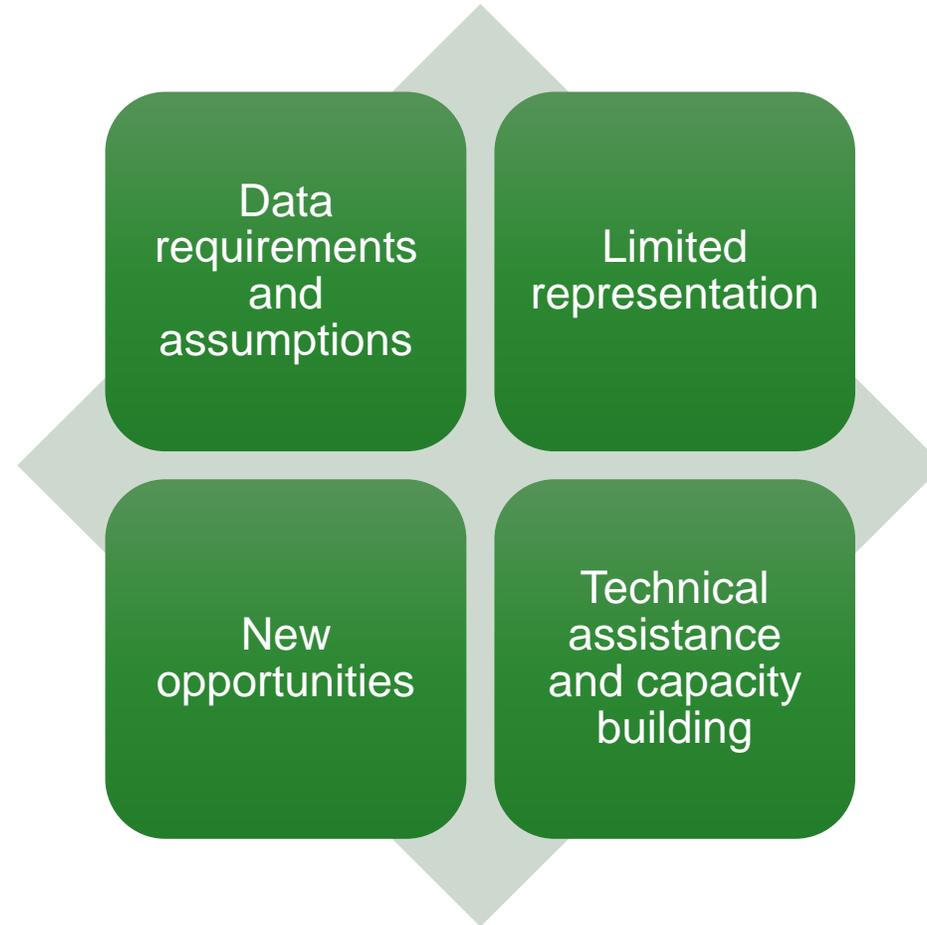
- science based and ambitious

- well-understood boundaries and scope that are measurable

- transparency in monitoring, reporting and verification

- needs and participation of developing countries

# Developing country perspectives



# Role of the WTO

- providing a robust global legal framework and guidance on the preparation, adoption and application of standards, including the promotion of international standards harmonization;
- offering transparency mechanisms and space for discussion of trade concerns to avoid trade tensions arising from a proliferation of different decarbonization standards;
- hosting specialized bodies and initiatives on trade, standards and environmental matters, which bring trade expertise to the table on decarbonization standards.

# WTO Forums



**Committee on  
Technical Barriers  
to Trade**

**Committee on  
Trade and  
Environment**

**Trade and  
Environment  
Sustainability  
Structured  
Discussions**

**International cooperation**

# TBT Agreement



## Art 2.4 →

*“Where technical regulations are required and relevant international standards exist or their completion is imminent, Members shall use them, or the relevant parts of them, as a basis for their technical regulations except when such international standards or relevant parts would be an ineffective or inappropriate means for the fulfilment of the legitimate objectives pursued, for instance because of fundamental climatic or geographical factors or fundamental technological problems.”*

## Art 2.8 →

*“Wherever appropriate, Members shall specify technical regulations based on product requirements in terms of performance rather than design or descriptive characteristics.”*

# WTO guidance on developing international standards

The TBT Committee Six Principles for the Development of International Standards, Guides and Recommendations aim to help international standards better facilitate global trade and to provide guidance in the areas of:

- transparency;
- openness;
- impartiality and consensus;
- effectiveness and relevance;
- coherence;
- development dimension

Thank you!