Highlights

- We compared potential technology combinations based on various policy preferences and targets in China’s iron and steel industry using multi-objective analysis.
- Mitigating PM$_{2.5}$ pollution have substantial co-benefits for CO$_2$ emissions reductions.
- CO$_2$ emissions reductions correspond to larger financial costs compared to PM$_{2.5}$ pollution reductions.
- It is crucial for China to focus on reducing PM pollution in the short term and prepare for the expected challenges associated with CO$_2$ reductions in the future.
Multi-objective analysis of the co-mitigation of CO₂ and PM₂.₅ pollution by China’s iron and steel industry

Haozhe Yang, Junfeng Liu,a Kejun Jiang,b Jing Meng,c Dabo Guan,d Yuan Xu,e and Shu Taoa

a Laboratory for Earth Surface Processes, College of Urban and Environmental Sciences, Peking University, Beijing, People’s Republic of China
b Energy Research Institute, Guohong Mansion, Xicheng District, Beijing 100038, China
c School of Environmental Sciences, University of East Anglia, Norwich, NR4 7TJ, UK
d School of International Development, University of East Anglia, Norwich NR4 7TJ, UK
e Department of Geography and Resource Management, and Institute of Environment, Energy and Sustainability, The Chinese University of Hong Kong, Hong Kong, People’s Republic of China

Abstract: China has experienced serious fine particulate matter (PM₂.₅) pollution in recent years, and carbon dioxide (CO₂) emissions must be controlled so that China can keep its pledge to reduce CO₂ emissions by 2030. The iron and steel industry is energy intensive and contributes significantly to PM₂.₅ pollution in China. The simultaneous reduction of CO₂ emissions and PM₂.₅ pollution while minimizing the total mitigation costs remains a crucial issue that must be resolved. Using a multi-objective analysis, we compared potential technology combinations based on various policy preferences and targets. Our results showed that policies designed to mitigate PM₂.₅ pollution have substantial co-benefits for CO₂ emissions reductions. However, policies focused solely on reducing CO₂ emissions fail to effectively reduce PM₂.₅. Furthermore, CO₂ emissions reductions correspond to large financial costs, whereas PM₂.₅ pollution reductions are less expensive. Our results suggest that under limited budgets, decision makers should prioritize PM₂.₅ reductions because CO₂ reductions may be simultaneously achieved. Achieving large decreases in CO₂ emissions will require further technological innovations to reduce the cost threshold. Thus, China should focus on reducing PM pollution in the short term and prepare for the expected challenges associated with CO₂ reductions in the future.

Keywords: multi-objective, iron and steel, PM₂.₅, CO₂ emission reduction, emission control, abatement cost

1. Introduction

Carbon dioxide (CO₂) is a major greenhouse gas (GHG) that has caused rapid increases in temperatures worldwide (Intergovernmental Panel on Climate Change, 2013). As a result of temperature increase, climate change is threatening the existence of human beings (Knutti et al., 2015). To deal with the climate change caused by CO₂ and other GHGs, the Paris Agreement was adopted at the 2015 United Nations Climate Change Conference. The dominant goal of the Paris Agreement is to hold “the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels” (Rogelj et al., 2016). As the largest emitter of CO₂, accounting for 24% of...
the global emissions in 2012 (Zhou et al., 2012), China pledged that by 2030, it would decrease its CO₂ emissions per unit gross domestic product (GDP) by 65% compared with the 2005 level (The State Council, 2015). Along with the considerable GHG emissions, hazes have become a severe environmental problem in China. During a haze event, fine particulate matter (PM₂.₅), which is composed of primary PM₂.₅ (Li, Y. et al., 2016) and secondary PM₂.₅ converted from SO₂ and NOₓ (Sun et al., 2006), is the major pollutant (Meng et al., 2016). To improve air quality, China’s government has taken actions to reduce the precursors of primary and secondary PM₂.₅ emissions (e.g., National Action Plan on Prevention and Control Air Pollution) (The State Council, 2013). However, there exist some challenges to achieve these two goals. The major challenge lies in that the government needs to maintain the development of economy while simultaneously reduce CO₂ emissions and PM₂.₅ pollution. Infrastructure construction has been the major driver of China’s rapid growth of economy and emissions, and the economy relies heavily on carbon-intensive industries (e.g., iron and steel, cement and electricity, (Liu et al., 2012). Reducing CO₂ emissions requires high initial capital cost for the adoption of low carbon technology and removing air pollutants calls for extra operation cost (Hou et al., 2011), which may have negative effects on the economy in less developed regions in the short run (Dong and Liang, 2014; Liu et al., 2015; Meng et al., 2017). Thus, it is a challenge to balance the CO₂ and PM₂.₅ reduction while keeping the economic growth.

The iron and steel industry is a major source of CO₂ emissions and PM₂.₅ pollution in China. This industry is energy intensive and consumed 14% of the total energy used in China in 2012 (i.e., 8% of coal, 86% of coke and 10% of electricity) (National Bureau of Statistics of China, 2013). This industry is estimated to account for 10-20% of the CO₂ emissions (Guo and Fu, 2010; Yuan et al., 2012; Zeng et al., 2009) and 5% of the primary PM₂.₅ emissions in China (Lei et al., 2010; Meng et al., 2015). Additionally, the iron and steel industry emitted 10% of China’s SO₂ emissions, which are an important precursor of secondary PM₂.₅ (National Bureau of Statistics of China; Ministry of Environmental Protection, 2011). Therefore, reducing CO₂ emissions and PM₂.₅ pollution from the iron and steel industry is necessary to mitigate climate change over the long term or resolve the haze problem over the short term (Xu et al., 2014). The Plan for Adjustment and Upgrading of Iron and Steel Industry (Ministry of Industry and Information Technology, 2016) has proposed considerable low carbon technologies, improving the efficiency of energy use and thus reducing the emissions of CO₂ and air pollutants (Dong et al., 2013; Zhang et al., 2013). For example, coke dry quenching helps reduce fossil fuel and electricity consumption, thereby reducing CO₂ emissions and the air pollutants (Ministry of Industry and Information Technology, 2012). Removal devices are also planned to be widely applied to remove air pollutants according to China’s 12th Five Year Plan (The State Council, 2011). In addition, carbon capture and storage is a promising technology that can capture and store CO₂ emitted from the blast furnaces (Psarras et al., 2017). Nevertheless, cost factors limit China’s capacity to simultaneously reduce CO₂ and PM₂.₅ pollution, and the adoption of technologies to reduce CO₂ and PM₂.₅ is dependent on the cost of the technology. Because of the limitations of budgets, decision makers must minimize costs while focusing on simultaneously reducing PM₂.₅ and CO₂ emissions.

Previous research on China’s iron and steel industry has focused on the cost effectiveness of CO₂ reductions and energy conservation. The demand for steel has been used as an indicator to estimate the quantity of CO₂ (Chen et al., 1990; Gao, 2010; Yin and Chen, 2013). The energy
efficiency of China’s iron and steel industry is far behind the more advanced levels worldwide; therefore, cost-effective technologies have been identified to improve this energy efficiency (Hasanbeigi et al., 2011; He et al., 2013; Lin and Wang, 2015; Ma et al., 2002; 2014; Zhang et al., 2012; Zhang et al., 2007). Additionally, researchers have used different energy models to predict the CO₂ emissions from the iron and steel industry (Chen et al., 2014; Li, L. et al., 2016; Wang et al., 2007; Wen et al., 2014; Xu and Lin, 2016). Research on the co-control of air pollutants and CO₂ indicates that co-control measures are more cost-effective than single reduction measures (Liu et al., 2014; 2016; Mao et al., 2013; 2014). The co-benefit of reducing CO₂ and air pollutants has been studied by Dong (2015) and Kanada (2013).

However, previous research has rarely focused on simultaneously reducing CO₂ and PM₂.₅ pollution while also controlling the cost to China’s iron and steel industry. Moreover, environmental assessments of the iron and steel industry are frequently performed by comparing a limited set of predefined scenarios, which introduces added uncertainty to the assessments. This work aims to identify robust optimal strategies for China’s iron and steel industry under different policy targets and preferences of decision makers. We combined the detailed technologies and policy preferences and targets with mathematical multi-objective optimization techniques to identify the optimal strategy for simultaneously minimizing CO₂ emissions, PM₂.₅ pollution and abatement costs.

2. Methods and materials

2.1 Available technology options

The technology combinations available to the iron and steel industry included two parts: technology paths and removal technologies. Technology paths refer to the technologies used to produce steel products, whereas removal technologies refer to end-of-pipe pollutant removal technologies. Figure 1 shows the technology paths and removal technologies that are currently available for the iron and steel industry. Technology paths include the blast furnace and basic oxygen furnace technology path (BF-BOF), the electric arc furnace technology path (EAF), the direct reduced iron technology path (DRI) and the carbon capture & storage technology path (CCS). We ruled out the smelt reduced iron technology path because of its high CO₂ emissions and air pollutant emissions (Hu and Jiang, 2001). The BF-BOF is the most widely used technology path in China, and this traditional path includes the coking, sintering, iron-making, steel-making, casting and rolling processes. The alternative technology path for the BF-BOF is the EAF in which scrap instead of iron ore is used to produce crude iron in an electricity arc furnace. Another promising new technology path is the DRI path. Most DRI technologies use natural gas to reduce pellets or sinters, and they then produce direct reduced iron as an alternative to scrap. The Midrex technology is currently a widely applied technology in DRI production. The CCS technology path combines carbon capture and storage technology with a blast furnace. The removal processes include PM₂.₅ and SO₂ removal devices. Removing SO₂ is important for reducing PM₂.₅ because it represents an important precursor of PM₂.₅. A high-efficiency particulate matter removal device, such as a fabric filter, should remove primary PM₂.₅. A number of SO₂ removal methods are available, and desulfurization is a general term used to refer to these removal processes (Xing and Lu, 2013; Yanling, 2013). We have classified the technologies used in our analysis in Table 1.
Table 1. A summary of technology options used in this study

<table>
<thead>
<tr>
<th>Category</th>
<th>Technology</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional process</td>
<td>Coke oven</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Sintering furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Blast furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Electric arc furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Basic oxygen furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Casting</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Hot rolling</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Cold rolling</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td>Efficiency improvement</td>
<td>Coke dry quenching</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Top-pressure recovery turbine</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Recovery of BOF gas</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Continuous casting</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td>System optimization</td>
<td>Direct reduced iron</td>
<td>Baig (2016)</td>
</tr>
<tr>
<td>Carbon capture</td>
<td>Carbon capture &amp; storage</td>
<td>Kuramochi et al. (2012)</td>
</tr>
<tr>
<td>Pollutant removal</td>
<td>Fabric filter</td>
<td>Ma et al. (2016)</td>
</tr>
<tr>
<td></td>
<td>Desulfurization</td>
<td>Ma et al. (2016)</td>
</tr>
</tbody>
</table>

