Modernizing Industry in Missouri

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Key takeaways

1. The **Show Me State's manufacturing sector** heavily relies on chemicals and cement production. Missouri's chemical sector recently experienced 13% employment growth, and it is the second-largest cement-producing state.

2. As demand for chemicals and cement shifts to low-emissions products, **Missouri can** leverage its specialized workforce and existing infrastructure to establish **an early-mover advantage in green markets**.

3. The **strategies with the greatest potential** for reducing manufacturing emissions in Missouri are **electrifying thermal processes** and **deploying carbon capture and storage**.

4. Missouri can **support industrial modernization and economic competitiveness through enabling state policy**, such as a production tax credit for clean industrial heat and green product certifications.

Missouri shows economic momentum and strength in the chemicals and cement sectors. It's the fifteenth-largest chemical-producing state, with St. Louis ranking among the top 25 metro areas in the nation for chemical exports, and is the second-largest cement-producing state. Chemical manufacturing experienced 13% employment growth in the last five years, and the cement industry has a $4.1 billion impact in the state.

But global changes necessitate a new strategy to keep Missouri competitive. Chemical markets are shifting to low-emissions products. Between 2022 and 2023, low-carbon cement technology companies garnered more than $729 million from over 100 unique investors, representing 9% of total investment in the built environment. As the chemicals and cement markets transition, Missouri has significant assets it can leverage to establish an early-mover advantage.

Supporting development of low-emissions chemicals and green cement industries will also reduce climate pollution. Chemicals and cement and other nonmetallic minerals are the leading sources of statewide manufacturing emissions. In 2024, Missouri's manufacturing sector collectively released 17.9 million metric tons (MMT) of carbon dioxide equivalent (CO_2e), according to data from the Energy Policy Simulator.

If the state does not take action, the manufacturing sector is forecast to increase to 18.8 MMT CO_2e by 2050. However, if the state incorporates the

Health impact from Missouri's chemicals and cement facilities

Current levels of air pollution from chemicals and cement and minerals facilities adversely impact public health and economic activity.

Health Event	*Estimated Annual Incidents from Facilities*		
	Chemicals	**Cement and Minerals***	**Total**
Premature deaths	11-18	122-197	133- 215
ER Visits, respiratory	17	173	190
Asthma symptoms	7,590	77,278	84,868
Work loss days	735	6,962	7,697
School loss days	2,994	31,753	34,747
Total health costs**	$174M-$277M	$1.8B-$2.7B	$1.9B-$2.8B
Lost economic activity***	$5.9M	$61.3 M	$67.2M

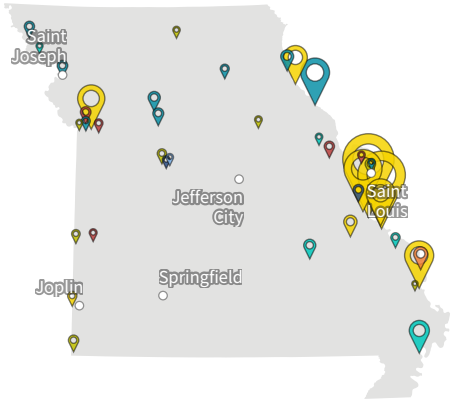
**Excludes glass production*
***Includes health costs incurred from additional incidents not listed like cardiac arrests, stroke, and hospital admits*
****Includes economic impact of minor restricted activity days, in addition to school and work loss days*

Source: EPA CO-Benefits Risk Assessment (COBRA)

strategies outlined below, it could reduce manufacturing emissions to 6.8 MMT CO_2e.

In addition to having a negative climate impact, industrial emissions harm public health. Certain industrial processes can release pollutants like particulate matter, nitrogen oxides, and sulfur dioxide, which are linked to adverse health conditions, ranging from asthma exacerbation to premature death and disease. Curbing emissions from facilities is particularly critical to the health of local communities, which are disproportionately impacted by exposure to air pollution.

Missouri's industrial facilities



Facilities by industry

- Cement and other nonmetallic minerals
- Chemicals
- Other metals
- Food and beverage
- Other manufacturing
- Pulp and paper
- Glass products
- Iron and steel

Metric tons CO_2e

300K 1M 3M

Source: US EPA

Strategies for emissions reduction

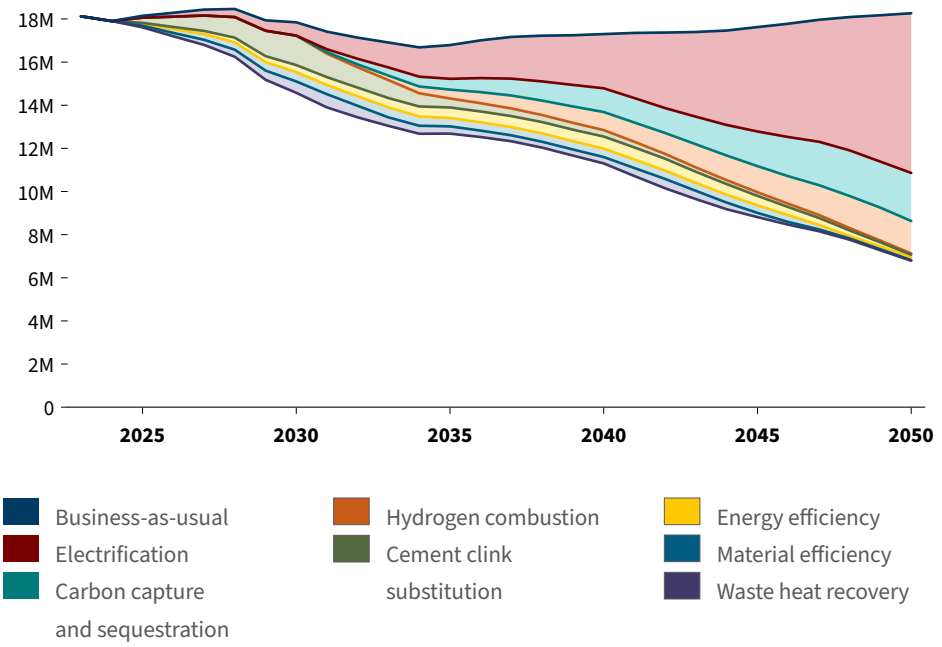
Modernizing facilities can support competitiveness in emerging markets while reducing air and climate pollution. Based on the Energy Policy Simulator, an open-source model for estimating the impacts of energy policies, the strategies with the greatest potential for reducing emissions in Missouri are electrifying thermal processes, especially those requiring heat below 400°C, and deploying carbon capture and storage (CCS).

