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Policy Brief: A Dutch Perspective on the Need for Establishment of an International Organization for Carbon Governance

1. Introduction

This policy brief aims to address the energy security and climate concerns of the Netherlands. This brief outlines the potential benefits, challenges, and strategic considerations for our nation in responding to the proposal for the establishment of a new International Organization for Carbon Governance (IOCG). It recommends a proactive approach to shaping the IOCG's structure and priorities to align with Dutch climate goals and international commitments.

In this brief we will discuss the following components necessary for a successful energy transition:

- International and regional collaborative efforts toward lowering emissions and transitioning oil infrastructure
- A negotiating body consisting of a widely representative collection of delegates from nations of various economic and sociopolitical backgrounds
- Application of agreed upon and scientifically supported methods of preventing further climate disaster and mitigation of the existing damages done by climate change thus far

2. Background

The Netherlands plays a critical role in the global production network and oil distribution systems due to its strategic geographic location and strong economic structure. Located in Northern Europe on the edge of the North Sea, the Netherlands serves as a gateway for trade, connecting important economies through its extensive port and logistics network. Economically, the Netherlands values trade systems and relations, with Rotterdam housing one of the world's largest and busiest ports. The Port of Rotterdam is a hub for oil imports and exports, facilitating the movement of crude oil and refined petroleum products through the nation, across Europe, and beyond. Having exported $55.6B worth of refined petroleum in 2023, the Netherlands is the 4th largest exporter of refined petroleum in the world and was previously home to the Royal Dutch Shell headquarters (OEC, 2024). Despite its importance in oil trade, the Netherlands has very limited domestic oil production, residing largely in the downstream sector and relying heavily on refining crude oil imports (EIA, 2016).

3. Climate Concerns

The concerns building that are caused by climate change have brought attention to the dangers of continuing to rely on fossil fuels, both on a regional and international level. In terms of physical safety and land preservation, the nation’s low geography makes it very vulnerable to climate change, sea level rise in particular. Much of the country is below sea level, meaning rising waters could pose a direct threat to coastal cities and infrastructure including, but not limited to: housing, water supply, energy grids, and port systems. Observed and projected increases in heavy rainfall also pose significant risks. Fluctuating temperatures and percipitation

patterns disrupt farming, affecting crops and exports. Increased flooding and heat waves also put pressure on urban infrastructure, requiring costly upgrades and maintenance and damaging the tourism industry. With climate-related disasters on the rise and global political relations in turmoil, a cooperative international effort to curb the negative impacts of emissions is more necessary than ever before.

4. Why clean energy?

Over the past three decades, the Netherlands has become increasingly motivated to reduce emissions and improve carbon governance due to increasingly undeniable evidence of climate change around the world. The transition to renewable energy has become an urgent movement driven by environmental and economic concerns. A continued reliance on fossil fuels not only accelerates environmental decline but also contributes to air pollution, which severely negatively impacts public health and safety. The unpredictability of fossil fuel markets also creates economic uncertainty and energy security issues for nations like the Netherlands, that are dependent on imported energy resources. Renewable energy technology offers a more sustainable alternative that addresses these challenges while also providing additional economic opportunities. With costs decreasing as wind and solar infrastructure becomes more accessible and advances being made in energy storage technologies, renewables are becoming increasingly competitive with traditional energy sources. The transition to renewables promises to create millions of new jobs, stimulate global technological innovation, and reduce energy dependence on politically unstable regions. The application of renewable energy systems will also strengthen resilience to sudden network disruptions and system failures through diversification. (Ministerie van Algemene Zaken, 2024)

5. Energy Security

The Netherlands defines energy security as ensuring a reliable, affordable, and sustainable energy supply that confidently meets its economic and societal demand. Maintaining this security requires investment in both short term and long term plans, holding secure positions in the current global production network by importing and refining crude oil, while also working toward the long term goal of transitioning away from fossil fuel dependency. The Port of Rotterdam is a key facilitator of Dutch energy security. Utilizing its position on the North Sea, it imports roughly 95-100 tonnes of crude oil every year, centering a large sector of the Dutch economy around fossil fuels. The Port therefore serves as a leverage point for Dutch energy transition goals, as the infrastructure transition of the port system would shift the trade network of Northern Europe as a whole.