2.2 Model description

2.2.1 Emission factors and costs for different technology paths

CO₂ emissions are calculated based on energy consumption, and primary PM₂.₅ and SO₂ emissions are calculated based on production processes. The emission factors and the costs of each technology path are calculated as follows:

\[
E_{FC_i} = \sum_j CO₂ EF_j \times fuel_{ij} \quad (1)
\]

\[
E_{FP_i} = \sum_j PMEF_{ij} \quad (2)
\]

\[
E_{FS_i} = \sum_j SO₂ EF_j \quad (3)
\]

\[
cost_i = \text{annualized cost}_i + \sum_j P_j \times fuel_{ij} \quad (4)
\]

\[
\text{annualized cost}_i = \text{capital cost}_i \times \frac{d}{(1+(1+d)^{-n})} \quad (5)
\]

where \(E_{FC_i}\) represents the CO₂ emissions when technology path \(i\) produces one ton of finished steel product; \(E_{FP_i}\) represents the primary PM₂.₅ emissions when technology path \(i\) produces one ton of finished steel product; \(E_{FS_i}\) represents the SO₂ emissions when technology path \(i\) produces one ton of finished steel product; \(CO₂ EF_j\) represents the CO₂ emission factor of fuel \(j\) in technology path \(i\); \(PMEF_{ij}\) represents the PM₂.₅ emission factor of process \(j\) in technology path \(i\); \(fuel_{ij}\) represents the amount of fuel \(j\) consumed during the production of one ton of finished steel product using technology path \(i\); \(cost_i\) represents the cost of producing one ton of finished steel product using technology path \(i\); \(annualized cost_i\) represents the annual capital investment for producing one ton of finished steel product using technology path \(i\); \(P_j\) represents the price of fuel \(j\); and \(capital cost_i\) represents the total capital cost for \(n\) years of producing...
one ton of finished steel product using technology path \(i\). The interest rate \(d\) in this paper is set to 10% (Zhang et al., 2014). The variable \(n\) is the lifetime of the different technologies. The emission factors and costs of each technology path are shown in Table 2.

Table 2. Emission factors and costs of the technology paths (per ton of finished steel product) and removal technologies (per ton of \(\text{SO}_2\) and \(\text{PM}_{2.5}\))

<table>
<thead>
<tr>
<th></th>
<th>(\text{CO}_2) (including electricity)</th>
<th>Primary PM(_{2.5})</th>
<th>Cost (yuan/t)</th>
<th>(\text{SO}_2) from electricity (kg/t)</th>
<th>Indirect (\text{SO}_2) from electricity (kg/t)</th>
<th>Indirect primary PM(_{2.5}) from electricity (kg/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BF-BOF</td>
<td>2.38</td>
<td>18.18</td>
<td>1954</td>
<td>8.23</td>
<td>0.78</td>
<td>0.05</td>
</tr>
<tr>
<td>EAF</td>
<td>0.49</td>
<td>7.09</td>
<td>2043</td>
<td>0.35</td>
<td>0.44</td>
<td>0.03</td>
</tr>
<tr>
<td>DRI</td>
<td>1.20</td>
<td>10.25</td>
<td>2575</td>
<td>8.07</td>
<td>0.68</td>
<td>0.05</td>
</tr>
<tr>
<td>CCS</td>
<td>0.78</td>
<td>18.18</td>
<td>3129</td>
<td>8.23</td>
<td>1.38</td>
<td>0.09</td>
</tr>
<tr>
<td>Desulfurization</td>
<td>1.78</td>
<td></td>
<td>5280</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fabric filter</td>
<td>14.54</td>
<td></td>
<td>9860</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.2.2 Multi-objective analysis of \(\text{CO}_2\) and \(\text{PM}_{2.5}\) emissions reductions and cost control in the iron and steel industry

Decision makers have different policy preferences for \(\text{CO}_2\) reductions, \(\text{PM}_{2.5}\) reductions and cost control. Furthermore, decision makers set threshold targets for \(\text{CO}_2\) emissions and \(\text{PM}_{2.5}\) pollution. Moreover, decision makers may be confronted with a limited budget for reducing \(\text{CO}_2\) emissions and \(\text{PM}_{2.5}\) pollution. Therefore, to determine the optimal technology combinations under different conditions, a multi-objective optimization method was designed.

The share of the four technology paths were subject to the following constraints (6):

\[
\begin{align*}
\sum_{i=1}^{m} r_i &= 1 \\
0 &\leq r_{\text{BF-BOF}} \leq 1 \\
0 &\leq r_{\text{EAF}} \leq 0.3 \\
0 &\leq r_{\text{DRI}} \leq 1 \\
0 &\leq r_{\text{CCS}} \leq 1
\end{align*}
\]  

(6)

where \(r_i\) represents the share in all the four paths accounted for by the technology path BF-BOF, \(r_2\) represents the EAF share; \(r_3\) represents the DRI share; \(r_4\) represents the CCS share; \(r_{\text{SO}_2}\) represents the share of desulfurization technology; and \(r_{\text{PM}_{2.5}}\) represents the share of the \(\text{PM}_{2.5}\) removal device fabric filter. The maximum value of \(r_2\) is 0.3 (Ma et al., 2016).

The \(\text{SO}_2\) intensity (\(\text{SO}_2\) emissions per ton of finished steel products) is composed of the \(\text{SO}_2\) emitted via electricity generation and the \(\text{SO}_2\) that is not removed by desulfurization devices.

\[
\text{SO}_2 = \sum_{i=1}^{m} \text{EFSE}_i \cdot r_i + \sum_{i=1}^{m} \text{EFSE}_i \cdot r_i \cdot \text{PM}_{2.5} \cdot (1 - \eta_{\text{SO}_2}) + \sum_{i=1}^{m} \text{EFSE}_i \cdot r_i \cdot (1 - \eta_{\text{SO}_2})
\]  

(7)

where \(\text{SO}_2\) represents the \(\text{SO}_2\) intensity, \(\eta_{\text{SO}_2}\) represents the removal efficiency of the desulfurization technology, and \(\text{EFSE}_i\) represents the emission factor of \(\text{SO}_2\) emitted from the electricity required to produce one ton of finished steel product using technology path \(i\). In this study, \(\eta_{\text{SO}_2}\) is set to 0.95 (Mao et al., 2013).

The \(\text{PM}_{2.5}\) intensity (\(\text{PM}_{2.5}\) pollution per ton of finished steel products) is composed of the primary \(\text{PM}_{2.5}\) emissions from electricity generation, primary \(\text{PM}_{2.5}\) emissions not removed by a fabric filter and secondary \(\text{PM}_{2.5}\) converted from \(\text{SO}_2\) emissions.

\[
\text{PM}_{2.5} = \sum_{i=1}^{m} \text{EFSP}_i \cdot r_i + \sum_{i=1}^{m} \text{EFSP}_i \cdot r_i \cdot \text{PM}_{2.5} \cdot (1 - \eta_{\text{PM}_{2.5}}) + \sum_{i=1}^{m} \text{EFSP}_i \cdot r_i \cdot (1 - \eta_{\text{PM}_{2.5}}) + \text{CF} \cdot \text{SO}_2
\]  

(8)
where \( \text{PM}_{2.5} \) represents the \( \text{PM}_{2.5} \) intensity, \( \eta_{\text{PM}_{2.5}} \) represents the removal efficiency of the fabric filter, \( \text{EF}_{\text{PM}_{2.5}} \) represents the emission factor for \( \text{PM}_{2.5} \) emitted by the electricity required to produce one ton of finished steel product using technology path \( i \), and \( \text{CF} \) represents the ratio of \( \text{SO}_2 \) converting to \( \text{PM}_{2.5} \). In our study, \( \eta_{\text{PM}_{2.5}} \) is set to 0.997 (Huang et al., 2014) and \( \text{CF} \) is set to 0.22 (Wen, 2015).

The \( \text{CO}_2 \) intensity (\( \text{CO}_2 \) emissions per ton of finished steel products) is composed of the \( \text{CO}_2 \) emitted from electricity generation, the production process and desulfurization device and fabric filter use.

\[
\text{CO}_2 = \sum \text{EF}_{\text{CO}_2} \cdot r_i + \sum \text{EF}_{\text{SO}_2} \cdot r_i + \text{EF}_{\text{SO}_2} \cdot \text{CF} \cdot \eta_{\text{SO}_2} + \text{EF}_{\text{PM}_{2.5}} \cdot \sum \text{EF}_{\text{PM}_{2.5}} \cdot r_i \cdot \eta_{\text{PM}_{2.5}} \tag{9}
\]

where \( \text{CO}_2 \) represents the \( \text{CO}_2 \) intensity, \( \text{EF}_{\text{CO}_2} \) represents the emission factor for \( \text{CO}_2 \) emitted by the electricity required to produce one ton of finished steel product using technology path \( i \), \( \text{EF}_{\text{SO}_2} \) represents the \( \text{CO}_2 \) emissions from removing 1 kg of \( \text{SO}_2 \) using a desulfurization device, and \( \text{EF}_{\text{PM}_{2.5}} \) represents the \( \text{CO}_2 \) emissions from removing 1 kg of \( \text{PM}_{2.5} \) by a fabric filter.

The cost (cost per ton of finished steel products) is composed of the production costs, \( \text{SO}_2 \) abatement costs, \( \text{PM}_{2.5} \) abatement costs and carbon tax.

\[
\text{cost} = \sum \text{cost}_{\text{PM}_{2.5}} \cdot r_i + \sum \text{cost}_{\text{CO}_2} \cdot r_i + \sum \text{cost}_{\text{SO}_2} \cdot \eta_{\text{SO}_2} + \text{cost}_{\text{PM}_{2.5}} \cdot \eta_{\text{PM}_{2.5}} + t \cdot \text{CO}_2 \tag{10}
\]

where \( \text{cost} \) represents the cost of producing one ton of finished steel product, \( \text{cost}_{\text{SO}_2} \) denotes the cost of removing 1 kg of \( \text{SO}_2 \), \( \text{cost}_{\text{PM}_{2.5}} \) represents the cost of removing 1 kg of \( \text{PM}_{2.5} \), and \( t \) represents the tax rate on one ton of \( \text{CO}_2 \) emissions. The carbon tax is set to 0 in our study.

The \( \text{CO}_2 \) and \( \text{PM}_{2.5} \) intensities and costs are the three parameters to be simultaneously minimized in our multi-objective model. Relative weight factors are used to represent the policy preferences of the decision makers for these three objectives. The use of the relative weight factors in the objective function is presented as follows:

\[
\min w_1 \cdot \frac{\text{CO}_2 - \text{CO}_{2\min}}{\text{CO}_{2\max} - \text{CO}_{2\min}} + w_2 \cdot \frac{\text{PM}_{2.5} - \text{PM}_{2.5\min}}{\text{PM}_{2.5\max} - \text{PM}_{2.5\min}} + w_3 \cdot \frac{\text{cost} - \text{cost}_{\min}}{\text{cost}_{\max} - \text{cost}_{\min}} \tag{11}
\]

\[
\begin{cases}
  \sum_{i=1}^{100} w_i = 1 \\
  w_i = \frac{1}{100}, \quad n = 0,1,2,\ldots,100
\end{cases} \tag{12}
\]

where \( w_i \) represents the relative weight factor of an objective; \( \text{CO}_{2\max} \), \( \text{PM}_{2.5\max} \), and \( \text{cost}_{\max} \) represent the largest values for each parameter calculated in the model; and \( \text{CO}_{2\min} \), \( \text{PM}_{2.5\min} \), and \( \text{cost}_{\min} \) represent the smallest values for each parameter calculated in the model. The \( \text{CO}_2 \) intensity, \( \text{PM}_{2.5} \) intensity and costs are normalized to eliminate unit-related errors. The value of each relative weight factor is not predefined; rather, these values are assumed to take any possible value between 0 and 1. This weighting method represents all possible combinations of the decision makers’ policy preferences.

