

Finding the right role in green corridors

Embrace the role of initiator, but recognise that ports can't go it alone. By Carly Fields



Credit: Port of Gothenburg

Gothenburg has agreed to pioneer a green corridor with Rotterdam

First put forward as an initial conceptualisation in *The Next Wave: Green Corridors* report produced for the Getting to Zero Coalition in 2021, with analytical support from McKinsey, Maritime Green Corridors are gaining traction. Done well, green corridors – specific trade routes between major port hubs where zero-emission solutions are supported and demonstrated – can propel shipping on its decarbonisation journey, employing cross border collaboration to better co-ordinate green fuel infrastructure and vessels.

The Global Maritime Forum sees green corridors establishing favourable conditions for decarbonisation, allowing policy makers to create an enabling ecosystem with targeted regulatory measures, financial incentives, and safety regulations. Policy makers could also consider regulations and incentives to lower the cost of green fuel production, which could in turn help to mobilise demand for green shipping.

And secondary effects are also anticipated with an indirect reduction in shipping emissions on other routes. The *Next Wave* report foresees corridors that would ideally be large enough to include all relevant value chain actors: fuel producers, cargo owners, regulatory authorities, and, of course, ports.

Here, Jesse Fahnstock, Global Maritime Forum's project director for decarbonisation and recognised as the architect of the green corridors project, speaks with *Seatrade* about ports' role within the green corridors concept.

Setting the stage, Fahnstock clarifies the position of ports in the green corridor concept. "Many green corridor initiatives have been taken by ports for understandable reasons, but thinking of green

corridors as a connection between ports is probably not always helpful. Ports should be involved in the context of routes – ports can be wonderful facilitators, and the fact that they are taking a leadership role is really great and encouraging – but a green corridor is really about powering the transportation of cargo with zero emission fuels. It's important to keep that in context."

Defining objectives

Once the stakeholders have been defined, it is important to have a shared objective and vision and to understand the corridor in the same way. Which slice of traffic are you targeting? What fuel pathway are you talking about? What is your shared objective in terms of the transition elements?

However, getting hung up on definitions more narrowly, or setting specific targets at an early stage is potentially quite problematic and counterproductive, Fahnstock said. "In our experience where we are either a partner or where we provide some advice, we have seen some stumbling in the early days around these issues. They need to be ironed out before we can go anywhere."

He prefers to see green corridors as an "arena for innovation", embracing 'learning by doing'. "Setting something up that allows you to feel your way out within the context of a shared objective and vision is a better way to go in my opinion. Then you can actually figure out your targets and definitions."

There should be agreement on some fundamental things and some shared understandings from the off; however, target settings should follow some other decisions about, for example, the fuel pathway and relevant timelines.

The message to ports is don't go it alone and don't focus early. Ports really need to evaluate the alternatives before they get too far

"Many people look at the challenge, sit down and say, 'Okay, what can we measure? What kind of results can we show quickly?' And they start thinking about marginal emissions reductions, how they'll measure their emissions reductions – and that will be the standard by which they define success," Fahnestock said.

"The whole purpose of a green corridor is not to reduce a huge amount of emissions, it's to push forward the co-ordinated development of new infrastructure."

He adds that it should be very complicated to deploy, so the metric in the end should be related to the deployment of new technology and infrastructure. That could end up being expressed as the number of vessels that use the route, the technology, or the amount of new fuel.

"It has to be something that reflects the hard part, which is getting these new investments in place. If you define it in terms of emissions reductions, you risk taking the focus off. Your efforts will be to grab the emissions reductions that are possible rather than to do the hard thing which is to set up future emissions reductions – which will be much larger if we get these corridors to act as testing and development grounds," he said.

In fact, he does not see any reason why ports or other stakeholders would need to establish a green

corridor to reduce emissions marginally as there are many other ways to approach that. "If you wanted to just use lower emission drop-in fuels, you could just provide some incentives for the use of those drop-in fuels and people will start using them – you don't need a huge co-ordinated programme."

