



# Getting to net zero emissions

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Ben van Beurden became Chief Executive Officer (CEO) with effect from January 1, 2014.

He joined Shell in 1983, after graduating with a Master's Degree in Chemical Engineering from Delft University of Technology in the Netherlands.

Ben's career in Shell spans both Upstream and Downstream activities. He has held a number of operational and commercial roles, including some 10 years in the LNG business, and a variety of positions in Downstream. He has been based in The Hague, Sudan, Malaysia, London and Houston.

In January 2005, he became Vice President, Manufacturing Excellence, based in Houston, USA. In this role he was responsible for standards in operational excellence and high-performance initiatives in refining and chemicals manufacturing.

In December 2006, he was appointed Executive Vice President, Chemicals, based in London, UK.

During his tenure in the role, Ben was appointed to the boards of a number of leading industry associations including the International Council of Chemicals Associations and the European Chemical Industry Council.

He is a visiting Professor of the International Studies Institute, the Party School of the Central Committee of the Chinese Communist Party, and a member of the Advisory Board of the School of Economics and Management Tsinghua University in Beijing (both since 2015).

From January to September 2013, he was Downstream Director and had regional responsibility for Europe and Turkey. He has been a member of the Executive Committee since January 2013.

Ben, a Dutch citizen, is married and has three daughters and a son.

The European Commission is working to change the EU's climate target to net zero emissions by 2050. In this speech, Ben van Beurden offers his support for this proposal and highlights some important enabling policies that would give the EU the best possible chance of success. He goes on to set out how business could act on a global basis in support of action towards a net zero emissions world.

Commissioner Cañete, ladies and gentlemen,

I want to start by offering my support. Specifically, my support for the Commission's proposal for the EU to achieve net zero emissions by 2050. Achieving it, even with the resources, talent and technology of the EU, is going to be an enormous challenge. But it is a challenge that is consistent with the goal of the Paris Agreement.

And this proposal comes with opportunities too. Wind and solar, biofuels, batteries and hydrogen, carbon capture and storage, and nature-based solutions like reforestation and preventing deforestation. I believe remaining open to all forms of solutions, all forms of opportunity, will be critical.

### Policies

Success in reaching net zero by 2050 would, of course, rest on progress made on several key enabling policies and the EU should rapidly move to make them happen.

The advances the EU has made with the Emissions Trading System have been very encouraging. But the world needs greater international co-operation. And the progress made to establish a global emissions trading system, as described by Article 6 of the Paris Agreement, has simply not been enough.

I cannot overstate the need for urgency on this, and the world needs EU leadership to help find a way forward at the next COP in Chile. A properly functioning Article 6 mechanism can accelerate climate action in a way nothing else can.

Another key area where policy can make a difference is in encouraging the greater integration of renewable power and investment in lower-carbon gases, notably hydrogen. And policy will be needed to

ensure both nature-based solutions and carbon capture and storage are able to scale up to the level required. To balance unavoidable emissions, while maintaining industrial competitiveness.

### Enabling

With enabling policies such as these in place, the EU would be giving itself the best possible chance of reaching net zero by 2050. And I hope it does. I wholeheartedly support the Commission's proposal and I would like to see it adopted by the European Council.

Because reducing emissions to net zero – lowering them to the point at which the world is no longer adding to the stock of greenhouse gases in the atmosphere – is the only way to go.

Some say the whole world must get there by 2070, others 2050. Whichever timeframe you pick. I believe getting to net zero will require unprecedented, co-ordinated action. And I believe governments will need a lot of help to get there.

Of course, a lot is already happening. Many of you will know about the UN Secretary General's Climate Action Summit, which is coming in September. It is striking in the way it is focused on getting businesses, as well as governments, to step up their decarbonisation ambitions.

### Working together

Yet despite these, and other, initiatives, the world is not moving fast enough to tackle climate change. But I believe that action taken by business, working together, has the potential to help change that.

That is why Shell wants to help establish a coalition of businesses which work together, within sectors, to enable decarbonisation of those sectors. I am talking about an entirely

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I know that the EU has already done much good work establishing frameworks to enable co-operation throughout sectors. And I believe that makes us natural partners. Because what I am talking about is an effort to enable concrete action, on a global basis, towards the goal of net zero emissions.

Of course, climate change is, in large part, about the use of energy.

### Energy mix

The use of energy products, like oil and gas and coal – for power, heating, cooling, industry, transport – causes the majority of the world's greenhouse gas emissions. So changing the mix of energy products in the energy system is essential to address climate change.

