



Letter of Intent to Support Port Decarbonization and the Development of Green Shipping Corridors

Between

the Ministry of Land, Infrastructure, Transport and Tourism of Japan (MLIT) and the State of California

The Ministry of Land, Infrastructure, Transport and Tourism of Japan (hereinafter referred to as "the Ministry") and the State of California, United States represented by the California State Transportation Agency (CalSTA), the California Air Resources Board (CARB), the California Energy Commission (CEC), and the California Governor's Office of Business and Economic Development (GO-Biz) (hereinafter referred to collectively as the "Participants" and individually as a "Participant").

WHEREAS:

The Memorandum of Cooperation on Strengthening Efforts to Combat Climate Change and Economic and Trade Relations Between the Government of Japan and the State of California, The United States of America renewed in 2022 (2022 Japan – California Climate Change and Trade MOC) memorializes intentions from both Japan and California to strengthen and coordinate collective and individual efforts to act on climate change through renewable energy, zero-emission vehicles, transportation and other means.

WHEREAS:

In 2022 California's largest container ports have executed subnational commitments advancing the port decarbonization dialogue with Japan: the Port of Los Angeles signed a document with the Japan External Trade Organization (JETRO) to promote the sustainable operation of international seaports, and the Port of Long Beach signed a document with the Japanese Port of Kobe to pursue the mutual goal of decarbonization at both ports. Furthermore, the Ports of Los Angeles and Long Beach have engaged major ports across the Pacific Rim to establish frameworks for implementing green shipping corridors to accelerate production and supply of low- and zero-carbon fuels and fueling infrastructure, introduction of low- and zero-carbon technology, development of common standards and definitions, and joint policy advocacy in furtherance of these issues.

WHEREAS:

The State of California recognizes the urgent need to reduce greenhouse gas emissions and recently passed Assembly Bill (AB) 1279, codifying the goal to reach carbon neutrality by 2045, and to reduce anthropogenic greenhouse gas emissions 85 percent below 1990 levels by 2045. California also seeks to prioritize climate strategies that improve air quality for residents disproportionately affected by toxics and air pollution, including those living near ports. As such, the State of California is taking several concrete actions to support green shipping corridors, port decarbonization, and ocean renewable energy infrastructure, including:

- California Executive Order N-79-20 sets a state goal of 100 percent zero-emission drayage truck operation by 2035. If approved, the Advanced Clean Fleets regulation under development at the California Air Resources Board will create a regulatory pathway to achieve this goal.
- California's Ocean-Going Vessels At Berth Regulation and the Commercial Harbor Craft Regulation work to reduce emissions from a range of vessels and improve air quality for nearby communities.
- California state law, Chapter 231, Statutes of 2021 (AB 525, Chiu), directs the California Energy Commission, in coordination with federal, state, and local agencies and a wide variety of stakeholders, to develop a strategic plan for offshore wind energy deployment off the California coast in federal waters, including a plan to improve waterfront facilities that could support a range of floating offshore wind energy development activities, including construction and staging of foundations, manufacturing of components, final assembly, and long-term operations and maintenance facilities.

AND WHEREAS:

Japan aims to reduce its greenhouse gas emissions by 46 percent in Fiscal Year 2030 from its Fiscal Year 2013 levels, setting an ambitious target which is aligned with the long-term goal of achieving net-zero by 2050. Furthermore, Japan will continue strenuous efforts to meet its goal of cutting its emissions by 50 percent. As such, Japan is taking several concrete actions to support green shipping corridors and Carbon Neutral Ports, including:

- Reaffirming the U.S.-Japan Competitiveness and Resilience (CoRe) Partnership whereby the Ports of Los Angeles, Yokohama and Kobe are making common and concrete efforts to decarbonize their operations, such as adopting low- or zero-emission cargo handling equipment, visualizing CO2 emission for container handling, and introducing LED lights in yard operations;

these actions contribute to establishing green shipping corridors on container shipping routes connecting these ports.

- Japan's Carbon Neutral Port Initiative includes low-carbon and zero-carbon cargo-handling equipment in ports, as well as the bunkering of low and zero-emissions fuels for vessels. Japan is also developing a system to objectively evaluate its port decarbonization efforts.
- *The Act Partially Amending the Port and Harbour Act (Act No. 87 of 2022)*, enacted in December 2022, enables Japanese port management bodies to develop port and harbor decarbonization plans that establish public-private partnership port decarbonization efforts. In addition, Japanese port management bodies can legally organize port decarbonization councils consisting of the relevant local governments, logistics companies, and enterprises located in ports or harbors, and to have them discuss the preparation and implementation of port and harbor decarbonization plans.
- A joint venture of Japanese and the United States companies have started implementing a demonstration project at the Port of Los Angeles that highlights the use of hydrogen fuel cells to power port container handling equipment and drayage trucks, and the local production of hydrogen for local consumption at ports.
- The Ministry is supporting private sector development and demonstration of core technologies for zero-emission vessels including ship engines, fuel tanks, and fuel supply systems.
- The Ministry is also developing guidelines and standards for the safe bunkering of zero-emission fuels, starting with ammonia in Fiscal Year 2023.

RESOLVED:

In furtherance of the *2022 Japan – California Climate Change and Trade MOC*, the Ministry and the State of California decide to:

1. Deepen cooperation, information-sharing, and the discussion of best practices to support the development of green shipping corridors, expand offshore wind, and increase decarbonization of ports in Japan and California.
2. CalSTA will advance State of California transportation policies and actions with the goal of supporting green shipping corridors, port decarbonization and the deployment of zero-emission transportation through the Port and Freight Infrastructure Program, which is making funding available to transportation projects that advance the transition to zero-emission freight transportation as

well as other climate action and equity goals; prioritization of transportation investment in projects that reduce greenhouse gas emissions through the Climate Action Plan for Transportation Initiative (CAPTI); and advocacy for federal *Infrastructure Investment and Jobs Act / Bipartisan Investment Law* funding for green port projects.

3. CARB will engage with counterparts in the Ministry to share experiences, information, technical know-how, and best practices related to CARB's regulations, incentives, and market-based programs that help reduce emissions at ports and in California's waters.

4. CEC will engage with counterparts in the Ministry to share experiences, information, technical know-how, and best practices related to CEC's strategic plan and programs to assess and prepare ports in California to support offshore wind development.

5. The Ministry will engage with counterparts in CalSTA, CARB, CEC and GO-Biz to share experiences, information, technical know-how, and best practices with regard to port decarbonization and green shipping corridors.

6. The Ministry will develop a system to objectively evaluate the effort toward decarbonization in ports, discuss the possible cooperation and share information including best practices with counterparts in CalSTA, CARB, CEC and GO-Biz, aiming to potentially conduct evaluation trials in Californian and Japanese ports.

7. The Ministry will plan a study to develop ammonia fuel bunkering methods and will share the outcome of this study with counterparts in CalSTA, CARB, CEC and GO-Biz.

Signing. Each person signing this Letter of Intent has capacity to execute this Letter of Intent.

This Letter of Intent is a voluntary initiative that does not create any legally binding rights or obligations. The activities described in this Letter of Intent are not conditioned upon reciprocal actions by other Participants. Any Participant may, at any time, withdraw from this Letter of Intent by providing a written notice to the other Participants. This Letter of Intent does not involve the exchange of funds, nor does it represent any obligation of funds by any Participant. This Statement of Intent will be construed and carried out in a manner consistent with all applicable laws. This Letter of Intent will commence on March 14, 2023 and will continue for a period no longer than two years from the commencement date.

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