

To get to net-zero in time we must cooperate with the carbon industry

Dear colleagues, dear students, dear climate transition fans,

My name is Jan Bouwens, professor of accounting at the University of Amsterdam and research fellow at the university of Cambridge.

It gives me great pleasure to give a brief talk on why it is a good idea to talk and cooperate with the Carbon-based industry even as independent academics.

I want to start with the observation that the carbon-based industry features an organization structure able to take on mega projects on energy provision and energy transition. Their ability to contribute to the transition may be illustrated by a [current project of Shell](#) in the Netherland which entails 200 megawatts of electrolyzers, powered by a wind farm off the coast of the Netherlands which is 10 times the size of the largest existing green hydrogen facility in Europe. The [renewable hydrogen](#) plant will be operational in 2025. Shell also made the commitment to invest €5 billion annually in renewable energy.

Yet, environmental activists maintain that firms like Shell cannot be trusted and that universities should not cooperate with them as it would compromise the academic society.

Now, let us take Shell as an example and observe that this firm has a history where they not only made progress on exploring and delivering energy at low costs but also made mistakes, big mistakes, where they allegedly tried to play down the adverse environmental consequences of using carbon-based energy.

Even nowadays business firms in carbon-based energy engage in dubious activities. For instance lately there was law case on whether or not [business firms](#) could be allowed to export "[dirty diesel](#)" to poor countries. If such law cases come along, I must admit that I do ask myself the question in which direction the moral compass of these firm's leadership points.

But, the good news is: They lost the case! So even if firms go past the social line of conducting decent business, they will be put to a halt because society wants them to stop!

Should we cancel firms like Shell and mistrust anything they do?

I hear people objecting by stating that the procrastination attempts of firms like Shell helps the firm to maximize profit. And indeed I recently read in the Dutch newspaper the [Volkskrant the accusation of two academics](#) asserting that firms like Shell issue proposals that they themselves do not believe in, but that help them to make their case of postponing transition. Would the recent investment in Rotterdam not provide a counter argument?

And there are more solutions available put forward by a group of academics in science and economics known [as the Oxford net zero](#).

I know that they are not going to produce immediate results (giving rise to postponement allegations). However, we started late so we need time, and I want to stress that the initiative does lead to a net zero result in the available time.

They propose a carbon capture plan that provides no opportunity to escape. This is not postponement but a plan with teeth.

I would like to propose a second initiative and that is to influence demand. Note, that there is a huge demand for energy, carbon-based energy to be sure!

In that regard it is important to observe that society benefited from the knowledge that the carbon-based industry developed and that they as a consequence have been delivering cheap energy to us for decades. The price of carbon-based energy should increase to full costs which would include carbon capture costs.

If we indeed start to price carbon-based energy on a full costs basis it will lead users to look for alternatives including reduction of consumption and alternative forms of energy. The latter makes it attractive for green firms to invest in clean energy sources. On the other hand it will make it less attractive to the profit seeking carbon-based industry to keep delivering expensive carbon-based energy and to also look out for alternative forms of energy as well! This requires research where universities may be able to help, and again cooperation between universities and energy firms may be conducive.

In summary it would be unwise to reject help of firms of the carbon industry for their knowledge is irreplaceable.

I would call on activists to make the leap and accept the support of anyone who can help in speeding up the transition.

Jan Bouwens