Decision makers can set threshold targets for \( \text{CO}_2 \) and \( \text{PM}_{2.5} \) intensities. These emissions or pollution targets represent the largest allowable emissions or pollution. The cost budget is also likely to be limited to a certain amount. Based on the largest allowable \( \text{CO}_2 \) emissions, \( \text{PM}_{2.5} \) pollution or cost budget, the objective function is calculated as follows:

\[
\begin{align*}
  g_1 &= \text{CO}_2 \\
  g_2 &= \text{PM}_{2.5} \\
  g_3 &= \text{cost}
\end{align*} \tag{13}
\]

\[
g_i \leq \text{Target}_i, \quad i \in \text{Objectives lower than the target value} \tag{14}
\]

\[
\min \sum_{i} w_i \cdot \frac{g_i - g_{i\min}}{g_{i\max} - g_{i\min}}, \quad j \in \text{remaining objectives excluding } i \tag{15}
\]
\begin{equation}
\left\{ \begin{array}{l}
\sum_{i=1}^{n} w_i = 1 \\
\frac{w_i}{\sum_{i=1}^{n} w_i} = \frac{n}{100}, \quad n = 0, 1, 2, \ldots, 100
\end{array} \right. \tag{16}
\end{equation}

where \( G_i \) represents the value of objective \( i \) and \( \text{target}_i \) represents the largest allowable value of objective \( i \).

2.3 Data

The energy consumption and lifetime data and the cost of each specific technology in the four paths were obtained from Hu and Jiang (2001) and Baig (2016). Data for the CCS technology path were obtained from the literature (Kuramochi et al., 2012; Ma et al., 2016; Mao et al., 2013). Data for the fabric filter and desulfurization techniques were obtained from Mao et al. (2013). \( \text{CO}_2 \) emission factors for the energy input were obtained from the Intergovernmental Panel on Climate Change (2006). The emission factors for electricity input were obtained from National Development and Reform Commission (2015) and Mo et al. (2013). The emission factors of \( \text{PM}_{2.5} \) from production processes were obtained from Lei et al. (2010) and Huang et al. (2014). Emission factors of \( \text{SO}_2 \) from production processes were obtained from Zhao (2016) and the Handbook of National Pollution Sources (Ministry of Environmental Protection, 2011). The data for energy price were obtained from China’s Economic Database from the CEIC (https://www.ceicdata.com/zh-hans/products/china-economic-database).

3. Results and discussion

3.1 Reduction performance based on different policy preferences for \( \text{CO}_2 \) reductions, \( \text{PM}_{2.5} \) reductions and cost control

\textit{Insert Figure 2}

Table 3. Emission factors (per ton of steel product), unit costs (per ton of steel product) and share of the technologies in different technology combinations.

<table>
<thead>
<tr>
<th>PM_{2.5}</th>
<th>CO_{2}</th>
<th>Cost \ yuan/t</th>
<th>BF-BOF</th>
<th>EAF</th>
<th>DRI</th>
<th>CCS</th>
<th>Fabric filter</th>
<th>Desulfurization</th>
</tr>
</thead>
<tbody>
<tr>
<td>kg/t</td>
<td>t/t</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>19.09</td>
<td>2.38</td>
<td>1954</td>
<td>100%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>15.55</td>
<td>1.81</td>
<td>1981</td>
<td>70%</td>
<td>30%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>0.80</td>
<td>2.02</td>
<td>2127</td>
<td>70%</td>
<td>30%</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>0.32</td>
<td>2.02</td>
<td>2138</td>
<td>70%</td>
<td>30%</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>9.98</td>
<td>0.99</td>
<td>2415</td>
<td>0</td>
<td>30%</td>
<td>70%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>0.74</td>
<td>1.12</td>
<td>2507</td>
<td>0</td>
<td>30%</td>
<td>70%</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>7</td>
<td>0.27</td>
<td>1.12</td>
<td>2518</td>
<td>0</td>
<td>30%</td>
<td>70%</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>8</td>
<td>15.67</td>
<td>0.69</td>
<td>2803</td>
<td>0</td>
<td>30%</td>
<td>0</td>
<td>70%</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>15.19</td>
<td>0.70</td>
<td>2815</td>
<td>0</td>
<td>30%</td>
<td>0</td>
<td>70%</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>0.44</td>
<td>0.90</td>
<td>2961</td>
<td>0</td>
<td>30%</td>
<td>0</td>
<td>70%</td>
<td>0</td>
</tr>
</tbody>
</table>

5. EAF+DRI; 6. EAF+DRI+fabric filter; 7. EAF+DRI+fabric filter+desulfurization;
8. EAF+CCS; 9. EAF+CCS+desulfurization; 10. EAF+CCS+fabric filter+desulfurization

We used relative weight factors to represent the decision maker’s policy preferences for \( \text{CO}_2 \)
reductions, PM$_{2.5}$ reductions and cost control. Figure 2 shows the corresponding relationships between the relative weight factors and technology combinations. Table 3 shows the CO$_2$ intensity, PM$_{2.5}$ intensity and cost of the different technology combinations, and it indicates that the largest and smallest CO$_2$ intensity, PM$_{2.5}$ intensity and cost are 2.38 kg/t, 19.09 kg/t and 2961 yuan/t and 0.69 kg/t, 0.27 kg/t and 1954 yuan/t, respectively.

The results show that a policy preference for PM$_{2.5}$ reductions alone provides much more co-benefits compared with a policy preference for CO$_2$ reductions or cost control alone. Our findings indicate that when the PM$_{2.5}$ reduction weight approaches 1 and the CO$_2$ reduction weight approaches 0, the PM$_{2.5}$ intensity decreases to 0.27 kg/t, the CO$_2$ intensity (1.12 t/t) is 53% lower than the largest CO$_2$ intensity, and the costs increase to 2518 kg/t. This reduction performance is the same when the weights of CO$_2$ reduction, PM$_{2.5}$ reduction and cost control are equal. These results reveal that when the weight of PM$_{2.5}$ reduction is high, CO$_2$ emissions are also reduced as a co-benefit because the technology paths are altered and removal devices are introduced.

However, when the CO$_2$ reduction weight approaches 1, the CO$_2$ intensity is reduced to 0.69 t/t while the PM$_{2.5}$ intensity (15.67 kg/t) is only 18% lower than the largest PM$_{2.5}$ intensity. Additionally, a higher preference for CO$_2$ reduction induces higher costs. For example, when the weights of CO$_2$ and PM$_{2.5}$ reduction are both 0.5, the cost is 2961 yuan/t, the PM$_{2.5}$ intensity is 0.44 kg/t and the CO$_2$ intensity is 0.90 t/t. In contrast, when the weight of PM$_{2.5}$ approaches 1 and the weight of CO$_2$ reduction approaches 0, the cost decreases to 2518 yuan/t.

Reducing CO$_2$ and PM$_{2.5}$ emissions simultaneously sacrifices the weight of the cost. When the weight of the cost approaches 1, the CO$_2$ intensity is 2.38 t/t, and the PM$_{2.5}$ intensity is 19.09 kg/t. Furthermore, when the weight of the cost is higher than approximately 0.5, CO$_2$ and PM$_{2.5}$ cannot be simultaneously reduced. For example, when the weights of CO$_2$ reductions and costs are both 0.5, the CO$_2$ intensity is 43% higher than the smallest intensity, whereas the PM$_{2.5}$ intensity is 35 times higher than the smallest intensity. In contrast, when the weights of PM$_{2.5}$ reductions and costs are both 0.5, the PM$_{2.5}$ intensity decreases to 0.32 kg/t, whereas the CO$_2$ intensity (2.02 t/t) is only 11% lower than the largest intensity.

3.2 Cost of different CO$_2$ and PM$_{2.5}$ intensity targets

Insert Figure 3

The emission and pollution targets represent the largest allowable emissions of CO$_2$ and PM$_{2.5}$, respectively. In the multi-objective model, we use the emission intensity and pollution emission targets to represent the CO$_2$ and PM$_{2.5}$ targets, respectively. Figure 3 presents the relationships between the costs and the two targets. The blue and red colors represent lower and higher costs, respectively. Setting low CO$_2$ and PM$_{2.5}$ intensity targets resulted in sharp increases in cost. For example, if the decision makers set the CO$_2$ and PM$_{2.5}$ intensities to 1 t/t and 1 kg/t, respectively, then the cost would increase to over 2700 yuan/t. This cost is almost 40% higher than the lowest cost estimated by the model. Setting lower PM$_{2.5}$ intensity targets is more cost effective than setting lower CO$_2$ emission targets. For example, when the PM$_{2.5}$ intensity target decreases by 93% from 15 kg/t to 1 kg/t, the cost increases by approximately 200 yuan/t. However, when the CO$_2$ intensity target decreases by 50% from 2 kg/t to 1 kg/t, the cost increases by 600 yuan/t. More specifically, when the CO$_2$ intensity target is 2 t/t and the PM$_{2.5}$ intensity target decreases to 1 kg/t,
the cost is approximately 2300 yuan/t. However, when the CO2 intensity target decreases to 1 t/t and the PM2.5 intensity target is 15 kg/t, the cost increases to approximately 2500 yuan/t. Figure 3 shows that the cost could remain constant in the case of a trade-off between the CO2 and PM2.5 intensity targets. To keep the cost unchanged, the CO2 intensity target would have to be set higher if the PM2.5 intensity target is set lower, and vice versa. This trade-off indicates that additional CO2 emissions reductions may cause additional PM2.5 pollution. To avoid considerable cost increases, decision makers should carefully choose threshold targets for CO2 emissions and PM2.5 pollution.

3.3 Reduction performance under a limited budget

To investigate the reduction performance when the budget for CO2 and PM2.5 reductions is limited, we assumed that the cost budget ranges from 2000 yuan/t to 3000 yuan/t. Figure 4 shows the reduction performances under these limited budgets and different policy preferences. Figure 4 (a) shows the CO2 and PM2.5 intensities as calculated under the different budgets and policy preferences, and Figure 4(b) shows the corresponding technology paths and removal devices. When the weight of CO2 reductions is lower than that of PM2.5 reductions, reducing CO2 emissions requires a higher cost compared with reducing PM2.5 pollution. In detail, if the cost budget increases from 2000 yuan/t to 2200 yuan/t, then the PM2.5 intensity decreases from 14 kg/t to 0.4 kg/t while the CO2 intensity increases slightly. Only when the cost budget is higher than 2200 kg/t does the CO2 intensity decrease with cost budget increases. For the corresponding technology combinations, when PM2.5 decreases sharply, the BF-BOF+EAF+fabric filter+desulfurization combination is the optimal technology combination and the share of fabric filter and desulfurization devices keeps increasing. When the CO2 intensity decreases, the EAF+DRI+CCS+fabric filter+desulfurization combination is the optimal technology combination, and the share of the CCS path increases.

