

Speech by CE at EU and Hong Kong: The Green Way forum (English only) (with photos/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the EU and Hong Kong: The Green Way forum today (September 16):

Thomas (Head of the European Union (EU) Office to Hong Kong and Macao, Mr Thomas Gnocchi), Frederik (Chairman of the European Chamber of Commerce in Hong Kong, Mr Frederik Gollob), ladies and gentlemen,

Good afternoon. Before I speak on Hong Kong's "going green" agenda, let me first express my appreciation to the European Union Office to Hong Kong and Macao and the European Chamber of Commerce in Hong Kong for jointly organising this event with InvestHK serving as a partner. With the United Nations Climate Change Conference (COP26) due to take place later this year in Glasgow, it is indeed timely to focus our minds on this global issue. In fact, prior to COP26, my Government will publish a Climate Action Plan to map out the road to achieve carbon neutrality before 2050, a pledge I made in my Policy Address last year.

The United Nations Intergovernmental Panel on Climate Change Report released last month highlights the urgent need to tackle human-induced climate change, which is unequivocally affecting climate and weather extremes, and doing so in every corner of the world. While the world is still struggling with the COVID-19 pandemic, we must also gear up to act to limit global warming and the catastrophic consequences it can have for us all. On both COVID-19 and climate change, governments all over the world must act in concert; there is no room for confrontation or politicisation.

Hong Kong has been an active participant in global efforts to combat climate change since China signed the Paris Agreement in April 2016, and included Hong Kong in its pledge. Less than a year later, we produced the Climate Action Plan 2030+. I still remember as the then Chief Secretary for Administration, I was chairing an inter-bureaux/departmental steering committee and authorised that Plan. Among other things, the Plan set a target to reduce our carbon intensity by 65 per cent to 70 per cent between 2005 and 2030. I am pleased to say that we should be on target. Hong Kong's carbon emissions peaked in 2014. By 2019, our carbon intensity was about 35 per cent lower than the 2005 baseline year. This achievement has been made possible by the implementation of carbon reduction measures set out in our Climate Action Plan, including substantial investment in low-carbon technologies and infrastructure.

Indeed, over the last decade, we have allocated more than 5 billion Euros to energy-saving and renewable-energy programmes and measures. In addition, with electricity generation being the predominant source of carbon

emissions in Hong Kong, accounting for 66 per cent, our two power companies are investing some 4.3 billion Euros in decarbonisation projects over a 10-year span facilitated under their Scheme of Control Agreements with the Government. And my Government has put in place requirements that the power companies use cleaner fuel for electricity generation. As a result, last year, the share of coal accounted for less than one quarter of the fuel mix for electricity generation. That is substantially lower than coal's share – about 50 per cent – just six years ago. Gas-fired units now generate about half of our electricity. I should add that the two power companies will continue to phase out their existing coal-fired generating units, gradually replacing them with natural gas and non-fossil fuels.

Turning to renewable energy, while Hong Kong's geographical environment restricts its development, we are determined to maximise its potential. For example, the Government has set aside about 300 million Euros to install small-scale renewable energy systems on government premises. And, in co-operation with the two power companies, we have established a Feed-in Tariff Scheme to encourage the community to invest in distributed renewable energy. This Scheme has proven to be very popular and to date, more than 16 000 applications have been received, and over 14 000 of which have been approved. These, we estimate, will generate sufficient renewable energy to meet the electricity demands of some 67 000 households in Hong Kong.

Our transport sector accounted for about 18 per cent of Hong Kong's carbon emissions in 2019. To lower that, we've put in place a variety of initiatives, including the New Energy Transport Fund. The Fund encourages the transport sector to test and adopt innovative green technology.

We are also supporting electric vehicles (EVs), offering first registration tax concessions and launching a 220 million Euro EV-charging at Home Subsidy Scheme. The initiative promotes the installation of electric vehicle charging facilities in the car parks of residential buildings. Six months ago, we published a roadmap on popularising electric vehicles. Its purpose is to help Hong Kong reach zero vehicular emissions before 2050. Hand in hand with this is the Government's landmark decision to cease the new registration of fuel-propelled private cars by 2035. That fits smoothly with our carbon-neutrality target.

