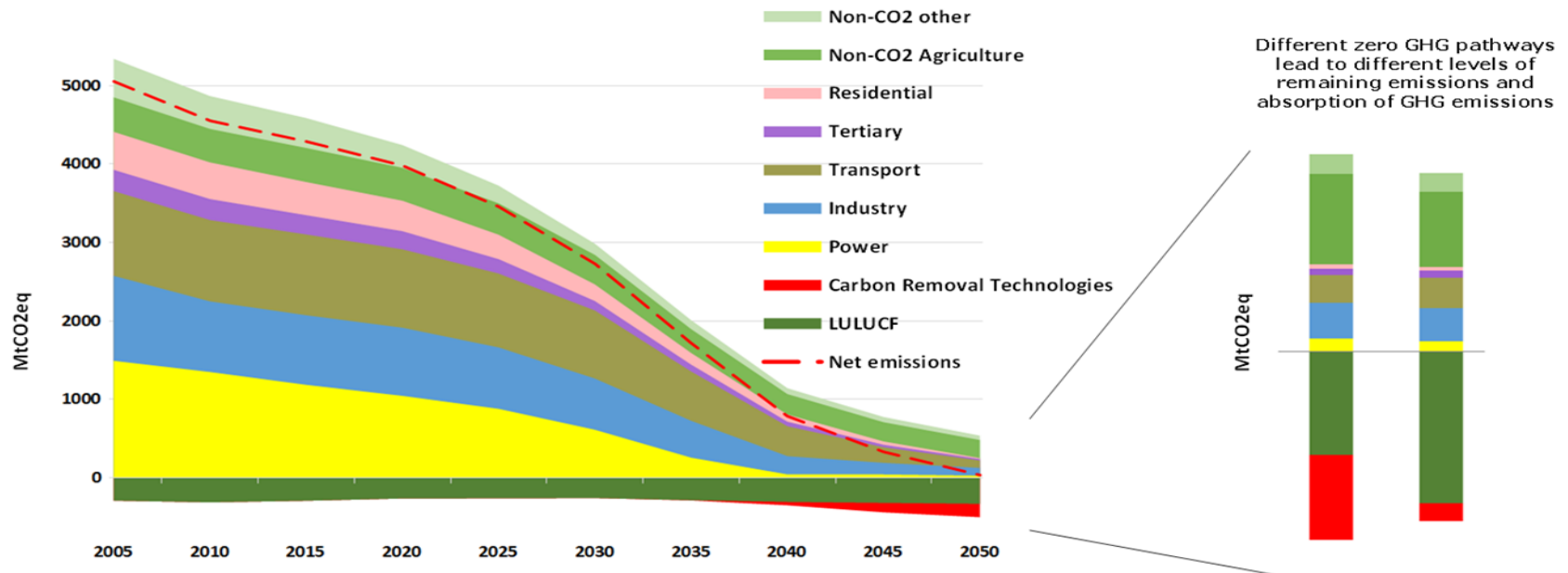


Designing Policy Packages to Decarbonise the Construction Sector Value Chain

CFMP, Stockholm - 24/05/2019
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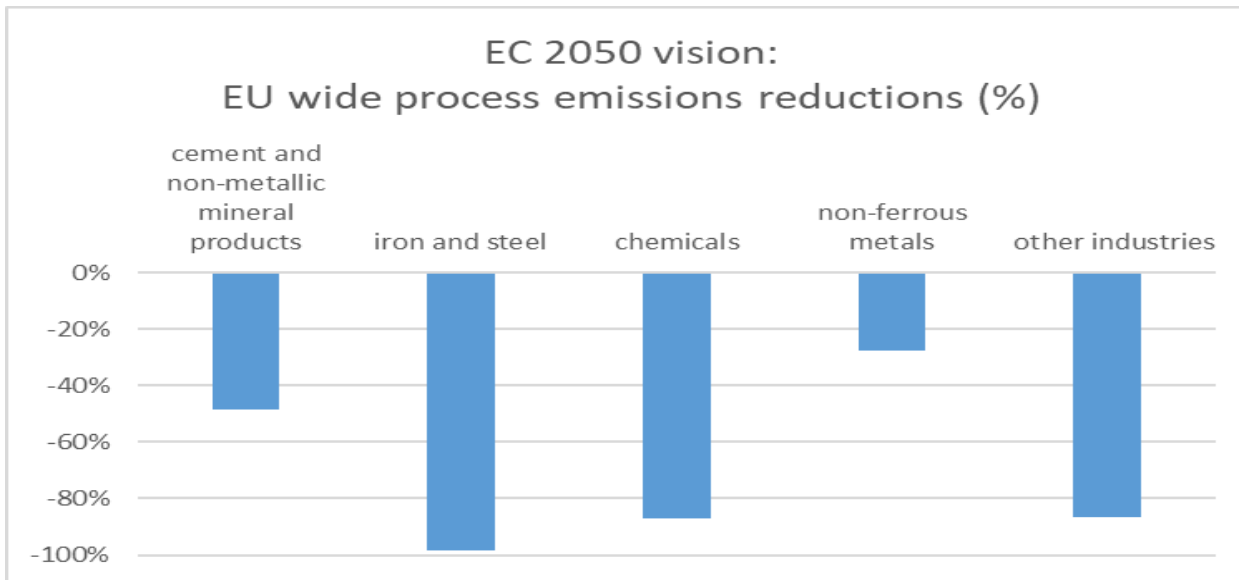
EC Long term strategic vision (TECH scenario)



