

## Sustainability in commodity trading



Sustainability is gaining momentum across various industries. Ranging from no-plastic to electric vehicles, multiple sectors are in the process of incorporating sustainability in their operations. This has also put spotlight on commodity trading.

Among commodities, metal reserves are non-renewable resources and even their distribution across Earth is not uniform. For instance, Chile has the world's largest copper reserves whereas copper is required by every country. At the current rate of metals consumption, we are heading towards scarcity of these metals in the future.

Owing to our environmental responsibility and even business continuity plan, sustainability is taking shape to be an indispensable aspect of commodity trading.

Steel making is one of the major CO<sub>2</sub> emitting industries and now this industry is facing pressure to reduce its carbon footprint. And the concept of 'Green Steel' is rising. Steel is primarily made using iron ore and coal in a blast furnace. This method is very polluting. Thereby, electric arc furnaces are used that eliminate the use of coal and use steel scrap. However, electric arc furnaces only account of 30% of steel production in the world. This is due to limited availability of steel scrap and strict quality standards of steel for industries like automotive, which are achieved through blast furnace method.



In Green Steel, the coal is replaced with green hydrogen. Green hydrogen is generated from renewable sources rather than fossil fuels. Hence, steel is produced without emitting CO<sub>2</sub> and instead, water vapour is released.

This is a nascent concept and still undergoing research for its environmental and economic viability. The world's largest steelmaker, ArcelorMittal has also rolled out XCarb recycled and renewably produced products - long and flat steel. These products will use scrap as a raw material and produce steel using renewable electricity. It is one of the first companies to work towards green steel concept.

Metal recycling is another feasible strategy for attaining sustainable standards. Metals are recycled because of their value and because most can be recycled without loss of quality. For example, the energy requirements of recycled copper are as much as 85 to 90% less than the processing of new copper from virgin ore. Around 57% of nickel is already recycled within the nickel industry.

## References

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