When the ratio of the weight of CO2 reductions relative to the weight of PM2.5 reductions equals 9, a higher budget will not reduce the PM2.5 intensity. For example, if the budget is below approximately 2400 yuan/t, then the CO2 and PM2.5 intensities decrease as the budget increases. However, if the cost budget rises above 2400 yuan/t, then the PM2.5 intensity increases as the cost budget increases. The lowest intensity for PM2.5 is approximately 10 kg/t. When the CO2 and PM2.5 intensities decrease, the BF-BOF+EAF+DRI combination is the optimal technology combination. When the CO2 intensity decreases and PM2.5 intensity increases, the EAF+DRI+CCS combination is the optimal technology combination. Additionally, when the budget increases above 2815 yuan/t, a limited reduction in intensity is observed.

Insert Figure 4

3.4 Uncertainty test

To test the robustness of our results, we ran uncertainty tests on the uncertain parameters in the model. We compared the results of the uncertainty tests with the base scenario as shown in Figure 2. These parameters include the following (detailed information on the settings of these parameters are presented in supplementary information).

(a) SO2 emission factor. The SO2 emission factor is uncertain because of the different sulfate contents of iron ore. Thus, we test whether the maximum SO2 emission factor found in the literature affects our robustness (Ministry of Environmental Protection, 2011).
(b) The ratio of SO\(_2\) conversion to PM\(_{2.5}\). This ratio is uncertain because the ratio is influenced by many elements, including humidity, availability of oxidants and temperature. We estimate that the ratio increases by up to 0.8 in the extreme case (Yang et al., 2015).

(c) The maximum ratio of EAF. This maximum ratio is uncertain because the supply of scrap is uncertain. We predict that the maximum ratio might reach 50% according to Ma’s estimate (Ma et al., 2016).

(d) The cost to reduce PM\(_{2.5}\) and SO\(_2\). The cost to reduce PM\(_{2.5}\) and SO\(_2\) is uncertain because of technology improvement. Here, we estimate that the cost to reduce PM\(_{2.5}\) decreased by half.

(e) The price of the carbon tax. The carbon tax is tested to identify whether levying a carbon tax would influence PM\(_{2.5}\) reduction. We assume that the carbon tax equals 500 yuan/t, an extreme case in our uncertainty test.

(f) The interest rate. Interest rates fluctuate as the economy fluctuates. We assume that the interest decreases to 5% in our uncertainty test.

Figure 5 shows that most parameters have a limited effect on the relationship between the technology combination and policy preference. These results demonstrate that our model and results are robust. The SO\(_2\) emission factor and the ratio of SO\(_2\) conversion to PM\(_{2.5}\) has more effect on the robustness of our model compared with the other parameters. Relative to the base scenario, when this ratio is high, the desulfurization devices are more likely to be introduced. However, no parameters influence the conclusion that policy preference on PM\(_{2.5}\) pollution reductions alone brings co-benefit in CO\(_2\) emission reductions.

*Insert Figure 5*

4. Policy implications

The multi-objective study of China’s iron and steel industry provides valuable insights to China’s policymaking on both climate and air pollution mitigation. To achieve deep CO\(_2\) and PM\(_{2.5}\) reduction, the iron and steel industry in China should move away from coal-based technology and enhance the application of cleaner technologies. For instance, direct reduced iron is a promising technology that can significantly reduce both CO\(_2\) and PM\(_{2.5}\) emissions. To further reduce CO\(_2\) intensity (i.e. by 65%), carbon capture & storage technology is required to capture CO\(_2\) emissions from the blast furnace. However, it is also urgent to lower the cost of cleaner and low carbon technologies. High capital investment and limited resource supply (e.g., natural gas) are the major barriers to commercialize the application of carbon capture & storage and direct reduced iron technologies in China, which cannot be solved easily. Our study indicates that, currently, much more efforts should be made on PM\(_{2.5}\) reduction, which will simultaneously address both air pollution and CO\(_2\) reduction with a lower abatement cost, while in the long run, more priority should be paid to CO\(_2\) reduction.

Several factors may influence the accuracy of our results. The desulfurization of SO\(_2\) from iron and steel industry is a major source of uncertainties in our study. SO\(_2\) is an important precursor of PM\(_{2.5}\), and plays a critical role in serious haze events. Thus, SO\(_2\) emitted from iron and steel industry may contribute greatly to the formation of secondary PM\(_{2.5}\) when the oxidation
of the atmosphere increases in autumn and winter. For example, an increase in the supply of scrap will considerably lower the cost for CO$_2$ mitigation, and greatly reduce the PM$_{2.5}$ emissions. In addition, the development of shale gas is another critical factor. If the supply of shale gas increases substantially, the limits to apply direct reduced iron technology would also be minimized accordingly. Due to increasing investment in the research of cleaner technology, the capital investment cost for cleaner technology may experience a sharp decrease. This decrease in the cost may considerably promote the commercialization of cleaner technology, including carbon capture & storage technology and direct reduced iron.

5. Conclusions

Previous research has predefined limited scenarios to study China’s iron and steel industry. These predefined scenarios represent subjective definitions of the decision makers’ policy preferences and targets. However, a considerable number of possible combinations are available for policy preferences and targets. To provide a comprehensive analysis of these combinations, we used a multi-objective model and considered several different combinations of policy preferences and targets.

When decisions are made based only on the policy preferences of decision makers, weighting more on CO$_2$ reduction can efficiently reduce CO$_2$ emissions but fail to lower PM$_{2.5}$ pollution. Conversely, weighting more on PM$_{2.5}$ reductions can simultaneously reduce both PM$_{2.5}$ pollution and CO$_2$ emissions when the direct reduced iron technology and removal devices are used. Furthermore, facilities are capable of achieving these reductions even when the decisions are solely made for PM$_{2.5}$ reductions.

Facing a fixed abatement budget, setting lower CO$_2$ emission targets could induce more PM$_{2.5}$ pollution and vice versa. To resolve this dilemma, PM$_{2.5}$ mitigation should be prioritized because PM$_{2.5}$ abatement cost is much less than that of CO$_2$. Therefore, for China’s steel industry, under the constraints of a limited cost budget, policy making towards PM$_{2.5}$ reductions would result in more benefits than focused on CO$_2$ reduction.

The above analyses are based on the assumption that the advanced technologies (e.g., DRI) will be applied extensively in China. Thus, reducing the cost of these advanced technologies in China is necessary for the co-control of CO$_2$ emissions and PM$_{2.5}$ pollution, and reducing the cost of low-carbon technology is critically important. While reducing PM$_{2.5}$ pollution is relatively feasible in the short term, reducing CO$_2$ emissions requires considerable abatement costs. For the iron and steel industry, reducing CO$_2$ emissions per GDP by 65% will be a rather difficult task. Thus, policy making should focus on co-control strategies for PM$_{2.5}$ and CO$_2$.

Acknowledgement

This work was supported by funding from the National Natural Science Foundation of China under award nos. 41571130010, 41671491, and 41390240; National Key Research and Development Program of China 2016YFC0206202; and the 111 Project (B14001).

Reference

Baig, S., 2016. Cost effectiveness analysis of HYL and Midrex DRI technologies for the iron
and steel-making industry, the Nicholas School of the Environment of Duke University. Duke University.


He, F., Zhang, Q., Lei, J., Fu, W., Xu, X., 2013. Energy efficiency and productivity change of
China’s iron and steel industry: Accounting for undesirable outputs. Energy Policy 54(54), 204-213.


Intergovernmental Panel on Climate Change, 2013. The physical science basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.


Ma, J., Evans, D.G., Fuller, R.J., Stewart, D.F., 2002. Technical efficiency and productivity


Wen, W., 2015. Research on continuous improvement of PM2.5 pollution in typical cities of Jing-Jin-Ji Beijing University of Technology.


Supplementary material for

**Multi-objective analysis of the co-mitigation of CO\(_2\) and PM\(_{2.5}\) pollution by China’s iron and steel industry**

Haozhe Yang\(^a\), Junfeng Liu*\(^a\), Kejun Jiang\(^b\), Jing Meng\(^a,c\), Dabo Guan\(^d\), and Shu Tao\(^a\)

\(^a\) Laboratory for Earth Surface Processes, College of Urban and Environmental Sciences, Peking University, Beijing, People’s Republic of China
\(^b\) Energy Research Institute, Guohong Mansion, Xicheng District, Beijing 100038, China
\(^c\) School of Environmental Sciences, University of East Anglia, Norwich, NR4 7TJ, UK
\(^d\) School of International Development, University of East Anglia, Norwich NR4 7TJ, UK

*Corresponding author: Junfeng Liu/Fax: +86(0)10 627 7852, E-mail: jfliu@pku.dcu.cn

The author declares no competing financial interest

List of Tables

S1. Parameters used in the uncertainty tests
S2. Annualized investment and lifetime of technology under 10% interest rate
Table S1. Parameters used in the uncertainty tests

<table>
<thead>
<tr>
<th></th>
<th>Base</th>
<th>Uncertainty test</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO₂ emission factor in sintering</td>
<td>2.4</td>
<td>7.5</td>
</tr>
<tr>
<td>Conversion rate of SO₂</td>
<td>0.22</td>
<td>0.8</td>
</tr>
<tr>
<td>The maximum ratio of EAF</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>The cost to reduce PM₂.₅</td>
<td>9860</td>
<td>5000</td>
</tr>
<tr>
<td>Carbon tax</td>
<td>0</td>
<td>500</td>
</tr>
<tr>
<td>interest rate</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Table S2. Annualized investment and lifetime of technology under 10% interest rate

<table>
<thead>
<tr>
<th>device</th>
<th>annualized investment (yuan/t)</th>
<th>Lifetime (year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>coke oven</td>
<td>75.32</td>
<td>30</td>
</tr>
<tr>
<td>sintering furnace</td>
<td>42.29</td>
<td>20</td>
</tr>
<tr>
<td>TRT blast furnace+pulverized coal injection</td>
<td>102.19</td>
<td>20</td>
</tr>
<tr>
<td>BOF furnace</td>
<td>70.48</td>
<td>20</td>
</tr>
<tr>
<td>electric arc furnace</td>
<td>71.06</td>
<td>20</td>
</tr>
<tr>
<td>DRI</td>
<td>152.7</td>
<td>20</td>
</tr>
<tr>
<td>CCS</td>
<td>546.2</td>
<td>20</td>
</tr>
<tr>
<td>Casting</td>
<td>42.29</td>
<td>20</td>
</tr>
<tr>
<td>Hot rolling</td>
<td>58.73</td>
<td>20</td>
</tr>
<tr>
<td>Cold rolling</td>
<td>85.16</td>
<td>20</td>
</tr>
</tbody>
</table>
Word amount: 4873

Multi-objective analysis of the co-mitigation of CO₂ and PM₂.₅ pollution by China’s iron and steel industry

Haozhe Yang,¹ Junfeng Liu,²⁺ Kejun Jiang,³ Jing Meng,⁴⁺ Dabo Guan,⁴ Yuan Xu,⁴ and Shu Tao⁴

¹ Laboratory for Earth Surface Processes, College of Urban and Environmental Sciences, Peking University, Beijing, People’s Republic of China
² Energy Research Institute, Guohong Mansion, Xicheng District, Beijing 100038, China
³ School of Environmental Sciences, University of East Anglia, Norwich, NR4 7TJ, UK
⁴ School of International Development, University of East Anglia, Norwich NR4 7TJ, UK

Abstract: China has experienced serious fine particulate matter (PM₂.₅) pollution in recent years, and carbon dioxide (CO₂) emissions must be controlled so that China can keep its pledge to reduce CO₂ emissions by 2030. The iron and steel industry is energy intensive and contributes significantly to PM₂.₅ pollution in China. The simultaneous reduction of CO₂ emissions and PM₂.₅ pollution while minimizing the total mitigation costs remains a crucial issue that must be resolved. Using a multi-objective analysis, we compared potential technology combinations based on various policy preferences and targets. Our results showed that policies designed to mitigate PM₂.₅ pollution have substantial co-benefits for CO₂ emissions reductions. However, policies focused solely on reducing CO₂ emissions fail to effectively reduce PM₂.₅. Furthermore, CO₂ emissions reductions correspond to large financial costs, whereas PM₂.₅ pollution reductions are less expensive. Our results suggest that under limited budgets, decision makers should prioritize PM₂.₅ reductions because CO₂ reductions may be simultaneously achieved. Achieving large decreases in CO₂ emissions will require further technological innovations to reduce the cost threshold. Thus, China should focus on reducing PM pollution in the short term and prepare for the expected challenges associated with CO₂ reductions in the future.