In February, the Government announced the Waste Blueprint for Hong Kong 2035. It will tackle the waste sector, which accounted for some 7 per cent of our carbon emissions in 2019. In this, the Government will work with industry and the community. Our goal is to reduce per capita municipal solid waste disposal by up to 45 per cent, while raising the recovery rate to about 55 per cent in the medium term. Eventually, we plan to move away from reliance on landfills, replacing them with waste-to-energy and waste-to-resources facilities. Zero waste landfill is the objective. The passing of the municipal waste charging legislation in the Legislative Council (LegCo) last month has certainly given us a major boost in our waste management efforts.

Finance plays a key role in creating a low-carbon world. And Hong Kong, one of the world's leading financial centres, is committed to becoming a

global leader in green finance. It helps that the Guangdong-Hong Kong-Macao Greater Bay Area Outline Development Plan supports Hong Kong's development as the region's green finance centre. Last year, we established the Green and Sustainable Finance Cross-Agency Steering Group. Chaired jointly by the Hong Kong Monetary Authority and the Securities and Futures Commission, the Group's goal is to accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies.

We are no less committed to green bonds. In 2018, we introduced our first Government Green Bond Programme. It came with a borrowing ceiling of nearly 11 billion Euros. To date, through two offerings, we have launched US\$3.5 billion green bonds. In both, I learnt that no less than 20 per cent of the bonds were allocated to European investors. This is a ringing endorsement of European investor confidence in Hong Kong's credit strengths and economic fundamentals. It also illustrates our shared commitment to promoting sustainable development and combating climate change. To enable Hong Kong to go further, we have already got LegCo's approval to double the borrowing ceiling of the Green Bond Programme to about 22 billion Euros. That should allow the issuance of green bonds worth more than 19 billion Euros over the next few years.

These and other green initiatives will go a long way towards limiting climate change in Hong Kong. They will also create business prospects, including more than 5 000 employment opportunities over the coming few years. In addition, the Government's drive to reduce carbon in electricity generation will boost investment in the private sector, estimating to create another 5 000 employment opportunities.

We need more young people to join us in this green journey. Which is why the Environment Bureau launched a Graduates Subsidy Programme last year and renewed it again this year. The Programme subsidises private companies and organisations wishing to employ fresh graduates specialising in areas related to environmental protection, green energy, sustainable development and more.

For the EU community, these endeavours could easily be translated into business prospects and sharing of technological know-how. We have seen this in almost all the advanced environmental facilities built in recent years – from T·PARK and WEEE·Park to O·PARK1 and I·PARK, involving companies from France, Germany, Spain and Belgium. On the automotive sector, the popularisation of EVs will mean plenty of opportunities for bringing in European brands. As for green finance, I am sure my colleague Chris Hui, the Secretary for Financial Services and the Treasury, will have more to say. And all these new technologies adopted in Hong Kong will have a much bigger market – the Guangdong-Hong Kong-Macao Greater Bay Area – to tap.

Ladies and gentlemen, China is committed to achieving peak carbon dioxide emissions before 2030 and carbon neutrality before 2060. Hong Kong aspires to become a green leader, in infrastructure, in finance, transport, leisure and more. To that end, we will continue to be an active participant in combating climate change. And we will continue our participation in such global gatherings as the C40 Cities Climate Leadership Group.

To underline the Government's commitment, I am chairing a new Steering Committee on Climate Change and Carbon Neutrality. It will lead the way for the Government in mapping out our climate strategy. The Steering Committee is now finalising an updated Climate Action Plan for Hong Kong to be published shortly after my 2021 Policy Address to be delivered on October 6, and I look forward to receiving your feedback on the Plan.

My thanks, once again, to the European Union Office to Hong Kong and Macao and the European Chamber of Commerce in Hong Kong for organising this inspiring event, and I wish you all a very fruitful session. Thank you.