But any attempt to address climate change on those grounds alone will not succeed. Because changing the energy system, is not just a question of supply, but of demand too.

A large part of demand comes down to individual consumer choices and consumption patterns. And it is here that governments have an essential role. Regulation. Consumer signals, like well-designed, well-balanced taxes. Incentives, like electric car grants. I have already mentioned the need for government-led carbon-pricing mechanisms to encourage low-carbon choices.

### Coalition

But we also need a coalition of businesses. Because I believe companies that supply energy – including the power sector – should work with the sectors that use energy. We should work together, supply and demand, with a new approach to progressively decarbonise the energy use sectors.

The basic process would have to start with the major businesses within specific energy-use sectors, coming together with the energy supply industry. Coming together to work

out how their sector needs to change to be fully in line with Paris.

Each sector is different, and some are highly fragmented, so the action needed will vary. An office-based industry like accounting can largely decarbonise by switching to a renewable electricity supply and heat pumps. That is not an answer for steel or cement.

But all energy-use sectors need to be clear-sighted. They must get to net zero emissions. Every part must act to progressively lower its net carbon intensity, until it hits zero. And this single carbon intensity measure can be used to track the progress of companies and energy-use sectors across the entire global economy.

How will this work?

Realistically, this would start with a handful of big players in any given sector joining with energy supply companies, with the determination to act towards net zero in that sector and establishing a pathway to reaching it.

### Lower carbon

Whatever the pathway, there are three ways to make progress along it. First, improve energy efficiency. Second, turn to lower-carbon energy products. Third, offset or store away emissions that cannot be avoided.

How these would be balanced and combined would be different for each sector, and all sectors would need all three.

But that is not the end of the story. There is a fourth way forward and I have touched on it already.

The world must address consumption patterns.

Some of my children, for example, are passionate about both climate change and clothes. I point out to them, that having something new four times a year is creating quite a significant ecological footprint. And it is not just consumer choices either. There are industries where the default could be recycling products, not making from scratch.

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An energy company cannot set consumption patterns on a national or global scale – it simply cannot – it can only offer lower-carbon products to try to help make the carbon intensity of consumption as low as possible.

And selling a mix of energy products with a progressively lower carbon intensity is exactly what Shell aims to do.

### Ambition

Some of you may know that Shell has an ambition to cut the net carbon intensity of the energy products we sell by around 50% by 2050. This is a rate of reduction consistent with the global goals of Paris. It is what we call our Net Carbon Footprint ambition.

But Shell can only sell what people and companies are willing to buy. We will only succeed in moving fast enough to meet Paris if our customers move at that pace too. So the work to achieve our ambition to change the mix of our energy products does not – and cannot – end there.

Shell must do what we can to help society make fast progress. We – and other energy supply companies – cannot control demand for that energy. But what we can do is work with energy use sectors to optimise the decarbonisation of that demand.

So, working on what fuels can be used. Working on how efficiently they are used. Not just in the EU, where much of that work is already underway, but globally.

In powering transport for example. A hydrogen fuel dispenser, obviously, needs hydrogen-powered vehicles. And how light is the vehicle? How efficient the motor?

Or take shipping. If we, as society, want to have a net zero shipping sector, we had better work together. Shipping companies, ports, fuel suppliers, ship builders, governments and all of us; to achieve net zero emission for that sector. And we will need another coalition to do the same for the next sector.

Do I expect it to be easy? No. There will be many challenges. Market distortions, regulatory frameworks, the need to allow countries to develop as others already have.

And on that last point, I hope we can all agree that a way must be found to ensure the developing world has the energy on which to build a better future, free of poverty, even as work continues to enable Paris.

### Leadership

But the EU would be right to target net zero. It would show leadership to a world that must itself, ultimately, reach net zero.

And while I do not stand here offering the answers I am determined to help find them. What I would like is for Shell to be one part of a much bigger global climate coalition of business. A coalition dedicated to Paris.

Perhaps it could be called the Coalition of Industry-Determined Contributions.

But, whatever it is called, we – Shell – want to help make this happen. We have the strong desire to work with others – with you – to try to find the answers. We are reaching out. Please join us.

Because the world must achieve the goal of the Paris Agreement. And if energy providers and energy users, supply and demand, do not take co-ordinated action, I have no doubt time will run out. But by acting together today, I know we can find a way.

Finally, before I hand over to Commissioner Arias Cañete, I would like to recognise his leadership over the past five years. He has delivered an ambitious framework to 2030, a much improved ETS and power market regulation aligned with climate goals.

And I look forward to helping make his vision for a net zero EU a reality by 2050.

Thank you

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