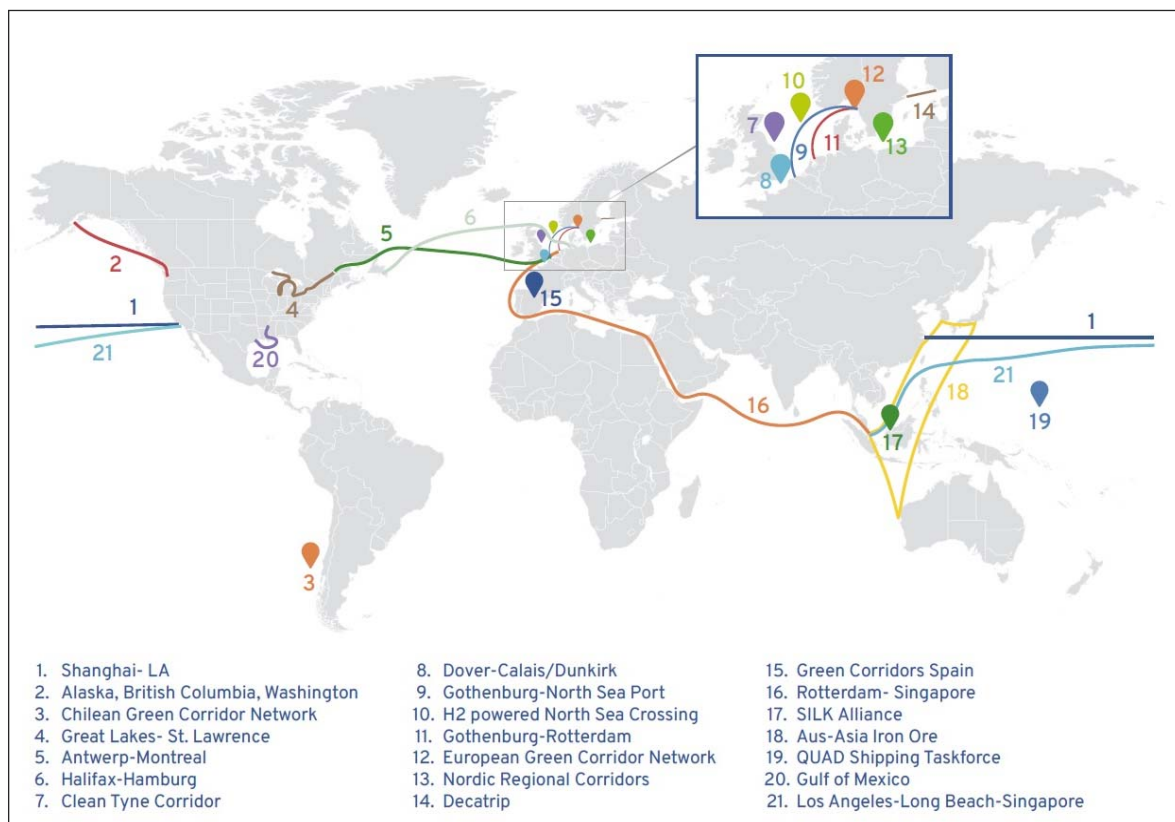
Fahnestock adds that he worries that people are getting distracted by the low hanging fruit: "I think they're super important and they should be done, but that's not what green corridors are."

Key role as initiators

Ports have a key role to play as initiators and facilitators in the green corridor concept. Indeed, some of the most advanced green corridor thinking is in the 'Rotterdams and Singapores' of the world, Fahnestock said. "They are super far along compared with the rest of the value chain."

But he stresses that ports cannot go it alone with green corridors. "It's important to realise that the most expensive and most difficult decisions have to be co-ordinated with those on the fuel and cargo side. Also, you have to approach the design of the programme in a way that puts those two issues at the centre – so, are we looking at a specific cargo on a regular route that can bear some of this cost, and do we have an idea of what fuel we're going to be able to provide and which one we're going to focus on?"

If ports do not take that approach, the end result will not be very impactful, he warns. "The message to ports is don't go it alone. Ports really need to evaluate the alternatives before they get too far. This is going to be about specific traffic on a particular route and it's going to be a specific fuel type. It needs to be really narrowed down to a segment and to a



Over 20 green corridor initiatives had been reported by the end of 2022

Credit: Annual Progress Report on Green Shipping Corridors 2022, Getting to Zero Coalition Global Maritime Forum

fuel to allow them to figure it out. These are the basic economics; these are the basic incentives that these players should be looking for.”

If Green Corridor initiatives try to address all segments and all fuels the picture will soon get very muddled, which will reduce available investment options. “Trying to do everything at once is the global challenge. We don’t need to replicate that. For a green corridor you need to design a simpler challenge – that’s the whole idea,” Fahnestock said.