Keywords: multi-objective, iron and steel, PM₂.₅, CO₂ emission reduction, emission control, abatement cost

1. Introduction

Carbon dioxide (CO₂) is a major greenhouse gas (GHG) that has caused rapid increases in temperatures worldwide (Intergovernmental Panel on Climate Change, 2013). As a result of temperature increase, climate change is threatening the existence of human beings (Knutti et al., 2015). To deal with the climate change caused by CO₂ and other GHGs, the Paris Agreement was adopted at the 2015 United Nations Climate Change Conference. The dominant goal of the Paris Agreement is to hold “the increase in the global average temperature to well below 2 °C above pre-industrial levels” (Rogelj et al., 2016). As the largest emitter of CO₂, accounting for 24% of

Comment [h1]: We add the key words

Comment [h2]: Background information about the Post Paris era
the global emissions in 2012 (Zhou et al., 2012), China pledged that by 2030, it would decrease its 
CO$_2$ emissions per unit gross domestic product (GDP) by 65% compared with the 2005 level (The 
State Council, 2015). Along with the considerable GHG emissions, hazes have become a severe 
environmental problem in China. During a haze event, fine particulate matter (PM$_{2.5}$), which is 
composed of primary PM$_{2.5}$ (Li, Y. et al., 2016) and secondary PM$_{2.5}$ converted from SO$_2$ and NO$_x$
(Sun et al., 2006), is the major pollutant (Meng et al., 2016). To improve air quality, China’s 
government has taken actions to reduce the precursors of primary and secondary PM$_{2.5}$ emissions 
(e.g., National Action Plan on Prevention and Control Air Pollution) (The State Council, 2013). 
However, there exist some challenges to achieve these two goals. The major challenge lies in that 
the government needs to maintain the development of economy while simultaneously reduce CO$_2$
emissions and PM$_{2.5}$ pollution. Infrastructure construction has been the major driver of China’s 
rapid growth of economy and emissions, and the economy relies heavily on carbon-intensive 
industries (e.g., iron and steel, cement and electricity, (Liu et al., 2012). Reducing CO$_2$ emissions 
requires high initial capital cost for the adoption of low carbon technology and removing air 
pollutants calls for extra operation cost (Hou et al., 2011), which may have negative effects on the 
economy in less developed regions in the short run (Dong and Liang, 2014; Liu et al., 2015; Meng 
et al., 2017). Thus, it is a challenge to balance the CO$_2$ and PM$_{2.5}$ reduction while keeping the 
economic growth.

The iron and steel industry is a major source of CO$_2$ emissions and PM$_{2.5}$ pollution in China. 
This industry is energy intensive and consumed 14% of the total energy used in China in 2012 (i.e., 
8% of coal, 86% of coke and 10% of electricity) (National Bureau of Statistics of China, 2013). 
This industry is estimated to account for 10-20% of the CO$_2$ emissions (Guo and Fu, 2010; Yuan 
et al., 2012; Zeng et al., 2009) and 5% of the primary PM$_{2.5}$ emissions in China (Lei et al., 2010; 
Meng et al., 2015). Additionally, the iron and steel industry emitted 10% of China’s SO$_2$
emissions, which are an important precursor of secondary PM$_{2.5}$ (National Bureau of Statistics of 
China; Ministry of Environmental Protection, 2011). Therefore, reducing CO$_2$ emissions and 
PM$_{2.5}$ pollution from the iron and steel industry is necessary to mitigate climate change over the 
long term or resolve the haze problem over the short term (Xu et al., 2014). The Plan for 
Adjustment and Upgrading of Iron and Steel Industry (Ministry of Industry and Information 
Technology, 2016) has proposed considerable low carbon technologies, improving the efficiency 
of energy use and thus reducing the emissions of CO$_2$ and air pollutants (Dong et al., 2013; Zhang 
et al., 2013). For example, coke dry quenching helps reduce fossil fuel and electricity consumption, 
thereby reducing CO$_2$ emissions and the air pollutants (Ministry of Industry and Information 
Technology, 2012). Removal devices are also planned to be widely applied to remove air 
pollutants according to China’s 12th Five Year Plan (The State Council, 2011). In addition, carbon 
capture and storage is a promising technology that can capture and store CO$_2$ emitted from the 
blast furnaces (Psarras et al., 2017). Nevertheless, cost factors limit China’s capacity to 
simultaneously reduce CO$_2$ and PM$_{2.5}$ pollution, and the adoption of technologies to reduce CO$_2$
and PM$_{2.5}$ is dependent on the cost of the technology. Because of the limitations of budgets, 
decision makers must minimize costs while focusing on simultaneously reducing PM$_{2.5}$ and CO$_2$
emissions.

Previous research on China’s iron and steel industry has focused on the cost effectiveness of 
CO$_2$ reductions and energy conservation. The demand for steel has been used as an indicator to 
estimate the quantity of CO$_2$ (Chen et al., 1990; Gao, 2010; Yin and Chen, 2013). The energy
efficiency of China’s iron and steel industry is far behind the more advanced levels worldwide; therefore, cost-effective technologies have been identified to improve this energy efficiency (Hasanbeigi et al., 2011; He et al., 2013; Lin and Wang, 2015; Ma et al., 2002; 2014; Zhang et al., 2012; Zhang et al., 2007). Additionally, researchers have used different energy models to predict the CO₂ emissions from the iron and steel industry (Chen et al., 2014; Li, L. et al., 2016; Wang et al., 2007; Wen et al., 2014; Xu and Lin, 2016). Research on the co-control of air pollutants and CO₂ indicates that co-control measures are more cost-effective than single reduction measures (Liu et al., 2014; 2016; Mao et al., 2013; 2014). The co-benefit of reducing CO₂ and air pollutants has been studied by Dong (2015) and Kanada (2013).

However, previous research has rarely focused on simultaneously reducing CO₂ and PM₂.₅ pollution while also controlling the cost to China’s iron and steel industry. Moreover, environmental assessments of the iron and steel industry are frequently performed by comparing a limited set of predefined scenarios, which introduces added uncertainty to the assessments. This work aims to identify robust optimal strategies for China’s iron and steel industry under different policy targets and preferences of decision makers. We combined the detailed technologies and policy preferences and targets with mathematical multi-objective optimization techniques to identify the optimal strategy for simultaneously minimizing CO₂ emissions, PM₂.₅ pollution and abatement costs.

2. Methods and materials

2.1 Available technology options

The technology combinations available to the iron and steel industry included two parts: technology paths and removal technologies. Technology paths refer to the technologies used to produce steel products, whereas removal technologies refer to end-of-pipe pollutant removal technologies. Figure 1 shows the technology paths and removal technologies that are currently available for the iron and steel industry. Technology paths include the blast furnace and basic oxygen furnace technology path (BF-BOF), the electric arc furnace technology path (EAF), the direct reduced iron technology path (DRF) and the carbon capture & storage technology path (CCS). We ruled out the smelt reduced iron technology path because of its high CO₂ emissions and air pollutant emissions (Hu and Jiang, 2001). The BF-BOF is the most widely used technology path in China, and this traditional path includes the coking, sintering, iron-making, steel-making, casting and rolling processes. The alternative technology path for the BF-BOF is the EAF in which scrap instead of iron ore is used to produce crude iron in an electricity arc furnace. Another promising new technology path is the DRI path. Most DRI technologies use natural gas to reduce pellets or sinters, and they then produce direct reduced iron as an alternative to scrap. The Midrex technology is currently a widely applied technology in DRI production. The CCS technology path combines carbon capture and storage technology with a blast furnace. The removal processes include PM₂.₅ and SO₂ removal devices. Removing SO₂ is important for reducing PM₂.₅ because it represents an important precursor of PM₂.₅. A high-efficiency particulate matter removal device, such as a fabric filter, should remove primary PM₂.₅. A number of SO₂ removal methods are available, and desulfurization is a general term used to refer to these removal processes (Xing and Lu, 2013; Yanling, 2013). We have classified the technologies used in our analysis in Table 1.
Table 1. A summary of technology options used in this study

<table>
<thead>
<tr>
<th>Category</th>
<th>Technology</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional process</td>
<td>Coke oven</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Sintering furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Blast furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Electric arc furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Basic oxygen furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Casting</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Hot rolling</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Cold rolling</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td>Efficiency improvement</td>
<td>Coke dry quenching</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Top-pressure recovery turbine</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Recovery of BOF gas</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Continuous casting</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td>System optimization</td>
<td>Direct reduced iron</td>
<td>Baig (2016)</td>
</tr>
<tr>
<td>Carbon capture</td>
<td>Carbon capture &amp; storage</td>
<td>Kuramochi et al. (2012)</td>
</tr>
<tr>
<td>Pollutant removal</td>
<td>Fabric filter</td>
<td>Ma et al. (2016)</td>
</tr>
<tr>
<td></td>
<td>Desulfurization</td>
<td>Ma et al. (2016)</td>
</tr>
</tbody>
</table>

2.2 Model description

2.2.1 Emission factors and costs for different technology paths

CO₂ emissions are calculated based on energy consumption, and primary PM₂.₅ and SO₂ emissions are calculated based on production processes. The emission factors and the costs of each technology path are calculated as follows:

\[
\text{EF}_{\text{CO}_2} = \sum \text{CO}_2 \times \text{EF}_{\text{CO}_2j} \times \text{fuel}_j
\]

\[
\text{EF}_{\text{PM2.5}} = \sum \text{PM} \times \text{EF}_{\text{PM2.5j}}
\]

\[
\text{EF}_{\text{SO}_2} = \sum \text{SO}_2 \times \text{EF}_{\text{SO}_2j}
\]

\[
\text{cost}_i = \text{annualized cost}_i + \sum \text{P}_j \times \text{fuel}_j
\]

\[
\text{annualized cost}_i = \text{capital cost}_i \times \sum_{n=1}^{\infty} \frac{1}{(1+d)^n}
\]

where \(\text{EF}_{\text{CO}_2i}\) represents the CO₂ emissions when technology path \(i\) produces one ton of finished steel product; \(\text{EF}_{\text{PM2.5i}}\) represents the primary PM₂.₅ emissions when technology path \(i\) produces one ton of finished steel product; \(\text{EF}_{\text{SO}_2i}\) represents the SO₂ emissions when technology path \(i\) produces one ton of finished steel product; \(\text{CO}_2 \times \text{EF}_{\text{CO}_2j}\) represents the CO₂ emission factor of fuel \(j\) in technology path \(i\); \(\text{PM} \times \text{EF}_{\text{PM2.5j}}\) represents the PM₂.₅ emission factor of process \(j\) in technology path \(i\); \(\text{fuel}_j\) represents the amount of fuel \(j\) consumed during the production of one ton of finished steel product using technology path \(i\); \(\text{cost}_i\) represents the cost of producing one ton of finished steel product using technology path \(i\); \(\text{annualized cost}_i\) represents the annual capital investment for producing one ton of finished steel product using technology path \(i\); \(\text{price of fuel}_j\) and \(\text{capital cost}_i\) represents the total capital cost for \(n\) years of producing one ton of finished steel product using technology path \(i\). The interest rate \(d\) in this paper is set to...
10% (Zhang et al., 2014). The variable \( n \) is the lifetime of the different technologies. The emission factors and costs of each technology path are shown in Table 2.

