

Executive summary

A forerunner in environmental policy that has recently reined in ambitions

As a small, densely populated country with a very open economy, the Netherlands became a forerunner in environmental policy decades ago when it was confronted with acute environmental pressures. More recently, the government has reined in ambitions for environmental policy objectives to levels set by the European Union (EU), with a view to promoting a level playing field. Given its strong track record, it may be tempting for the Dutch government to wait and let other countries catch up in areas where it is already doing well. But, the country still faces some persistent environmental challenges, including addressing diffuse pollution (such as nitrogen deposition in nature areas) and securing significant improvements in the quality of ecosystems and biodiversity, and new issues continue to emerge.

Since 2000, the Netherlands achieved absolute decoupling of greenhouse gas (GHG) emissions and all major air pollutants from economic growth. The economy's carbon intensity has decreased although, the country still has one of the largest shares of fossil fuels in its energy mix in the OECD, ranking fifth-highest. Air quality in zones with intensive road traffic has strongly improved, although some hot spots remain. As of 2013, about 95% of habitat types and 75% of species were considered threatened, a higher share than in many other OECD member countries. Nutrient surpluses have declined, but from a high baseline. The quantity of nitrogen fertiliser and pesticides used per square kilometre of agricultural land remain significantly higher than the OECD average. As a delta country, flood management has long been a strength, but stresses on freshwater supply are emerging in some areas and non-point sources of pollution continue to strain water quality.

Environmental governance saw significant streamlining and modernising efforts

Impressive progress in streamlining included a major legislative overhaul to consolidate all of the national environmental legislation into the Environment and Planning Act. Many environmental competencies were decentralised over the review period, but this was not necessarily accompanied by additional resources. In 2014, to address some major deficiencies that had emerged in policy implementation, the Netherlands established 29 Environmental Services to consolidate and reinforce expertise in environmental licensing and enforcement. It will be important that these newly established services secure sustainable funding and have access to strong mechanisms for exchanging good practice. The quality of their performance should be closely monitored.

The current drive to modernise environmental policy has a strong focus on public health, particularly on new potential risks (such as nanotechnology and micro-contaminants in water). The government is also looking for opportunities to tap into the energy of civil

society by building new coalitions among various partners. The recent “Green Deals” programme is a promising way to make the most of the distinctive Dutch polder approach by removing obstacles to implementing environmental efforts by industry and agriculture.

Greening growth at a moderate pace, with opportunities for more cost-effective policies

The 2013 Energy Agreement for Sustainable Growth provides the cornerstone for Dutch climate and energy policy. It succeeded in creating a common understanding around shared goals across a broad range of stakeholders. Objectives include improving energy efficiency, scaling up renewable energy, reducing CO₂ emissions from transport and promoting employment, innovation and investment. However, early assessments indicate that the agreed policy measures may not be sufficient to reach stated objectives. For example, the Netherlands is not on track to meet renewable energy and energy efficiency objectives under the agreement. The assessment planned for 2016 will provide an important opportunity to review the set of instruments and step up efforts as necessary.

Measured as a percentage of gross domestic product (GDP), the Netherlands raised more revenue from environmental taxes in 2013 than most other OECD member countries. However, there is scope to improve the design of these taxes. For example, Dutch energy taxes do not adequately reflect the relevant environmental damages and there are a number of exemptions and refund mechanisms that mainly benefit large-scale users. The planned tax exemption for coal used in electricity generation is also regrettable from an environmental perspective.

The country has a comparative advantage in several environmentally related technologies, yet it is lagging behind the most eco-innovative OECD member countries. Various initiatives, such as the Top Sector policy, support green innovation. However, there is concern that larger firms and incumbents benefit more from them than do small and medium-sized enterprises. The Netherlands could benefit from an ambitious framework for promoting eco-innovation.

Dutch policies effective at promoting sustainability mobility, but at a very high cost in some cases

The Netherlands has managed to maintain a high share of environmentally friendly modes of transport. Over the past ten years, air pollution emissions declined, noise from transport went down, congestion decreased and traffic safety improved. In the coming years, congestion is expected to increase in the very densely populated Randstad. As the easy wins have largely been exhausted, a further increase of road traffic is unlikely to be solved by additional road capacity alone. Thus, road pricing, the principal policy option to address congestion cost-effectively, should be re-considered. The Netherlands enjoys the highest penetration of electric cars in the EU and declining CO₂ emissions from new cars. The policies in place to stimulate low-polluting vehicles are a very costly approach to reduce CO₂ emissions, however, they also aim to foster innovation and green growth and at the moment they are the only way to achieve the EU objective to decarbonise urban transport.

A strong track record in waste management, with new challenges to transition to a circular economy

The Netherlands is one of the OECD’s best performers in the area of waste management, having successfully achieved progressively ambitious targets while keeping charges at

relatively low levels. The Dutch economy is one of the most resource-efficient in the OECD. Since 2000, absolute decoupling of waste generation from GDP has been achieved, landfilling has been virtually eliminated and there has been a marked shift towards incineration with energy recovery. Yet ongoing efforts to increase material recycling and composting have only resulted in marginal improvements. The transition from traditional waste management towards a circular economy is underway. This will require developing new business models, finding new ways of working across the whole product chain and dealing with commodity price volatility. A detailed roadmap to promote the circular economy, tailored indicators and stronger product policies can help spur this transition towards a circular economy.



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