

China's Key Industries Identified for Green Steel Push

3 December 2024, China— China's steel industry, the world's largest, emits 17% of the country's greenhouse gases. Despite producing 1.02 billion tonnes of crude steel in 2023, its supply of high-standard green steel is close to zero, according to Asia Research and Engagement's (ARE) latest report, "*Autos, Buildings, Renewables: Finding China's Green Steel Buyers.*"

"China's automakers, property developers, and renewable energy providers together account for 65% of total projected steel demand by 2030," said Helen Jia, ARE's China Country Director. "These industries hold the power to catalyse the country's transition to green steel, but this will require strong commitments and coordinated efforts across supply chains."

The report identifies the automotive, construction, and renewable energy sectors as critical early adopters capable of spurring demand for high-standard green steel, which is essential to meeting China's net-zero goal. These sectors could collectively drive demand for up to 10 million tonnes annually by 2030, but they must send stronger demand signals to shift the industry toward large-scale adoption of clean production technologies.

Key Findings

- **Automotive sector leads:** With potential demand of up to 7 million tonnes annually by 2030, automakers are the most advanced in adopting green steel, though EV manufacturers may face challenges due to cost pressures.
- **Construction gains traction:** Property developers increasingly pursue green building certifications, which support a premium of up to 10% for sustainable materials. Their potential green steel demand by 2030 is estimated at 1.4–2.7 million tonnes annually.
- **Renewables remain untapped:** Green steel use in wind turbines could cut lifecycle emissions by 50% with minimal impact on costs, yet no purchase agreements have been made so far. Demand from identified leaders could reach 1 million tonnes by 2030.

Recommendations

The report outlines actionable steps for each sector:

- **Automakers** should provide direct demand signals to steelmakers, with offtake agreements for green steel and set clear substitution targets for their supply chains.
- **Property developers** can consider negotiating green steel purchases collectively to leverage buying power and incorporate green steel into buildings at premium locations.
- **Renewable energy companies** can develop reciprocal agreements with steelmakers to pair green steel procurement with renewable energy supply.
- **Investors and Creditors** can engage with company management to set deadlines for reducing supply chain emissions and incentivise green steel adoption through financing products tied to emissions reductions.

The report highlights the need for action to align China's steel emission pathway with national goals of carbon peak by 2030 and net-zero by 2060. ARE's report provides a roadmap for early adopters to drive change and scale green steel production.

Spokesperson

Helen Jia, Country Director
Asia Research & Engagement (ARE)
helen.jia@asiareengage.com

About Asia Research & Engagement (ARE)

Creating change through investor-backed engagement.

ARE's pioneering approach fills an engagement gap by bringing leading investors into dialogue with Asian-listed companies. ARE currently collaborates with investors representing US\$9trillion.

Our work covers Asian-listed companies from the financial sector, energy-related industries, and food value chains, seeking to advance a sustainable and compassionate Asia.