If nearly all industrial processes below 400°C are electrified by 2050, Missouri can reduce emissions from manufacturing by a cumulative 69.5 MMT CO2e, or 47% of overall potential emissions reductions from the set of strategies. Electrification of thermal processes is an immediate opportunity to reduce emissions from on-site combustion of fossil fuels. Direct electrification for low- to medium-temperature heat has the greatest potential in light industries, including food and beverage, pulp and paper, and certain chemicals.

Facilities that have transitioned to clean energy release a purer CO_2 stream of process emissions, which makes carbon capture more affordable and effective for residual emissions. Though it should not be deployed singularly, CCS plays a critical role in decarbonization, particularly in cement manufacturing. CCS has the largest emissions saving potential among all technological interventions in cement production. If deployed beginning in 2031, at which time there are projected to be significant technological advancements, CCS has a cumulative emissions saving potential of 23.1 MMT of CO_2e in Missouri by 2050, or 16% of overall emissions reductions from the set of strategies.

Industrial emissions in Missori

Emissions from manufacturing have the potential to decline by 11.5 million metric tons of CO_2e by 2050, compared to a business-as-usual scenario.



The wedges show each strategy's annual impact towards emissions reductions and was calculated using the Energy Policy Simulator (EPS). The business-as-usual scenario corresponds to the Federal Policy Repeal & Rollback scenario in the EPS, which is more representative of today's policy landscape, and assumes that Missouri takes no additional action to reduce industrial emissions.

Source: RMI Analysis, Energy Policy Simulator

Cumulative emissions reduction by strategy

Strategy	cumulative MMT CO_2e reductions through 2030	cumulative MMT CO_2e reductions through 2050	▼ % of cumulative industrial emissions reductions
Electrification	2.0	69.5	47.0%
Carbon capture and sequestration	0.0	23.1	16.0%
Hydrogen combustion	0.0	17.0	12.0%
Cement clinker substitution	4.9	12.1	8.0%
Energy efficiency	1.1	9.7	7.0%
Material efficiency	1.7	8.5	6.0%
Waste heat recovery	1.7	7.5	5.0%

These values were calculated using the Missouri Energy Policy Simulator (EPS), and they assume both stringent implementation and carbon capture and sequestration and hydrogen combustion reaching technological readiness by 2031.

Source: RMI Analysis, Energy Policy Simulator

Additional interventions that can be deployed in the near term include:

- Substituting clinker with other cementitious materials, such as coal fly ash or blast furnace slag.
- Increasing the efficiency of industrial equipment, including updating heat pumps and compressors and integrating advanced process control systems. Energy efficiency is the quickest and most cost-effective mitigation strategy.
- Using smarter design to reduce demand for new cement, food and beverage, and other manufactured goods – i.e., material efficiency.
- Prioritizing the use of low-carbon intensity methane in industries relying on high-heat processes while the infrastructure and supply for cleaner low carbon fuels is developed.

Supporting policies

With recent changes in federal policy causing market uncertainty, state leadership is critical to maintaining the interest and energy of its investors and project developers. Missouri's policymakers can support industrial competitiveness and decarbonization through policies that establish certainty, which involves setting standards, and providing support, including reducing costs of technical interventions and increasing the value of low-emissions products.

There are several actions that Missouri can take to modernize its industrial sector. Examples include:

Creating standards

- **State target setting** or mandates to direct the industry sector's transition to green products.
- **Performance-based GWP standard** to drive development and deployment of low-carbon cement and concrete.

Providing support

- **Technical assistance grants** to assist facilities in transitioning to low-emissions production. Technical assistance can help facilities overcome financial barriers, capacity constraints, or knowledge gaps in modernizing.
- **Shift any remaining fossil fuel demand towards low methane intensity resources** by incentivizing the use of oil and gas that was produced with lower upstream emissions over other sources.

Adding value

- **A production tax credit (PTC) for clean industrial heat** would reward industrial facilities for meeting thermal energy needs with clean fuel sources, like electricity or hydrogen, instead of fossil fuels. The credit can be structured per unit of clean heat delivered to an industrial process and increase clean fuel's cost competitiveness.
- **Government procurement for low-emissions products** to create the offtake certainty required for capital expenditures, such as retrofitting a facility with carbon capture equipment.
- **Labels for low-carbon products** based on an established certification process provide credible assurance to buyers. The use of labels helps manufacturers capitalize on emerging markets and partnerships that prioritize environmental responsibility.

For more information about industrial decarbonization, please email USAnalysis@rmi.org