

## With its new Industry brand, Agora drives industrial transformation towards climate neutrality

Agora Energiewende's new Industry division develops strategies and policy instruments for the climate-neutral transformation of the world's most CO<sub>2</sub>-intensive industries – steel, cement, and chemicals – and their global supply chains.

**Berlin, 11 October 2021.** Agora Energiewende launched its new brand "Agora Industry" on 7 October in Berlin to respond to the complexity of the industrial transformation towards climate neutrality by mid-century. Transforming production processes and supply chains of the world's most CO<sub>2</sub>-emitting industries goes way beyond the sole reduction of energy-related greenhouse gas emissions. The new fully integrated unit therefore works closely with the teams within Agora Energiewende and with its partner organisation Agora Verkehrswende, thus enabling a holistic, cross-sectoral view of the necessary steps to industrial climate neutrality.

"The transformation of industry towards climate neutrality is crucial for achieving zero emissions by mid-century", Patrick Graichen, Director of Agora Energiewende, said. "By pooling our efforts in this new division, we respond to the complexity of the task." Frank Peter, Director of Agora Industry, added: "Industry is responsible for 40 percent of global greenhouse emissions when including industrial demand for heat and electricity. We want to develop and discuss solutions for a quick transformation towards a climate-neutral industry."

With a team of 15 interdisciplinary experts, Agora Industry will develop strategies and policy instruments to enable production of climate-neutral materials, adapt international trade requirements, and foster a circular economy that ensures an efficient use of energy and raw materials. The team's work builds on an Agora Energiewende pilot study published in 2019 which presented key climate-neutral technologies and policy options for the steel, cement and chemical industries in Germany.

"Our interdisciplinary team brings together technological, economic and policy expertise. We develop robust, evidence-based analyses and policy proposals while consulting with businesses, NGOs, researchers, politicians, unions and other key stakeholders," deputy director Frank Peter said.

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In its most recent work on Carbon Contracts for Difference (CCfD) for the German steel industry, Agora presents a strategy for making the country's largest industrial source of CO<sub>2</sub> emissions climate-neutral. Aside from its enormous potential for CO<sub>2</sub> reductions, the German steel industry can serve as an anchor for a renewable hydrogen economy. The study identifies CCfDs as an effective instrument for converting primary steel production from blast furnaces fired with coal to direct iron reduction powered with green hydrogen. CCfDs work by covering the incremental costs of climate-neutral steel production relative to conventional processes. As such, they can unleash future investments in green technology while preserving existing plants and jobs. The authors found that the funding requirements of carbon contracts for the German steel industry will range between 13 and 35 billion euros. The exact amount will depend on the policy design and the effectiveness of other policy instruments such as the EU Emissions Trading System (ETS) or the promotion of a renewable hydrogen economy.

The steel study is the first publication in a series on the transformation of the basic materials industry. The following studies will focus on the cement and chemical industry in Germany and Europe as well as on the role of carbon contracts for climate-neutral industrial transformation in general.

The study on the transformation of the German steel industry was prepared together with FutureCamp, ecologic and the Wuppertal Institute. The 84-page publication in German language, along with its underlying data, can be downloaded for free at [www.agora-energiewende.de](http://www.agora-energiewende.de). More information on Agora Industry and its team can be found at [www.agora-industry.de](http://www.agora-industry.de).

#### About Agora Industry

Agora Industry is a division of Agora Energiewende that develops strategies and instruments for climate-neutral industrial transformation – in Germany, the EU and globally. Agora Industry works independently of economic and partisan interests. Its only commitment is to climate action.

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