Table 2. Emission factors and costs of the technology paths (per ton of finished steel product) and removal technologies (per ton of SO\(_2\) and PM\(_{2.5}\))

<table>
<thead>
<tr>
<th></th>
<th>CO(_2) (including electricity)</th>
<th>Primary PM(_{2.5})</th>
<th>Cost</th>
<th>SO(_2) (from electricity)</th>
<th>Indirect SO(_2) (from electricity)</th>
<th>Indirect primary PM(_{2.5})</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>t/t</td>
<td>kg/t</td>
<td>yuan/t</td>
<td>kg/t</td>
<td>kg/t</td>
<td>kg/t</td>
</tr>
<tr>
<td>BF-BOF</td>
<td>2.38</td>
<td>18.18</td>
<td>1954</td>
<td>8.23</td>
<td>0.78</td>
<td>0.05</td>
</tr>
<tr>
<td>EAF</td>
<td>0.49</td>
<td>7.09</td>
<td>2043</td>
<td>0.35</td>
<td>0.44</td>
<td>0.03</td>
</tr>
<tr>
<td>DRI</td>
<td>1.20</td>
<td>10.25</td>
<td>2575</td>
<td>8.07</td>
<td>0.68</td>
<td>0.05</td>
</tr>
<tr>
<td>CCS</td>
<td>0.78</td>
<td>18.18</td>
<td>3129</td>
<td>8.23</td>
<td>1.38</td>
<td>0.09</td>
</tr>
<tr>
<td>Desulfurization</td>
<td>1.78</td>
<td></td>
<td>5280</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fabric filter</td>
<td>14.54</td>
<td></td>
<td>9860</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.2.2 Multi-objective analysis of CO\(_2\) and PM\(_{2.5}\) emissions reductions and cost control in the iron and steel industry

Decision makers have different policy preferences for CO\(_2\) reductions, PM\(_{2.5}\) reductions and cost control. Furthermore, decision makers set threshold targets for CO\(_2\) emissions and PM\(_{2.5}\) pollution. Moreover, decision makers may be confronted with a limited budget for reducing CO\(_2\) emissions and PM\(_{2.5}\) pollution. Therefore, to determine the optimal technology combinations under different conditions, a multi-objective optimization method was designed.

The share of the four technology paths were subject to the following constraints (6):

\[
\begin{align*}
\sum_{i=1}^{4} r_i &= 1 \\
0 &\leq r_{134} \leq 1 \\
0 &\leq r_2 \leq 0.3 \\
0 &\leq r_3 \leq 1 \\
0 &\leq r_{PM_{2.5}} \leq 1
\end{align*}
\]

(6)

where \( r_1 \) represents the share in all the four paths accounted for by the technology path BF-BOF, \( r_2 \) represents the EAF share; \( r_3 \) represents the DRI share; \( r_4 \) represents the CCS share; \( r_{SO_2} \) represents the share of desulfurization technology; and \( r_{PM_{2.5}} \) represents the share of the PM\(_{2.5}\) removal device fabric filter. The maximum value of \( r_2 \) is 0.3 (Ma et al., 2016).

The SO\(_2\) intensity (SO\(_2\) emissions per ton of finished steel products) is composed of the SO\(_2\) emitted via electricity generation and the SO\(_2\) that is not removed by desulfurization devices.

\[
SO_2 = \sum_{i=1}^{3} EFSE_i \cdot r_i + \sum_{i=4}^{4} EFSE_i \cdot r_i \cdot \eta_{SO_2} \cdot (1 - \eta_{SO_2}) + \sum_{i=1}^{4} EFSE_i \cdot r_i \cdot (1 - \eta_{SO_2})
\]

(7)

where \( SO_2 \) represents the SO\(_2\) intensity, \( \eta_{SO_2} \) represents the removal efficiency of the desulfurization technology, and \( EFSE_i \) represents the emission factor of SO\(_2\) emitted from the electricity required to produce one ton of finished steel product using technology path i. In this study, \( \eta_{SO_2} \) is set to 0.95 (Mao et al., 2013).

The PM\(_{2.5}\) intensity (PM\(_{2.5}\) pollution per ton of finished steel products) is composed of the primary PM\(_{2.5}\) emissions from electricity generation, primary PM\(_{2.5}\) emissions not removed by a fabric filter and secondary PM\(_{2.5}\) converted from SO\(_2\) emissions.

\[
PM_{2.5} = \sum_{i=1}^{3} EFBR_i \cdot r_i + \sum_{i=4}^{4} EFBR_i \cdot r_i \cdot \eta_{PM_{2.5}} \cdot (1 - \eta_{PM_{2.5}}) + \sum_{i=1}^{4} EFBR_i \cdot r_i \cdot (1 - \eta_{PM_{2.5}}) + CF \cdot SO_2
\]

(8)

where \( PM_{2.5} \) represents the PM\(_{2.5}\) intensity, \( \eta_{PM_{2.5}} \) represents the removal efficiency of the fabric
filter, EFPE represents the emission factor for PM$_{2.5}$ emitted by the electricity required to produce one ton of finished steel product using technology path $i$, and CF represents the ratio of SO$_2$ converting to PM$_{2.5}$. In our study, $\eta_{PM_{2.5}}$ is set to 0.997 (Huang et al., 2014) and $CF$ is set to 0.22 (Wen, 2015).

The CO$_2$ intensity (CO$_2$ emissions per ton of finished steel products) is composed of the CO$_2$ emitted from electricity generation, the production process and desulfurization device and fabric filter use.

$$CO_2 = \sum EFCE_i \cdot \eta_i + \sum EFTC_i \cdot \tau_i + EFC_{SO_2} \cdot \eta_{SO_2} + \sum EFPS_i \cdot \tau_{PS_i} \cdot \eta_{PS_i} + \sum EFPM_{2.5} \cdot \eta_{PM_{2.5}}$$ (9)

where CO$_2$ represents the CO$_2$ intensity, EFCE$_i$ represents the emission factor for CO$_2$ emitted by the electricity required to produce one ton of finished steel product using technology path $i$, EFSO$_2$ represents the CO$_2$ emissions from removing 1 kg of SO$_2$ using a desulfurization device, and EFPM$_{2.5}$ represents the CO$_2$ emissions from removing 1 kg of PM$_{2.5}$ by a fabric filter.

The cost (cost per ton of finished steel products) is composed of the production costs, SO$_2$ abatement costs, PM$_{2.5}$ abatement costs and carbon tax.

$$\text{cost} = \sum_{i=1}^{n} \text{cost}_i \cdot \tau_i + \text{cost}_{SO_2} \cdot \sum_{i=1}^{n} EFPS_i \cdot \tau_{PS_i} \cdot \eta_{PS_i} + \sum_{i=1}^{n} EFPM_{2.5} \cdot \eta_{PM_{2.5}} + t \cdot \text{CO}_2$$ (10)

where cost represents the cost of producing one ton of finished steel product, cost$_{SO_2}$ denotes the cost of removing 1 kg of SO$_2$, cost$_{PM_{2.5}}$ represents the cost of removing 1 kg of PM$_{2.5}$, and $t$ represents the tax rate on one ton of CO$_2$ emissions. The carbon tax is set to 0 in our study.

The CO$_2$ and PM$_{2.5}$ intensities and costs are the three parameters to be simultaneously minimized in our multi-objective model. Relative weight factors are used to represent the policy preferences of the decision makers for these three objectives. The use of the relative weight factors in the objective function is presented as follows:

$$\min \sum w_i \cdot \frac{\text{CO}_2 - \text{CO}_2_{\text{max}}}{\text{CO}_2_{\text{max}} - \text{CO}_2_{\text{min}}} + w_j \cdot \frac{\text{PM}_{2.5} - \text{PM}_{2.5}_{\text{max}}}{\text{PM}_{2.5}_{\text{max}} - \text{PM}_{2.5}_{\text{min}}} + w_k \cdot \frac{\text{cost} - \text{cost}_{\text{max}}}{\text{cost}_{\text{max}} - \text{cost}_{\text{min}}}$$ (11)

$$\left\{ \begin{array}{l}
\sum w_i = 1 \\
\frac{w_i}{100}, n = 0, 1, 2, \ldots, 100
\end{array} \right.$$ (12)

where $w_j$ represents the relative weight factor of an objective; CO$_2_{\text{max}}$, PM$_{2.5}_{\text{max}}$ and cost$_{\text{max}}$ represent the largest values for each parameter calculated in the model; and CO$_2_{\text{min}}$, PM$_{2.5}_{\text{min}}$, and cost$_{\text{min}}$ represent the smallest values for each parameter calculated in the model. The CO$_2$ intensity, PM$_{2.5}$ intensity and costs are normalized to eliminate unit-related errors. The value of each relative weight factor is not predefined; rather, these values are assumed to take any possible value between 0 and 1. This weighting method represents all possible combinations of the decision makers’ policy preferences.

Decision makers can set threshold targets for CO$_2$ and PM$_{2.5}$ intensities. These emissions or pollution targets represent the largest allowable emissions or pollution. The cost budget also likely to be limited to a certain amount. Based on the largest allowable CO$_2$ emissions, PM$_{2.5}$ pollution or cost budget, the objective function is calculated as follows:

$$\begin{align*}
G_1 &= \text{CO}_2 \\
G_2 &= \text{PM}_{2.5} \\
G_3 &= \text{cost} \\
G_i &\leq \text{Target}_i, i \in \text{Objectives lower than the target value} \\
\min \sum_{i=1}^{m} G_i \cdot w_i \cdot \frac{\text{PM}_{2.5} - \text{PM}_{2.5}_{\text{max}}}{\text{PM}_{2.5}_{\text{max}} - \text{PM}_{2.5}_{\text{min}}} \\
&\leq \sum_{i=1}^{m} \frac{G_i \cdot w_i}{\text{PM}_{2.5}_{\text{max}} - \text{PM}_{2.5}_{\text{min}}}, j \in \text{remaining objectives excluding } i \\
\sum w_i &= 1 \\
\frac{w_i}{100}, n = 0, 1, 2, \ldots, 100
\end{align*}$$ (13) (14) (15) (16)
where $G_i$ represents the value of objective $i$ and $\text{target}_i$ represents the largest allowable value of objective $i$.

