

Policy Design for a Climate Friendly Materials Sector

Event at COP23

Location: Stand A.04, UK Pavilion, Bonn Zone

Time: Tuesday, 7 November 2017, 14:30 – 16:00

Context and Aims

Basic materials, such as aluminium, cement and steel, are important inputs for the construction of infrastructure and buildings, as well as manufacturing of industrial products. Their primary production is, however, carbon intensive, and in Europe is responsible for the dominant share of industrial emissions, equivalent to 16% of overall greenhouse gas emissions.

A portfolio of “climate friendly” technologies, practices and options are required to contribute to the European Union’s deep decarbonisation objectives (such as the 80-95% emission reduction target for 2050 or climate neutrality, as agreed in the Paris Agreement). The incremental improvement of existing production technologies, while important, will not be sufficient to reach these ambitious targets. Therefore further innovation to improve the economics and viability of key technologies, and to identify new business models and innovative value propositions, is urgently needed. The objective of decarbonisation along supply and value chains has to be pursued in association with resource efficiency, industrial symbiosis and the circular economy. Simultaneously all relevant stakeholders have to be informed and engaged.

DIW and Climate Strategies have thus been leading a project that explores options for an effective policy framework to advance innovation and use of low-carbon technology and material options. The goal of this event is to present and discuss the importance of dedicated national policies by (1) presenting examples of technological mitigation options, (2) presenting policy options to implement those technologies and (3) discussing how international cooperation can help the national implementation of policy instruments.

Structure of the event

First, three progressive industry participants will each present an example of a technological mitigation option from the steel, the cement and the chemical sector based on their expertise and comment on the challenges of the private sector for taking forward innovation and large scale use of climate friendly choices. The audience will be asked to identify with one of the two presented mitigation options.

Second, policy experts will introduce a set of policies, such as green public procurement, inclusion of consumption, innovation funding and carbon contracts, that governments can implement. We will discuss what policy mix is necessary to facilitate the development and use of climate friendly options in the basic materials sector. The audience will be asked to vote which of the policy instruments they consider helpful to facilitate the realization of "each" technology.

Agenda

- 14.30-14.35 **Welcome, introduction & chair for the event**
Alexandra Carr, Climate Strategies
- 14.35-14.40 ***Technological mitigation option 1- Steel Industry***
Wolfgang Eichhammer, Fraunhofer ISI
- 14.40-14.45 ***Technological mitigation option 2- Cement Industry (Celitement Project)***
Peter Stemmermann, Karlsruhe Institute of Technology
- 14.45-14.50 ***Technological mitigation option 3- Chemical Industry***
Russel Mills, Children's Investment Fund Foundation
- 14.50-14.55 ***Policy Solution 1- Green Public Procurement***
Olga Chiappinelli, German Institute for Economic Research (DIW Berlin)
- 14.55-15.00 ***Policy Solution 2- Consumption Charges***
Andrew Marquard, Energy Research Center, University of Cape Town
- 15.00-15.05 ***Policy Solution 3- Innovation Funding***
Georg Zachmann, Bruegel Institute
- 15.05-15.10 ***Policy Solution 4- Carbon Contracts***
Karsten Neuhoff, German Institute for Economic Research (DIW Berlin)
- 15.10-15.25 **Vote for policy packages**
- 15.25-15.55 **Discussion**
- 15.55-16.00 **Concluding remarks**
Karsten Neuhoff, German Institute for Economic Research (DIW Berlin)

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