

Unclassified

DSTI/SU/SC(98)39



Organisation de Coopération et de Développement Economiques  
Organisation for Economic Co-operation and Development

OLIS : 12-Oct-1998  
Dist. : 19-Oct-1998

Or. Eng.

DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY  
STEEL COMMITTEE

DSTI/SU/SC(98)39  
Unclassified

## STEEL AND THE ENVIRONMENT - RECENT DEVELOPMENTS

*This document will be considered at the next meeting of the Steel Committee on 4-5 November 1998.*

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## **SUMMARY**

The attached report on steel and the environment provides updated information on work being carried out at the OECD and other international organisations on issues of potential interest to countries participating in the Steel Committee.

The principal developments appear to be in the following areas:

- *Climate change.* Implementation of the obligations contained in the Kyoto Protocol.
- *European transition economies.* Environmental issues related to the transition economies were addressed at Ministerial level in a June 1998 *Environment for Europe* conference in Denmark.
- *Sustainable development.* Increased efforts are made both at the level of the UN and the OECD to involve industry in the programmes of work on sustainable development.

## **ACTION**

The document is for consideration at the Committee's meeting on 4-5 November 1998.

## **RELATED DOCUMENT**

DSTI/SU/SC(98)12

DSTI/SU/SC(98)28

## STEEL AND THE ENVIRONMENT -- RECENT DEVELOPMENTS

### **Background**

1. At its 52nd meeting, the Steel Committee discussed issues related to steel and the environment, in support of which the Secretariat had prepared a document on recent developments [DSTI/SU/SC(98)12]. This report updates that document. It is for consideration at the Committee meeting to be held on 4-5 November 1998.

### **Climate change**

#### *Overview*

2. Ratification, clarification and implementation of the Kyoto Protocol is a near term priority for the international community. The fourth Conference of the Parties to the Protocol will be held 2-13 November in Buenos Aires. A number of items of unfinished business figure high on the agenda, e.g.:

- \* creation of a framework for reporting, accounting, monitoring and verification;
- \* establishment of a compliance system;
- \* methodology questions and future inclusion of additional sink activities in the coverage of the Protocol;
- \* elaboration of the new mechanisms ( emission trading, joint implementation and the clean development mechanism); and
- \* consideration of voluntary commitments for developing countries.

3. Further information on climate change issues can be accessed via the Internet at:

- <http://www.unfccc.de/index.html>
- <http://www.ipcc.ch>

The text of the Kyoto Protocol can be accessed at:

- <http://www.unfccc.de/fccc/docs/protintr.html>

#### *OECD initiatives*

4. The OECD is significantly increasing its commitment to climate change analysis. Climate change issues figure high on the list of the priorities of the Organisation, which was proposed by the Secretary-General and endorsed by the OECD Council at Ministerial level in April 1998. In part, the increased attention is because of the recent Kyoto agreement, but it is also a response to recommendations from the High Level Advisory Group on the Environment (HLAGE), which reported to the OECD Secretary General last year, and The Group's report can be ordered from the OECD's Environment Directorate (it was not issued as an official OECD document), or accessed via the Internet at the following address:

- <http://www.oecd.org/subject/sustdev/>

5. The emission reduction commitments agreed to at Kyoto by industrialised countries as a whole are roughly equivalent to a 20 per cent cut on business as usual levels to 2008-2012. Implementation of the Kyoto Protocol will require new policy actions, leadership and co-operation amongst OECD countries.

6. OECD work on climate change is undertaken in an horizontal project by many Directorates. This three-year project will assess possible responses strategies and help design mitigation policies, thereby assisting Member countries to reach the Kyoto targets. The project will also develop policy recommendations to further longer-term progress under the Convention.

7. This project will address three main themes:

1. clarifying and implementing the Kyoto Protocol and the Convention
2. assessing the effects of achieving the Kyoto targets
3. moving beyond Kyoto.