### 2.3 Data

The energy consumption and lifetime data and the cost of each specific technology in the four paths were obtained from Hu and Jiang (2001) and Baig (2016). Data for the CCS technology path were obtained from the literature (Kuramochi et al., 2012; Ma et al., 2016; Mao et al., 2013). Data for the fabric filter and desulphurization techniques were obtained from Mao et al. (2013). CO$_2$ emission factors for the energy input were obtained from the Intergovernmental Panel on Climate Change (2006). The emission factors for electricity input were obtained from National Development and Reform Commission (2015) and Mo et al. (2013). The emission factors of PM$_{2.5}$ from production processes were obtained from Lei et al. (2010) and Huang et al. (2014). Emission factors of SO$_2$ from production processes were obtained from Zhao (2016) and the Handbook of National Pollution Sources (Ministry of Environmental Protection, 2011). The data for energy price were obtained from China’s Economic Database from the CEIC (https://www.ceicdata.com/zh-hans/products/china-economic-database).

### 3. Results and discussion

#### 3.1 Reduction performance based on different policy preferences for CO$_2$ reductions, PM$_{2.5}$ reductions and cost control

**Insert Figure 2**

| PM$_{2.5}$ CO$_2$ Cost BF-BOF EAF DRI CCS Fabric filter Desulphurization |
|------------------|---------|----------|--------|---------|-----|--------|-----------------|
| kg/t            | t/t     | yuan/t   | BF-BOF | EAF    | DRI | CCS   | Fabric filter   | Desulphurization |
| 1               | 19.09   | 2.38     | 1954   | 100%   | 0   | 0     | 0               | 0                |
| 2               | 15.55   | 1.81     | 1981   | 70%    | 30% | 0     | 0               | 0                |
| 3               | 0.80    | 2.02     | 2127   | 70%    | 30% | 0     | 0               | 100%             |
| 4               | 0.32    | 2.02     | 2138   | 70%    | 30% | 0     | 100%            | 100%             |
| 5               | 9.98    | 0.99     | 2415   | 0      | 30% | 70%   | 0               | 0                |
| 6               | 0.74    | 1.12     | 2507   | 0      | 30% | 70%   | 100%            | 0                |
| 7               | 0.27    | 1.12     | 2518   | 0      | 30% | 70%   | 100%            | 100%             |
| 8               | 15.67   | 0.69     | 2803   | 0      | 30% | 70%   | 0               | 0                |
| 9               | 15.19   | 0.70     | 2815   | 0      | 30% | 70%   | 0               | 100%             |
| 10              | 0.44    | 0.90     | 2961   | 0      | 30% | 70%   | 0               | 100%             |


We used relative weight factors to represent the decision maker’s policy preferences for CO$_2$ reductions, PM$_{2.5}$ reductions and cost control. Figure 2 shows the corresponding relationships between the relative weight factors and technology combinations. Table 3 shows the CO$_2$ intensity,
PM$_{2.5}$ intensity and cost of the different technology combinations, and it indicates that the largest and smallest CO$_2$ intensity, PM$_{2.5}$ intensity and cost are 2.38 kg/t, 19.09 kg/t and 2961 yuan/t and 0.69 kg/t, 0.27 kg/t and 1954 yuan/t, respectively.

The results show that a policy preference for PM$_{2.5}$ reductions alone provides much more co-benefits compared with a policy preference for CO$_2$ reductions or cost control alone. Our findings indicate that when the PM$_{2.5}$ reduction weight approaches 1 and the CO$_2$ reduction weight approaches 0, the PM$_{2.5}$ intensity decreases to 0.27 kg/t, the CO$_2$ intensity (1.12 t/t) is 53% lower than the largest CO$_2$ intensity, and the costs increase to 2518 kg/t. This reduction performance is the same when the weights of CO$_2$ reduction, PM$_{2.5}$ reduction and cost control are equal. These results reveal that when the weight of PM$_{2.5}$ reduction is high, CO$_2$ emissions are also reduced as a co-benefit because the technology paths are altered and removal devices are introduced.

However, when the CO$_2$ reduction weight approaches 1, the CO$_2$ intensity is reduced to 0.69 t/t while the PM$_{2.5}$ intensity (15.67 kg/t) is only 18% lower than the largest PM$_{2.5}$ intensity. Additionally, a higher preference for CO$_2$ reduction induces higher costs. For example, when the weights of CO$_2$ and PM$_{2.5}$ reduction are both 0.5, the cost is 2961 yuan/t, the PM$_{2.5}$ intensity is 0.44 kg/t and the CO$_2$ intensity is 0.90 t/t. In contrast, when the weight of PM$_{2.5}$ approaches 1 and the weight of CO$_2$ reduction approaches 0, the cost decreases to 2518 yuan/t.

Reducing CO$_2$ and PM$_{2.5}$ emissions simultaneously sacrifices the weight of the cost. When the weight of the cost approaches 1, the CO$_2$ intensity is 2.38 t/t, and the PM$_{2.5}$ intensity is 19.09 kg/t. Furthermore, when the weight of the cost is higher than approximately 0.5, CO$_2$ and PM$_{2.5}$ cannot be simultaneously reduced. For example, when the weights of CO$_2$ reductions and costs are both 0.5, the CO$_2$ intensity is 43% higher than the smallest intensity, whereas the PM$_{2.5}$ intensity is 35 times higher than the smallest intensity. In contrast, when the weights of PM$_{2.5}$ reductions and costs are both 0.5, the PM$_{2.5}$ intensity decreases to 0.32 kg/t, whereas the CO$_2$ intensity (2.02 t/t) is only 11% lower than the largest intensity.

3.2 Cost of different CO$_2$ and PM$_{2.5}$ intensity targets

*Insert Figure 3*

The emission and pollution targets represent the largest allowable emissions of CO$_2$ and PM$_{2.5}$, respectively. In the multi-objective model, we use the emission intensity and pollution emission targets to represent the CO$_2$ and PM$_{2.5}$ targets, respectively. Figure 3 presents the relationships between the costs and the two targets. The blue and red colors represent lower and higher costs, respectively. Setting low CO$_2$ and PM$_{2.5}$ intensity targets resulted in sharp increases in cost. For example, if the decision makers set the CO$_2$ and PM$_{2.5}$ intensities to 1 t/t and 1 kg/t, respectively, then the cost would increase to over 2700 yuan/t. This cost is almost 40% higher than the lowest cost estimated by the model. Setting lower PM$_{2.5}$ intensity targets is more cost effective than setting lower CO$_2$ emission targets. For example, when the PM$_{2.5}$ intensity target decreases by 93% from 15 kg/t to 1 kg/t, the cost increases by approximately 200 yuan/t. However, when the CO$_2$ intensity target decreases by 50% from 2 kg/t to 1 kg/t, the cost increases by 600 yuan/t. More specifically, when the CO$_2$ intensity target is 2 t/t and the PM$_{2.5}$ intensity target decreases to 1 kg/t, the cost is approximately 2300 yuan/t. However, when the CO$_2$ intensity target decreases to 1 t/t and the PM$_{2.5}$ intensity target is 15 kg/t, the cost increases to approximately 2500 yuan/t. Figure 3
shows that the cost could remain constant in the case of a trade-off between the CO$_2$ and PM$_{2.5}$ intensity targets. To keep the cost unchanged, the CO$_2$ intensity target would have to be set higher if the PM$_{2.5}$ intensity target is set lower, and vice versa. This trade-off indicates that additional CO$_2$ emissions reductions may cause additional PM$_{2.5}$ pollution. To avoid considerable cost increases, decision makers should carefully choose threshold targets for CO$_2$ emissions and PM$_{2.5}$ pollution.

3.3 Reduction performance under a limited budget

To investigate the reduction performance when the budget for CO$_2$ and PM$_{2.5}$ reductions is limited, we assumed that the cost budget ranges from 2000 yuan/t to 3000 yuan/t. Figure 4 shows the reduction performances under these limited budgets and different policy preferences. Figure 4 (a) shows the CO$_2$ and PM$_{2.5}$ intensities as calculated under the different budgets and policy preferences, and Figure 4(b) shows the corresponding technology paths and removal devices. When the weight of CO$_2$ reductions is lower than that of PM$_{2.5}$ reductions, reducing CO$_2$ emissions requires a higher cost compared with reducing PM$_{2.5}$ pollution. In detail, if the cost budget increases from 2000 yuan/t to 2200 yuan/t, then the PM$_{2.5}$ intensity decreases from 14 kg/t to 0.4 kg/t while the CO$_2$ intensity increases slightly. Only when the cost budget is higher than 2200 kg/t does the CO$_2$ intensity decrease with cost budget increases. For the corresponding technology combinations, when PM$_{2.5}$ decreases sharply, the BF-BOF+EAF+fabric filter+desulfurization combination is the optimal technology combination and the share of fabric filter and desulfurization devices keeps increasing. When the CO$_2$ intensity decreases, the EAF+DRI+CCS+fabric filter+desulfurization combination is the optimal technology combination, and the share of the CCS path increases.

When the ratio of the weight of CO$_2$ reductions relative to the weight of PM$_{2.5}$ reductions equals 9, a higher budget will not reduce the PM$_{2.5}$ intensity. For example, if the budget is below approximately 2400 yuan/t, then the CO$_2$ and PM$_{2.5}$ intensities decrease as the budget increases. However, if the cost budget rises above 2400 yuan/t, then the PM$_{2.5}$ intensity increases as the cost budget increases. The lowest intensity for PM$_{2.5}$ is approximately 10 kg/t. When the CO$_2$ and PM$_{2.5}$ intensities decrease, the BF-BOF+EAF+DRI combination is the optimal technology combination. When the CO$_2$ intensity decreases and PM$_{2.5}$ intensity increases, the EAF+DRI+CCS combination is the optimal technology combination. Additionally, when the budget increases above 2815 yuan/t, a limited reduction in intensity is observed.

Insert Figure 4

3.4 Uncertainty test

To test the robustness of our results, we ran uncertainty tests on the uncertain parameters in the model. We compared the results of the uncertainty tests with the base scenario as shown in Figure 2. These parameters include the following (detailed information on the settings of these parameters are presented in supplementary information).

(a) SO$_2$ emission factor. The SO$_2$ emission factor is uncertain because of the different sulfate contents of iron ore. Thus, we test whether the maximum SO$_2$ emission factor found in the literature affects our robustness (Ministry of Environmental Protection, 2011).

