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The Guardian (London)

October 9, 2024 Wednesday 2:48 PM GMT

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**theguardian**

**Section:** ENVIRONMENT; Version:2

**Length:** 1139 words

**Byline:** Graham Readfearn

**Highlight:** The mining tycoon says his iron ore business will stop using fossil fuels by the end of the decade without carbon offsets or carbon capture and storage Follow our Australia news live blog for latest updates Get our breaking news email, free app or daily news podcast

### **Body**

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About \$45 trillion of global business revenue is covered by corporate “net zero emissions” pledges but iron ore billionaire Andrew “Twiggy” Forrest thinks the whole net zero thing is “fantasy”.

“Now is the time to walk away from net zero 2050, that hasn’t been anything really but a con to maintain fossil fuels,” [Forrest said last week](#).

What was needed instead, Forrest said, was “real zero”, and he was confident his **Fortescue** iron ore business would stop using fossil fuels by the end of this decade while shunning the use of carbon offsets or carbon capture and storage.

So what is “real zero” and could **Fortescue** really decarbonise a business that’s part of a global steelmaking industry responsible for about 9% of global CO2 emissions?

#### Attack on net zero

Forrest’s attack on “net zero” is not likely to win him many friends.

A recent stocktake of net zero pledges around the globe by [Net Zero Tracker](#) found 60% of the 200,000 largest companies have net zero targets covering about \$45 trillion in revenue.

But the analysis also said only 61 of the net zero plans of those 1,145 companies met all integrity criteria, such as the appropriate use of offsets or whether the target covers the entire climate impact of a company.

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The original concept of “net zero” was for global economies to end almost all fossil fuel use and then use technologies, many not proven at scale, to directly cut atmospheric CO<sub>2</sub>.

But [examples are legion of major corporates](#) buying carbon offsets, some of dubious quality, to make their emission reduction targets instead of actually cutting fossil fuel use.

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Claire Snyder, the founder and director of Climate Integrity, said: “Andrew Forrest is right on this: the ‘net’ in net zero is a loophole that is frequently exploited.

“Fossil fuels are the primary cause of climate change, yet hardly any companies have explicit plans to phase out coal, oil and gas from their own operations.”

Old lies and offsets

**Fortescue's** latest [climate transition plan](#), published last month, reflects Forrest's disdain for carbon offsets. Offsets and carbon capture are not part of **Fortescue's** plans.

**Fortescue** says its annual emissions that it has direct control over were at 2.72m tonnes of CO<sub>2</sub>-equivalent last year. Most of that comes from the diesel burned by haulage trucks, trains and ships, and the gas burned for power generation at its mining sites.

By 2030, **Fortescue** aims to have eliminated all those fossil fuels with a combination of green fuels (such as ammonia for shipping and clean hydrogen for power generation) and battery electric vehicles charged with renewables.

Simon Nicholas, a global steel sector analyst at the Institute for Energy Economics and Financial Analysis, said **Fortescue's** operations are concentrated in the remote Western Australia Pilbara region, giving the company ample access to solar and wind and the space needed to build them.

“It seems like the technology to enable **Fortescue** to reach real zero is either already available or will be soon,” he said.

“Real zero by 2030 is very ambitious, but even if they hit the target a bit late, they will have transformed operational mining emissions and laid the path for others to follow.”

A much bigger problem

**Fortescue's** (and the climate's) much bigger problem comes when its iron ore goes to overseas steelmakers that use combinations of coal, gas and fossil-fuel powered electricity to turn the ore into iron, and the iron into steel.

The indirect emissions (called scope 3) from the shipment and use of **Fortescue's** iron ore last year were 100 times the company's direct emissions: about 262 Mt CO<sub>2</sub>-e (for comparison, Australia's entire annual emissions are now at 440 Mt).

About 97% of that is emitted in the steelmaking process. But **Fortescue** has a target for “net zero scope 3 emissions by 2040” – an odd choice of the “net zero” phrase given Forrest's dislike of it.

But could it be done?

Most of **Fortescue's** iron ore is low-grade and not suitable for a process known as Direct Reduced Iron (DRI), where the ore is turned into iron metal using gas. But this process could be emissions free, Nicholas said, if the gas was replaced by clean hydrogen.

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**Fortescue** says it is working on ways to tweak the DRI process that would allow use of its lower grade ore to produce "green metal", while also developing higher grade ore deposits (such as its [massive Iron Bridge mine](#) ). The company is also [building a pilot green metal production plant](#).

The company told analysts a few months ago that "pivoting to producing green metal" was its planned next step.

Once you have iron, about a third of steelmakers use electric arc furnaces to produce the steel and these too can be powered by renewables.

"The technology to decarbonise iron and steelmaking is already available," Nicholas said.

"Electric arc furnaces and renewable energy are perfectly mature technologies. DRI is also mature and in use today at commercial scale.

"The technology to do this at commercial scale is available now," he said, pointing to a [green steel manufacturing plant in Sweden](#).

Clean power and influence?

But questions linger over how much control **Fortescue** can have over the source of power generation for electric arc furnaces.

Furnaces not powered by renewable electricity, but using **Fortescue's** ore or green iron would still leave the company with scope 3 emissions.

"The key challenge is what happens to **Fortescue's** future green iron production when it reaches steelmakers in places like China," Nicholas said.

On this, **Fortescue's** plan just says it will "partner" with customers and establish a "green metal value chain".

Temperature Check asked **Fortescue** why it had used the term "net zero" for its scope 3 target and how it would convince its customers to go "real zero".

A **Fortescue** spokesperson said ending reliance on fossil fuels "is the only way to secure the global temperature goals of the Paris agreement" and the company backed "all companies and governments" in phasing out fossil fuels "no later than 2040".

**Fortescue** was working with "global science-based standard setting entities" to understand trends that could "impact best-practice Scope 3 target", the spokesperson said, adding the company may change its position.

"**Fortescue** has a policy to not use voluntary [carbon] offsets towards its real zero 2030 target and only supports genuine decarbonisation solutions such as investment in green iron and other innovations necessary to eliminate scope 3 emissions in the iron ore industry.

"If every company takes the necessary action to reduce their scope 1 and 2 emissions, for which they are directly responsible, then globally scope 3 emissions will decline quickly."

**Load-Date:** October 9, 2024