Also, this does not have to be a question of size. Fahnestock celebrates the small ports starting initiatives, particularly on ferry and regional routes. “Who knows where the breakthroughs will happen? Kudos to them for taking the risk. I don’t think that the small actors will be left behind with green corridors. I think that the more appropriate logic is that the small actors will benefit from the risk taken by the big actors.”

Government position

To date, progress has been necessarily slow as each corridor finds its feet. But once milestones have been reached, sharing learnings between each corridor will be beneficial. Here, there is an important role for governments to play, according to Fahnestock. “Costings, efficiencies, performance and so on are commercially sensitive and sharing that will be challenging. This is where national governments need to be more involved. National governments can provide an innovation framework with some support. They can also require data sharing and that will unlock progress.”

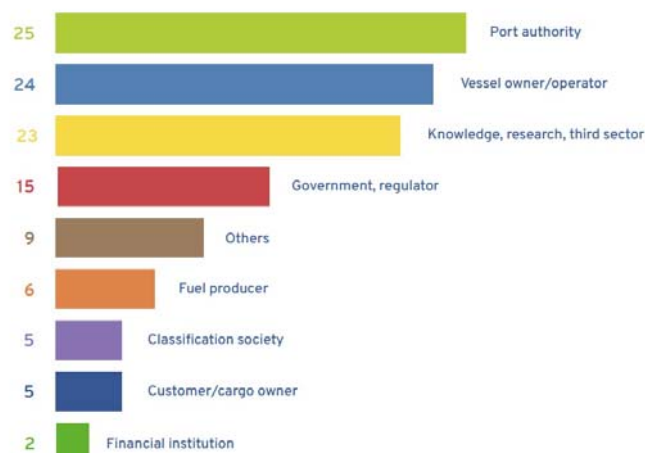
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“To set up a green corridor, stakeholders need visibility on, for example, the cargo owner’s position on what the end customer wants. They might have a very specific view about what fuel they want to be in the ships that they’re helping to finance. However, as soon as you start to bring in consumers or end customers into the conversation it becomes a commercial space. It then becomes difficult to have open conversations as people feel like they are undermining their future business. Again, the biggest solution – and because it has been lacking, the biggest obstacle – is government involvement.”

Fahnestock highlights the UK green corridor programme, where funding has been committed to feasibility studies. “This is exactly the kind of stuff that governments should do,” he says. In conversation with other governments, he is confident that there are others exploring their options and likely to do similar things. He notes that the Singapore government is looking at impactful, long-term collaboration, and that Australia and Japan are expected to be “strong performers” when

Stakeholders

The green corridor movement has attracted 113 stakeholders covering all major parts of the value chain.



they get into the space. “There’s good hope for programmatic government responses, it just hasn’t happened yet. There’s a mindset hurdle to get over both for governments who say, ‘this is something we’re allowed to do even though it’s an international industry’, and for industry to believe that the government will provide policy levers that can support them as they take the initiative.”

Help at hand

In terms of guidance, the Global Maritime Forum has some publicly available suggestions on aspects that need to be considered when establishing a green corridor, and those are broadly replicable from corridor to corridor. These include how to engage with stakeholders in the value chain, how to undertake a feasibility study, and how to design a roadmap. There are also framing questions that are important no matter who’s participating or what the segment is.

At a more specific level there will be much more variation depending on who took the initiative, whether there are government actors involved, and whether it’s full value chain or focused on some narrower set of actors. This level could include setting the blueprint for the governance model of the corridor, the blueprint for guiding investments, or the blueprint for developing an implementation plan.

While there are no green corridors in true operation today – and there won’t be for at least another year – there are around 20 initiatives in place around the world.

Some, as Fahnestock notes, are quite small and therefore would not contribute much, but they could always have spill over effects. And some may make it easier for others to use the tools and/or make a technology choice, delivering a positive impact.

“Some of them will obviously fizzle,” Fahnestock concluded, “but it’s important that we accept that some of this stuff isn’t going to work, otherwise, there’s no point to it. If we don’t have any failures mixed in there, we’re not doing a very good job.”

Ports have an important role to play in the 20+ green corridors announced

Credit: Annual Progress Report on Green Shipping Corridors 2022, Getting to Zero Coalition Global Maritime Forum