While the Netherlands prides itself on its geopolitical economic prowess and stability, there have been significant backslides in the past. The discovery of a massive natural gas field in Groningen in the late 1950s brought significant revenues and economic growth to the Netherlands. However, the sudden influx of wealth caused the Dutch currency to appreciate in value, sending the Netherlands into the spiral of the resource curse, making exports from other sectors like manufacturing and agriculture more expensive and less competitive in the global market. In consequence, these industries suffered financially, which led to economic imbalances and an overall decline in the country's industrial productivity (Van Hulten, 2009). This experience of sudden economic instability gave the Netherlands necessary experience in managing systematic imbalances. With the world becoming more and more divisive by the day and climate change causing immense infrastructural and economic strain on a global scale, this

wisdom is necessary to prevent economic collapse stemming from disruption of global trade and supply chains.

6. Carbon and Climate Governance

The Netherlands has a long history in climate governance with progressive initiatives. Since the 1990s, it has been at the forefront of environmental policy within Europe, notably through its early adoption of environmental taxes and energy efficiency standards (van Rooijen & van Wees, 2006). The Dutch government implemented its first National Environmental Policy Plan in 1989, making it one of the first nations to establish comprehensive environmental governance frameworks (Tellegen, 1989). A significant milestone was the establishment of the Dutch Climate Agreement in 2019, which created a roadmap for reducing emissions by 49% by 2030 compared to 1990 levels (Ministerie van Economische Zaken en Klimaat, 2019). Over time, the Netherlands has focused innovation on water management and climate adaptation, given its vulnerable position below sea level. The Room for the River program launched in 2006 shows an integrated approach to climate resilience and spatial planning with restoration of natural rivers and floodplains (Dutch Water Sector, 2019). The Netherlands has also been a pioneer in sustainable agriculture, developing climate-smart farming techniques and circular economy principles in the agricultural sector (Thelwell, 2023).

7. Carbon and Sustainability Goals

Based on the Netherlands' unique position within the global distribution network, a comprehensive set of carbon goals would optimize sustainability, energy security, and economic stability. Short term, priorities will focus on converting a sizable portion of Rotterdam port facilities to

support clean energy trading and hydrogen infrastructure while maintaining its status as an energy hub of Northern Europe. Coupled with these priorities will be the goal of reduction in industrial carbon use through energy efficiency measures and enforcement of regulations. Further down the line, the Netherlands will develop North Sea carbon storage systems, which will create new economic opportunities and possible alliances. This should be complemented by establishing a national carbon tax, encouraging companies and consumers to intentionally lower their emissions. A transitional support system for helping energy-intensive industries to shift to low carbon technologies could be used to ensure economic stability during this timeframe.

Looking toward the long term, the Netherlands aims to transform Rotterdam into Europe's first major carbon neutral port while maintaining its strategic position. This will be accompanied by substantial investment in recycling infrastructure and circular usage of industrial waste materials, which will help to position the Netherlands as a primary clean energy trading hub for Northern Europe. These goals work as leverage points in existing infrastructure while creating new economic opportunities, ensuring the Netherlands maintains its competitive advantage during the energy transition. A phased approach allows for technological development and market adaptation that will in turn reduce economic disruption while maximizing the possible environmental benefits.