8. Work on item 1 will be undertaken by IEA, DAC, NEA, ECMT as well as ENV (including support via the Annex I Expert Group, and will focus on work at an international level. Analysis of domestic policies and assessments of the effectiveness and impacts of these policies will be done under work item 2. More detailed information on these work items are included in the document OECD Work on Sustainable Development: A Discussion Paper on Work to be Undertaken over the Period 1998-2001, available on the Internet:

- <http://www.oecd.org/subject/sustdev/oecdwork.htm>.

9. Other relevant Internet sites include:

- <http://www.oecd.org/env/cc>
- <http://www.oecd.org/dac>
- <http://www.iea.org>

### **OECD industrial permitting project**

10. Permitting systems for industry are an integral part of environmental regulations in OECD countries. By requiring facilities to operate in an environmentally-sound manner, permits help prevent environmental pollution and ensures that facility operators or enterprises adopt and pay for their own pollution control measures. However, there still remain many opportunities to improve permitting systems so that they can contribute more effectively to longer-term objectives such as sustainable development resource conservation.

11. In late 1993, the OECD Environment Directorate launched a Project on Environmental Requirements for Industrial Permitting. The project involved three distinct phases: (i) a survey of permitting legislation, regulations and practices in OECD countries; (ii) the preparation of case studies of four industrial sectors (pulp and paper, metal finishing, oil refining, and iron and steel; and (iii) an international workshop on environmental permitting which was held in May 1996. The main objectives of the project were:

- to increase international understanding of how different countries' environmental requirements for industrial point sources were established and applied;
- to examine the combined use of best available technology (BAT) and environmental quality objectives (EQO) in setting permit conditions for industrial sources; and
- to develop policy recommendations for integrated and preventive approaches in environmental permitting, including increased use of cleaner technologies.

12. This policy study attempts to shed light on how current permitting strategies influence the choices of technology and processes by permittees. In addition, the report suggests how combinations of instruments may be applied to improve current approaches. The study reaffirmed the critical importance of environmental permitting for preventing and controlling pollution in the context of new strategies and tools for improving the environmental performance, such as integrated approaches, life cycle assessment and the expanded use of economic instruments.

13. The survey on regulatory approaches, the workshop proceedings and two of the sector case studies (pulp and paper, iron and steel) are being published as background documents to the policy study, and should be released by the end of the year.

14. The project has been supervised by the "BAT-EQO" Advisory Panel which included representatives from Environment Ministries in Belgium, Canada, Finland, Germany, the Netherlands, the United Kingdom, the United States and from DGXI of the European Commission.

## **Waste issues**

### ***Basel Convention***

#### *Co-operation between the Secretariat of the Basel Convention and the OECD*

15. The OECD's Environment Policy Committee (EPOC) decided that the Waste Management Policy Group (WMPG) should increase co-operation with the Secretariat of the Basel Convention (SBC), as called for under a OECD-SBC Memorandum of Understanding. The WMPG is to identify areas where it would be feasible and appropriate to harmonise the procedures and requirements of OECD Council Decision C(92)39/FINAL with those of the Basel Convention, and to identify areas where duplication could be eliminated. The Group is to report back to EPOC in March 1999. A draft preliminary assessment will be discussed at the WMPG meeting in October 1998. One option being considered is the repeal of all OECD Acts concerning the transfrontier movements of wastes. Any such movements would then only be controlled under the Basel Convention.

16. Further information on waste issues can be accessed on the Internet at the following site:

- <http://www.unep.ch/basel/>

### ***Waste/ non-waste issues***

17. The OECD's Waste Management Policy Group considered a final draft guidance document addressing issues related to the definition of waste and non-waste items at its April 1998 meeting, and decided to de-classify it [ENV/EPOC/WMP(98)1REV1]. The document does not attempt to establish definitive guidance. It instead outlines the inconsistencies which exist in implementing legislation among OECD Member countries.

