Industry is the third highest-emitting sector in the United States after transport and electricity. Decarbonizing the industrial sector is particularly challenging, due in part to the variety and complexity of processes and emission sources across industries. The industrial sector is also essential to jobs and prosperity, producing materials that are central to many aspects of our everyday lives.

Like all sectors economywide, emissions from the industrial sector need to decline significantly in the near- to medium-term for us to be on track to meet the goal of midcentury decarbonization. The path toward industrial decarbonization by midcentury is challenging but feasible. Success requires comprehensive strategies and a robust portfolio of federal and state policies to support innovation, investment, and deployment.

State and federal policies can play a role in driving investment and mitigating the costs of transitioning to lower carbon industrial production. State and federal policies can also ensure that affected communities realize local jobs and environmental benefits in conjunction with those investments.

I³ makes the following policy recommendations to enable key decarbonization solutions:

**CARBON MANAGEMENT**
- Enhance the federal 45Q tax credit
- Reform and expand other federal incentives
- Responsibly accelerate the buildout of CO₂ transport and storage infrastructure
- Increase federal investment in RDD&D
- Target jobs and environmental benefits toward affected communities
- Clarify state regulatory policies and planning
- Tailor state financial incentives
- Foster state-level market development

**HYDROGEN**
- Provide hydrogen tax credits
- Develop hydrogen hubs
- Scale hydrogen transport and storage infrastructure
- Ensure additional financing mechanisms for hydrogen
- Fund RDD&D for hydrogen
- Strengthen and modernize electricity grids
- Include hydrogen in state sustainability plans and legislation
- Facilitate permitting for production, transport, and storage
- Offer financial incentives for low- and zero-carbon hydrogen production and use

Breakdown of industrial emissions by type and origin

With the right state and federal policy framework in place, the US can become a leader in the deployment of technologies to achieve net-zero emissions in the industrial sector by midcentury while sustaining the viability and competitiveness of US domestic industrial production and the high-wage jobs base it provides.

The recommendations outlined in this Blueprint have the agreement and support of key stakeholders, underscoring the potential to develop and implement the kinds of transformative policies and investments needed to drive decarbonization in this essential sector.

For more information, find the full blueprint at industrialinnovation.org