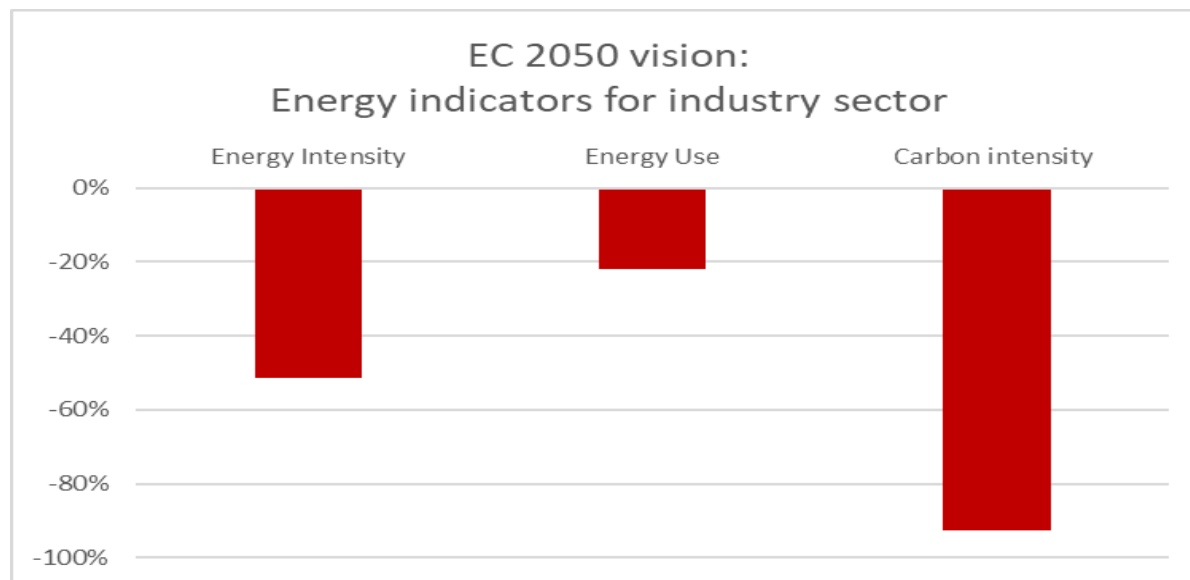
Industry sector emissions reduced by a ~85% by 2050 (-94% combustion & -75% process emissions).