(b) The ratio of SO$_2$ conversion to PM$_{2.5}$. This ratio is uncertain because the ratio is influenced by many elements, including humidity, availability of oxidants and
temperature. We estimate that the ratio increases by up to 0.8 in the extreme case (Yang et al., 2015).

c) The maximum ratio of EAF. This maximum ratio is uncertain because the supply of scrap is uncertain. We predict that the maximum ratio might reach 50% according to Ma’s estimate (Ma et al., 2016).

d) The cost to reduce PM$_{2.5}$ and SO$_2$. The cost to reduce PM$_{2.5}$ and SO$_2$ is uncertain because of technology improvement. Here, we estimate that the cost to reduce PM$_{2.5}$ decreased by half.

e) The price of the carbon tax. The carbon tax is tested to identify whether levying a carbon tax would influence PM$_{2.5}$ reduction. We assume that the carbon tax equals 500 yuan/t, an extreme case in our uncertainty test.

(f) The interest rate. Interest rates fluctuate as the economy fluctuates. We assume that the interest decreases to 5% in our uncertainty test.

Figure 5 shows that most parameters have a limited effect on the relationship between the technology combination and policy preference. These results demonstrate that our model and results are robust. The SO$_2$ emission factor and the ratio of SO$_2$ conversion to PM$_{2.5}$ has more effect on the robustness of our model compared with the other parameters. Relative to the base scenario, when this ratio is high, the desulfurization devices are more likely to be introduced. However, no parameters influence the conclusion that policy preference on PM$_{2.5}$ pollution reductions alone brings co-benefit in CO$_2$ emission reductions.

4. Policy implications

The multi-objective study of China’s iron and steel industry provides valuable insights to China’s policymaking on both climate and air pollution mitigation. To achieve deep CO$_2$ and PM$_{2.5}$ reduction, the iron and steel industry in China should move away from coal-based technology and enhance the application of cleaner technologies. For instance, direct reduced iron is a promising technology that can significantly reduce both CO$_2$ and PM$_{2.5}$ emissions. To further reduce CO$_2$ intensity (i.e. by 65%), carbon capture & storage technology is required to capture CO$_2$ emissions from the blast furnace. However, it is also urgent to lower the cost of cleaner and low carbon technologies. High capital investment and limited resource supply (e.g., natural gas) are the major barriers to commercialize the application of carbon capture & storage and direct reduced iron technologies in China, which cannot be solved easily. Our study indicates that, currently, much more efforts should be made on PM$_{2.5}$ reduction, which will simultaneously address both air pollution and CO$_2$ reduction with a lower abatement cost, while in the long run, more priority should be paid to CO$_2$ reduction.

Several factors may influence the accuracy of our results. The desulfurization of SO$_2$ from iron and steel industry is a major source of uncertainties in our study. SO$_2$ is an important precursor of PM$_{2.5}$, and plays a critical role in serious haze events. Thus, SO$_2$ emitted from iron and steel industry may contribute greatly to the formation of secondary PM$_{2.5}$ when the oxidation of the atmosphere increases in autumn and winter. For example, an increase in the supply of scrap will considerably lower the cost for CO$_2$ mitigation, and greatly reduce the PM$_{2.5}$ emissions. In
In addition, the development of shale gas is another critical factor. If the supply of shale gas increases substantially, the limits to apply direct reduced iron technology would also be minimized accordingly. Due to increasing investment in the research of cleaner technology, the capital investment cost for cleaner technology may experience a sharp decrease. This decrease in the cost may considerably promote the commercialization of cleaner technology, including carbon capture & storage technology and direct reduced iron.

5. Conclusions

Previous research has predefined limited scenarios to study China’s iron and steel industry. These predefined scenarios represent subjective definitions of the decision makers’ policy preferences and targets. However, a considerable number of possible combinations are available for policy preferences and targets. To provide a comprehensive analysis of these combinations, we used a multi-objective model and considered several different combinations of policy preferences and targets.

When decisions are made based only on the policy preferences of decision makers, weighting more on CO₂ reduction can efficiently reduce CO₂ emissions but fail to lower PM₂.5 pollution. Conversely, weighting more on PM₂.5 reductions can simultaneously reduce both PM₂.5 pollution and CO₂ emissions when the direct reduced iron technology and removal devices are used. Furthermore, facilities are capable of achieving these reductions even when the decisions are solely made for PM₂.5 reductions.

Facing a fixed abatement budget, setting lower CO₂ emission targets could induce more PM₂.5 pollution and vice versa. To resolve this dilemma, PM₂.5 mitigation should be prioritized because PM₂.5 abatement cost is much less than that of CO₂. Therefore, for China’s steel industry, under the constraints of a limited cost budget, policy making towards PM₂.5 reductions would result in more benefits than focused on CO₂ reduction.

The above analyses are based on the assumption that the advanced technologies (e.g., DRI) will be applied extensively in China. Thus, reducing the cost of these advanced technologies in China is necessary for the co-control of CO₂ emissions and PM₂.5 pollution, and reducing the cost of low-carbon technology is critically important. While reducing PM₂.5 pollution is relatively feasible in the short term, reducing CO₂ emissions requires considerable abatement costs. For the iron and steel industry, reducing CO₂ emissions per GDP by 65% will be a rather difficult task. Thus, policy making should focus on co-control strategies for PM₂.5 and CO₂.

Acknowledgement

This work was supported by funding from the National Natural Science Foundation of China under award nos. 41571130010, 41671491, and 41390240; National Key Research and Development Program of China 2016YFC0206202; and the 111 Project (B14001).

Reference

Baig, S., 2016. Cost effectiveness analysis of HYL and Midrex DRI technologies for the iron and steel-making industry, the Nicholas School of the Environment of Duke University. Duke
University.


He, F., Zhang, Q., Lei, J., Fu, W., Xu, X., 2013. Energy efficiency and productivity change of China’s iron and steel industry: Accounting for undesirable outputs. Energy Policy 54(54),
204-213.


Intergovernmental Panel on Climate Change, 2013. The physical science basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.


293-312.


http://www.miit.gov.cn/n1146295/n1652858/n1652930/n3757016/c5353943/content.html.


Press.


Wen, W., 2015. Research on continuous improvement of PM2.5 pollution in typical cities of
Jing-Jin-Ji Beijing University of Technology.


Zeng, S., Lan, Y., Huang, J., 2009. Mitigation paths for Chinese iron and steel industry to


Figure caption

Figure 1 Technology paths and removal technologies in the iron and steel industry

Figure 2. Technology combinations that correspond to different relative weight factors for CO₂ and PM₂.₅ reductions and cost control. The different colors refer to distinct technology combinations.

Figure 3. Unit cost of different CO₂ and PM₂.₅ intensity targets. Costs increase when the color changes from blue to red.

Figure 4. (a) CO₂ and PM₂.₅ intensity under the different budgets and relative weight factors. (b) Share of technology under the different budgets and relative weight factors. In Figure 4(a), the color of the lines indicates the amount of the budget.

Figure 5. The uncertainty tests on several key parameters in the multi-objective optimization model: (a) the base; (b) SO₂ emission factor; (c) SO₂ to sulfate conversion rate; (d) maximum EAF; (e) cost of PM₂.₅ reduction; (f) carbon tax; (g) interest rate (detailed settings of each parameter are given in Table S1 in the supporting information)
Figure 2

Click here to download high resolution image
Figure 5
Click here to download high resolution image
Table 1. A summary of technology options used in our model

<table>
<thead>
<tr>
<th>Category</th>
<th>Technology</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional process</td>
<td>Coke oven</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Sintering furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Blast furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Electric arc furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Basic oxygen furnace</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Casting</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Hot rolling</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Cold rolling</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td>Efficiency improvement</td>
<td>Coke dry quenching</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Top-pressure recovery turbine</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td></td>
<td>Recovery of BOF gas</td>
<td>Hu and Jiang (2001)</td>
</tr>
<tr>
<td>System optimization</td>
<td>Direct reduced iron</td>
<td>Baig (2016)</td>
</tr>
<tr>
<td>Carbon capture</td>
<td>Carbon capture &amp; storage</td>
<td>Kuramochi et al. (2012)</td>
</tr>
<tr>
<td>Pollutant removal</td>
<td>Fabric filter</td>
<td>Ma et al. (2016)</td>
</tr>
<tr>
<td></td>
<td>Desulfurization</td>
<td>Ma et al. (2016)</td>
</tr>
</tbody>
</table>
Table 1. Emission factors and costs of the technology paths (per ton of finished steel product) and removal technologies (per ton of \( \text{SO}_2 \) and \( \text{PM}_{2.5} \))

<table>
<thead>
<tr>
<th>Technology</th>
<th>( \text{CO}_2 )</th>
<th>( \text{SO}_2 )</th>
<th>( \text{PM}_{2.5} )</th>
<th>( \text{Cost} )</th>
<th>( \text{Indirect ( \text{SO}_2 ) from electricity} )</th>
<th>( \text{Indirect primary ( \text{PM}_{2.5} ) from electricity} )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(including</td>
<td></td>
<td>Kumar</td>
<td>1954</td>
<td>8.23</td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>electricity)</td>
<td></td>
<td>yuan/t</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BF-BOF</td>
<td>2.38</td>
<td>18.18</td>
<td>2043</td>
<td>0.44</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>EAF</td>
<td>0.49</td>
<td>7.09</td>
<td>2575</td>
<td>0.68</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>DRI</td>
<td>1.20</td>
<td>10.25</td>
<td>3129</td>
<td>1.38</td>
<td>0.09</td>
<td></td>
</tr>
<tr>
<td>CCS</td>
<td>0.78</td>
<td>18.18</td>
<td></td>
<td>5280</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Desulfurization</td>
<td>1.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fabric filter</td>
<td>14.54</td>
<td></td>
<td></td>
<td>9860</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2
Table 2. Emission factors (per ton of steel product), unit costs (per ton of steel product) and share of the technologies in different technology combinations.

<table>
<thead>
<tr>
<th></th>
<th>PM$_{2.5}$</th>
<th>CO$_2$</th>
<th>Cost</th>
<th>BF-BOF</th>
<th>EAF</th>
<th>DRI</th>
<th>CCS</th>
<th>Fabric filter</th>
<th>Desulfurization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>19.09</td>
<td>2.38</td>
<td>1954</td>
<td>100%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>15.55</td>
<td>1.81</td>
<td>1981</td>
<td>70%</td>
<td>30%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>0.80</td>
<td>2.02</td>
<td>2127</td>
<td>70%</td>
<td>30%</td>
<td>0</td>
<td>0</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>0.32</td>
<td>2.02</td>
<td>2138</td>
<td>70%</td>
<td>30%</td>
<td>0</td>
<td>0</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>9.98</td>
<td>0.99</td>
<td>2415</td>
<td>0</td>
<td>30%</td>
<td>70%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>0.74</td>
<td>1.12</td>
<td>2507</td>
<td>0</td>
<td>30%</td>
<td>70%</td>
<td>0</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>0.27</td>
<td>1.12</td>
<td>2518</td>
<td>0</td>
<td>30%</td>
<td>70%</td>
<td>0</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>8</td>
<td>15.67</td>
<td>0.69</td>
<td>2803</td>
<td>0</td>
<td>30%</td>
<td>0</td>
<td>70%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>15.19</td>
<td>0.70</td>
<td>2815</td>
<td>0</td>
<td>30%</td>
<td>0</td>
<td>70%</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>10</td>
<td>0.44</td>
<td>0.90</td>
<td>2961</td>
<td>0</td>
<td>30%</td>
<td>0</td>
<td>70%</td>
<td>100%</td>
<td>0</td>
</tr>
</tbody>
</table>