

Asia-Pacific Partnership on Clean Development and Climate

9th Steel Task Force Meeting

Kobe, Japan

Tuesday, 25th – Wednesday, 26th May 2010

1 Opening of the Meeting

Mr. Takafumi Kakudo, Chair, convened the 9th Steel Task Force Meeting on 25 and 26 May 2010 in Kobe, Japan.

2 Adoption of the Agenda

Following the Chair's opening remarks, a welcome address by Mr. Kazuhiko Hombu from the Ministry of Economy, Trade and Industry on behalf of the Japanese hosts, and greetings by the Co-Chair, Mr. ACR Das from India, the Task Force members adopted the revised meeting agenda.

3 Country Reports

All Task Force member countries gave brief reports on the main activities conducted since the previous Task Force meeting held in Toronto, Canada. The absence of China at the meeting was noted.

Australia reported on the \$5.1 billion Clean Energy Initiative, and the deferment of the Carbon Pollution Reduction Scheme. It also outlined the achievements the Global Carbon Capture and Storage Institute. Explanation was given on the Australian government's proposal to introduce a Resource Super Profits Tax to commence in 2012. Australia also provided an update on the Renewable Energy Target and recent Budget announcements, including the Renewable Energy Future Fund and support for the International Renewable Energy Agency.

Canada reported on the effects of the global economic downturn on the country's economic activity and productivity performance. The Economic Action Plan would provide a \$62 billion stimulus to the Canadian economy, including initiatives for climate change.

India gave an overview the efforts to adopt energy-efficient technologies, such as projects for setting up direct-reduced iron (DRI) plants and also reported progress on its National Action Plan on Climate Change, particularly the mechanisms of the National Mission for Enhanced Energy Efficiency (NMEEE), such as Perform, Achieve and Trade, Market Transformation for Energy Efficiency.

Japan reported on its amended Energy Efficiency Law, which includes sectoral benchmarking, and also reported its progress in developing new feed-in tariff schemes for renewable energy and the Bill of the Basic Act on Global Warming Countermeasures currently being deliberated. It also explained voluntary initiatives by the Japanese steel industry, including the promotion of '3 ECOs'.

Korea reported on the adoption of the Framework Act on Low Carbon, Green Growth in December 2009 which was followed by the announcement to reduce GHG emissions by 30% compared to "business as usual" by 2020. The Korean government

Chair's Summary

adopted the Enforcement Decree that included the GHG & Energy Target Management Scheme for industrial sectors, and its implementation is due to start in January 2012.

The US reported on its climate policy and stated that the Obama Administration has set a goal of a 17% reduction from 2005 levels by 2020. The US explained that action is still being pursued in Congress on the Waxman-Markey bill and the newly proposed Kerry-Lieberman bill with allowance allocations and discretionary border measures. In addition to the effort to pass legislation, the Environmental Protection Agency has issued regulations under the existing Clean Air Act to regulate stationary industrial sources of GHGs starting in 2011.

4 Status Review of Steel Industry Related Indicators for Energy Saving (STF-06-2) / Performance Indicators Setting (STF-06-3)

Hatch presented preliminary results on the data collected so far in the modified 2008 survey on energy, technology diffusion and barriers.

It was noted that data coverage for both EAF and integrated plants was generally good and that data validation identified areas and plants for further investigation. On the problem of data quality given the quasi logic and printable surveys, Hatch reported the conclusion from the Expert Group (EG) meeting that a printable survey without macro settings be created to improve completeness of responses. Preliminary results showed that energy intensity baselines have improved. For the technology diffusion survey, Hatch pointed out a possible sample bias on the integrated plants. It was decided in the EG for respondents to note their uncertainty/reluctance to questions in the barrier survey. Hatch concluded with key issues to consider, such as incentives to receive survey responses, concerns surrounding data confidentiality and problem-solving on issues such as inputting default values and making assumptions for incomplete fields.

The Chair of Expert Group meeting gave a summary including the deadline of end of June for data submission, the agreed definition of EAF hybrid plants, regular updates from Hatch on data completeness, and figures used as default values. With respect to exclusion of plants from the data sample, members agreed with the Indian request to retain plants in India with a 100 ktpa threshold as they constituted a significant industry in India. Hatch ensured that this special category would be used without skewing the analysis.

5 State-of-the-Art Clean Technology (SOACT) Handbook (STF-06-5)

In order for the first draft of the updated book to be ready for review by 30 September 2010, updates would have to be received from all remaining countries by 31 July.

The US proposal to finalize the SOACT Handbook update by the end of the year would be adhered to, and it was agreed to include economic information as reference in the updated version with complete descriptions of the relevant conditions.

6 Performance Diagnosis (STF-06-4) and Technology Deployment (STF-06-6)

Two presentations were given by Japan and Canada on available financial schemes.

Firstly, in addition to existing financial schemes, such as JBIC export loans and facilities, JICA yen loans and NEDO projects, Japan explained the new Climate Technology Cooperation Promotion Program, through which the Government of Japan would support feasibility studies of emissions reduction projects in developing countries and develop standardized MRV (Measurable, Reportable and Verifiable) rules. This program would lend itself to supplementing the STF Performance Diagnosis activity and help to identify promising projects.

Secondly, Canada presented its financial strategy non-paper aimed at specifying a broader network of possible public and private financing sources from which to draw funding for environment technology projects.

7 Other Matters

Extensive discussion followed on the issue of financing schemes and the technology diffusion, including the next step from Performance Diagnosis and the role of the STF itself. The matter was concluded with agreement to share the information and to continue the discussion.

The United States and Canadian delegations submitted that any requests for supply of technology and fund should be reviewed by the Policy and Implementation Committee (PIC). Furthermore, if any project submitted to PIC is to be reviewed by STF for its technical merits, it should be supported with complete technical details.

8 Discussion on Future Work

On the data survey issues, the basic timeline was agreed upon. Remaining data would be submitted by the end of June.

With respect to encouraging China's participation in the meeting and their data submission, the Chair stated that he would keep in touch with China to encourage its more proactive participation.

Finally, it was announced that according to the order, the host of the next Task Force meeting would be India. The Co-Chair accepted the role and stated that the exact date and place of the meeting would be communicated in due time.

9 Closure of the Meeting

The Chair thanked the delegates for their participation and cooperation. He said that the issues brought forward would be reported to the next PIC meeting. The Chair then brought the meeting to a close.