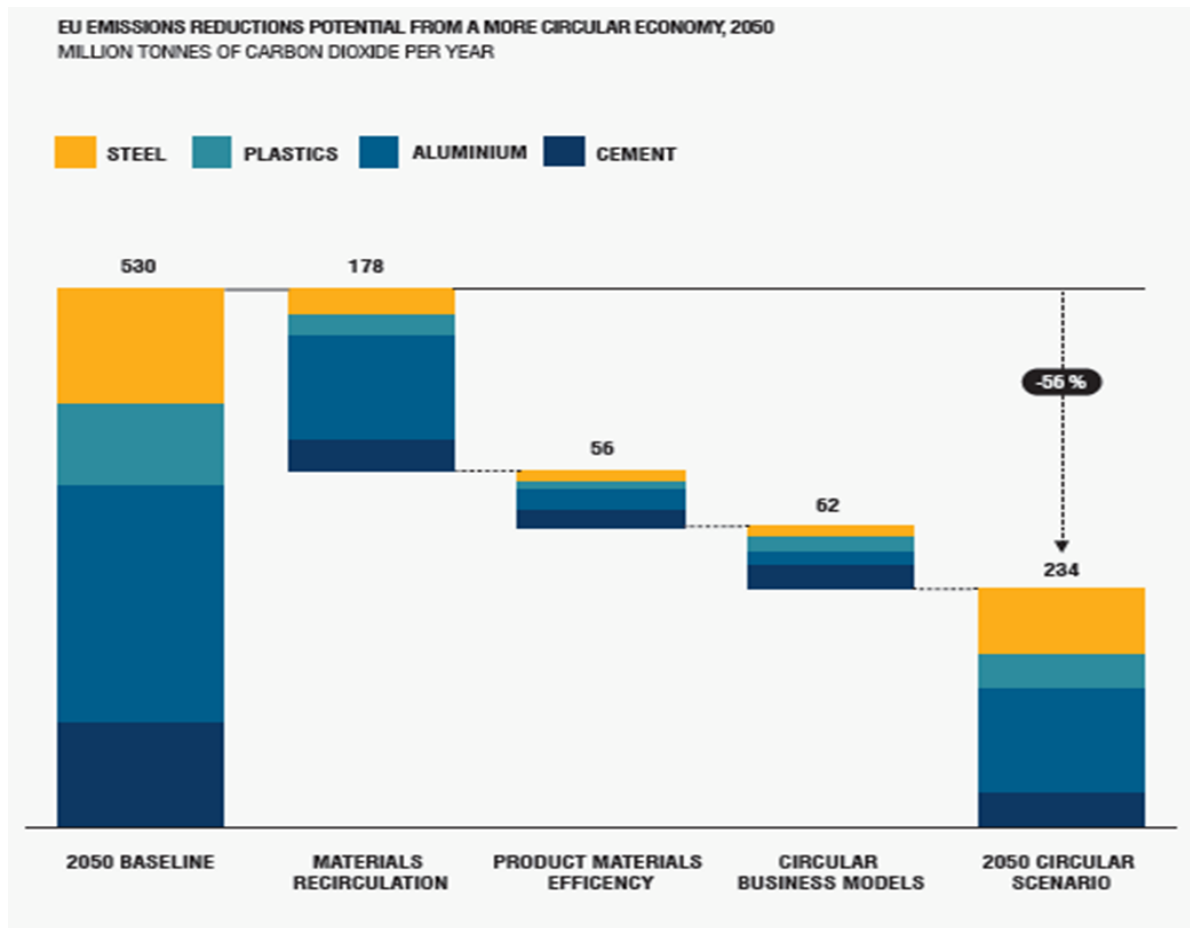
⇒ dramatic scale up and deployment of ultra low carbon tech (supply side) during next 10-15 years.

⇒ significant improvements in material resource efficiency and material recirculation (demand side)



Tech scenario





Net zero also requires significant improvements on demand side, through material efficiency of production, services, and especially enhanced recycling

EU level initiatives focus increasingly on heavy industry/basic materials:

- Long-term strategic vision for a GHG neutral economy in 2050
- EU Industrial Strategy: 2020
- ETS Reform & Innovation Fund
- Next EU Budget and budget earmark for climate (public procurement?)
- Circular Economy Strategy
- Eco-design regulations
- Revision of Env State Aid rules for 2020
- Discussion about reinforcing carbon pricing and BTAs/Anti-leakage options

However, national competence and leadership will also be important:

- Management of transition for brownfield industrial sites
- Fiscal or public procurement policies
- Reform of building codes & local recycling policies

1. Markets and demand « pull » for ultra-low-carbon technology, both to support lead markets & first of its kind large-scale commercial investments
2. Credible sunset policies to signal non-viability of old, high carbon tech
3. Infrastructure to facilitate deployment
4. Site/industrial cluster specific transition plans
5. A stable and robust long term anti-leakage framework

1. *Missing market pull policies*: labelling standards for building materials, public procurement, contracts for difference (CO2 price necessary but not sufficient)
2. *Old, high carbon tech*: sector CO2 intensity targets backed by permitting standards and linked to transition schedules for key sites
3. *Infrastructure*: transformation planning and identification of priority infrastructure projects for industrial clusters, compatible with LTS
4. *Anti-leakage framework*: in medium term transition to product standards for internal market, BCAs, or internal consumption charge+OBA

Main GHG reduction potentials

- Improve quality of recovered secondary materials to preserve material value
- Improve material efficiency in production
- Improve collection rates of old scrap at end of life
- Substitute High-C materials for innovative Low-C materials

Key conditions for realisation:

- Reduce contamination of material flows
- Altering incentives to overspecify material needs, overuse materials, deploying innovations in design & fabrication, promoting re-use practices
- Collecting and recycling previously unrecycled materials (e.g. cement), designing for deconstruction and re-use
- Create demand: economic incentives must favour recycled/low C materials

1. Setting targets based on quantity *and quality* of recycling
2. Enhancing EPR/ADF schemes to make prices more meaningful and to finance the incremental cost of best recycling practices
3. Disincentivising demolition and shredding, incentivising deconstruction.
4. Disincentivising over-specification of materials vs required performance in building design
5. Supporting piloting and then deployment of innovative technologies
6. Promoting design standards to limit material contamination, facilitate material value recovery at deconstruction.

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