8. IOCG priorities

For the IOCG to succeed in reducing emissions and improving international relations, an integrative system of global collaboration is necessary. There are five main qualifying factors that would lead the Netherlands to vote in favor of the establishment of an IOCG.
First, with its well established history of involvement and leadership in regional and global carbon governance initiatives as well as its intimate understanding of the resource curse, the

Dutch government is seeking a leadership role in the proposed IOCG. With this role, the Netherlands would have a valued say in defining the standards of the IOCG as well as the policies it follows. Second, the IOCG would need to offer economic advantages, such as improved trade efficiency, stable pricing, and investment opportunities. Third, the organization must ensure reliable supply chains, avoid political conflicts, and promote fair trade practices. Fourth, the IOCG must adhere to international environmental standards and realistically support carbon reduction strategies. And finally, for the global community to feel fairly represented enough to faithfully participate in the IOCG, all member states must have a seat at the table and the means of meaningful vocalization of national concerns.

Overall, the priorities of the IOCG and potential member states must lie in protecting the quality of life for future generations. Should corruption arise within the IOCG, threatening this priority, much of the organization's foundations and goals could be nullified. Therefore, in order to preserve a successful transition and sustain productivity, anti-corruption measures must be in place.

9. Possible Alliances

With a long history of providing aid and participating in technology transfers with developing nations, the Netherlands is eager to discuss alliances with other potential member states, especially developing nations with high material exports. In the Global South, the most mutually beneficial alliances would be those that allow for reciprocal imports of vital resources. The Netherlands receives significant imports of resources like agricultural products and raw materials from developing countries, such as Nigeria, Angola, and Ghana. Some other possible alliances with developing nations are: a partnership with Vietnam on offshore wind development,

climate resilient infrastructure, and sustainable port operations; supporting renewable energy development in Indonesia while securing critical raw materials for energy transition and transferring knowledge on coastal protection and water management; or collaboration with Brazil on sustainable agriculture practices and land preservation.

In the Global North, alliances would prioritize the sharing of information and technology while also substituting some of the raw material imports that have historically been sourced unsustainably from developing nations. Some possible alliances in this sector include: Collaboration with Norway and the United Kingdom on North Sea energy infrastructure, carbon capture and storage projects, and hydrogen development, as well as sharing expertise in offshore technologies; information exchanges and technology transfers with Japan amd Singapore, allowing collaboration on hydrogen technology, clean shipping pathways, and port advancements; and a partnership with Australia, trading raw minerals that will allow for a more ethically sourced transition to green energy, in exchange for Dutch agricultural goods and medical technology. In the proposed IOCG, the Netherlands would work in tandem with all future member states on trade and strategic technology transfer in order to craft an effective, equitable governing body.

It is important to acknowledge the Netherlands' history of colonization in discussions of future international collaboration. While almost all of the Netherlands' historic colonies have gained their independence, relations have not been entirely repaired, and further peace making may be necessary in collaborative efforts with nations not previously involved in Dutch imports.

10. The Netherlands within the IOCG

Overall, the establishment of an IOCG would enable the Netherlands to strengthen and expand its international relations, fastrack energy transition goals, and protect the Dutch population's quality of life. With the economic stability and administrative accountability associated with the actions proposed in this policy brief, the Netherlands could gain more of a foothold on domestic concerns such as the housing crisis and national poverty levels. With the projected resource trades and technology transfer involved in potential alliances within the IOCG, the Netherlands would be able to develop advancements in medicine, agricultural practices, transportation systems, shipping and trade, infrastructure, climate disaster mitigation systems, and so much more.

11. Future outlook

With or without the establishment of the IOCG, the Netherlands intends to continue with its current climate goals and involvement in separate international climate initiatives. Investments will continue to be funneled into further development of offshore wind farms, solar energy, and hydrogen technology to replace fossil fuels. Looking forward, should the charter for the establishment of an IOCG be passed and include the necessary components, the Netherlands will be eager to participate and help lead the charge against climate change.

12. Conclusion

With the combination of sufficient domestic strategizing and international collaboration, the Netherlands will not only vote in favor of the establishment of an international organization of carbon governance, but also take on a leading role and champion its necessity to the global community.

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