## **Environmental action programme with the CEE and NIS economies**

18. OECD serves as the Secretariat for the Task Force for the Implementation of the Environmental Action Programmes in Central and Eastern Europe (EAP Task Force) which brings together OECD countries, CEEC and the NIS, International Financing Institutions and International Organisations. The results of work were reported to the "Environment for Europe" Ministerial Conference in June in Aarhus, Denmark. At the Conference, Ministers recognised the effective role that the Task Force has played in promoting environmental policy reform and capacity building in CEE countries and the NIS. They adopted the Policy Statement on Environmental Management in Enterprises in CEEC/NIS submitted by the EAP Task Force. Now the new work programme for the EAP Task Force is being developed and will be discussed at the EAP Task Force Meeting on 22-23 October 1998 in Paris.

### ***Ministerial Conference on Environment for Europe***

19. At the fourth Conference of Environment Ministers held in Aarhus, Denmark, from 23 to 25 June 1998, Ministers and heads of delegations from 52 countries in the UN/ECE region and the representative of the European Communities

- reaffirmed their strong commitment to co-operate on environmental protection in the ECE region;
- declared that further integration of environmental considerations into policies in all sectors is of critical importance to the improvement of the environment;
- welcomed the active participation of the NGO community as well as the business community and the trade unions at the Conference;
- recognised their responsibility take the lead in combating climate change; and
- noted with great concern that some UN/ECE States are not Parties to a number of relevant environmental conventions and other legal instruments, and urged these States to take all appropriate steps to become Parties to those instruments as soon as possible.

20. The full text of the Declaration of Environment Ministers is contained in document ECE/CEP/56.

21. Further information on activities involving the CEE and NIS economies can be obtained via the Internet at the following site:

- <http://www.oecd.org/env/eap/index.htm>

## **Sustainable development**

### *United Nations*

22. The sixth session of the United Nations Commission on Sustainable Development (CSD) took place from 20 April to 3 May 1998. One of the issues addressed concerned industry and sustainable development. The Commission reaffirmed that in order to achieve sustainable development, Governments, in co-operation with non-State actors, need to undertake greater efforts to integrate economic, social and environmental goals into industrial policy. More specifically, the Commission

- recognised that the encouragement of an open, competitive economy, the creation of productive employment and the protection of the environment are vital to sustainable development strategies;
- stressed the role of foreign direct investment as an important source of capital, new technologies, organisation and management methods, and access to markets for developing countries and economies in transition;
- acknowledged that industrialisation has the potential to promote a variety of social objectives such as employment creation, poverty eradication, gender equality, labour standards, and greater access to education and health care; and
- noted that environmental sustainability and industrial development are mutually supportive.

23. As regards future work, the Commission noted the potential value of a review of voluntary initiatives and agreements to give content and direction to the dialogue between Governments and the representatives of industry, trade unions, non-governmental organisations and international organisations.

24. Further information on the work of the Commission on Sustainable Development and the upcoming seventh session can be accessed at the following Internet site:

- [gopher://gopher.un.org/11/esc/cn17](mailto:gopher://gopher.un.org/11/esc/cn17)

## **OECD**

25. The three-year programme of work of the OECD on sustainable development is summarised in document DSTI/SU/SC(98)28.

## **Trade and the environment -- World Trade Organisation**

26. The WTO Committee on Trade Environment met on 23-24 July 1998. The Committee pursued the examination of environmental issues in the areas related to market access and multilateral environmental agreements (MEAs). As regards MEAs, the Committee considered that the links between WTO rules and trade measures used in MEAs should remain a priority for the Committee. It noted that proposals had been made, and that it was essential to develop a framework to define the status of trade measures taken pursuant to MEAs in order to ensure a more harmonious relationship between MEAs and the WTO. Discussion was also held on eco-labelling, the environmental effects of removing trade distortions and environmental services. Further information can be obtained via the Internet at:

- <http://www.wto.org/wto/environ>

## **United Nations -- Economic Commission for Europe**

27. A *Workshop on Radioactive Contaminated Metallurgical Scrap -- Impact, Control and Regulations* will be organised at the invitation of the Government of the Czech Republic in co-operation with the Steel Federation Inc. of the Czech Republic and under the auspices of the UN/ECE. The Workshop will take place from 26 -28 May 1999, in Prague (Czech Republic).