

# Speech by FS at 2025 Hong Kong Climate Forum (English only) (with photo/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the 2025 Hong Kong Climate Forum today (March 25):

Professor Gong Peng (Vice-President and Pro-Vice-Chancellor (Academic Development) of the University of Hong Kong), Dr Dai (Director of the California-China Climate Institute, Dr Dai Fan), Duncan (Legislative Council Member, Mr Duncan Chiu), distinguished guests, ladies and gentlemen,

It is a pleasure to join you all again at the Hong Kong Climate Forum. Let me begin by extending my heartfelt thanks to the University of Hong Kong and the Institute for Climate and Carbon Neutrality for convening this second edition of a truly meaningful initiative.

Building on the strong foundation of last year's inaugural gathering, this year's forum deepens our collective focus – from scientific understanding and green investment to youth leadership, health resilience, and the transformative power of technology. The breadth and depth of today's agenda are both inspiring and necessary. It reminds us that climate change is not a siloed issue; it touches every corner of our economy, society and daily life.

## Climate challenges and collective responsibility

Last year, we gathered here against the backdrop of a record-breaking year of heat. Sadly, 2024 has only reaffirmed the urgency, and became the new record. The impacts are increasingly clearer: more frequent extreme weather, rising sea levels, threats to biodiversity and stress on public health.

Climate change is no longer a future risk; it is a clear and present danger. The cost of inaction is unbearable – environmentally, economically and socially.

It is therefore disappointing to learn that elsewhere in the world, there was still a blatant denial of climate change, followed by withdrawal from climate commitments.

But we must not succumb to pessimism. Around the world, support for green transition remains the mainstream. Energy systems are shifting, technologies are advancing, and people – especially the younger generation – are demanding bold and collaborative responses.

Our country, China, has placed green development at the heart of her national development strategy, with concrete steps taken. They include not only launching green projects, but also establishing mechanisms for carbon auditing, footprint management and carbon certification. China is also

actively participating in global climate governance. In the China Development Forum held last Sunday, Premier Li Qiang reiterated the importance of green transition as a driver of economic growth.

So are we here in Hong Kong. We are firmly committed to reaching carbon neutrality by 2050 with four key areas of focus: net-zero electricity generation, green transport, green buildings and waste reduction.

We do not view combating climate change as a burden that will hurt business. Of course, it entails necessary changes to our lifestyles, production methods and business practices. However, climate goals are creating new opportunities for business as well. That cannot be better encapsulated than in President Xi's famous words: "Lucid waters and lush mountains are invaluable assets", or "绿水青山就是金山银山". Through the many changes to our ways of life, new business cases are emerging. The most obvious examples are the Mainland's stellar industries of the New Three – electric vehicles (EVs), solar panels and lithium batteries.

### Hong Kong's green progress

For us, it is clear that Hong Kong, and the Greater Bay Area, will be able to ride this new wave of change with commitment and leadership.

A recurrent topic in combating climate change is the significant funding gap for green transition, measured in trillions of US dollars. In other words, there is a need to mobilise capital to support green projects on a massive scale. Hong Kong, as an international financial centre adhering to the best green finance standards, excels at matching quality green projects with funding. To enable broader participation in funding green projects, Hong Kong has recently rolled out innovative financing arrangements, such as tokenised green bonds and securitised infrastructure loans.

Moreover, Hong Kong is progressing into the new space of transition finance to help high-emitting sectors invest in clean technologies and decarbonise. The Hong Kong Monetary Authority is working to include transition activities in the Hong Kong Taxonomy for Sustainable Finance.

Then there is green tech. We are home to many green tech start-ups, all sharing the mission to develop practical technological solutions. In our Science Park and Cyberport, there are approximately 300 green start-ups specialising in energy-efficient materials, carbon capture, EV infrastructure, and much more.

In this year's Budget, we announced the establishment of a GreenTech Hub, which would house around 200 green enterprises and bring together innovators in the green industry, forming a nexus for fostering fresh ideas, transformative solutions and business partnerships. The hub was opened earlier this month.

Going forward, our green tech sector will benefit from the technological prowess of the Greater Bay Area as well.

Speaking of green tech, it would be remiss of me not to address an

important subject, which is also a theme for discussion at the forum this morning: how AI (artificial intelligence) will drive and benefit the green transition. Allow me to share a few thoughts on their intersection.

## AI and green: a strategic alliance

To begin with, AI is a game changer. It is fundamentally altering production, business and consumption models, redefining the competitiveness of economies. When considering AI's relationship with green development, a broader perspective should be taken. It is not only empowering specific green technologies but also acting as a catalyst for driving behavioural change.

Clearly, AI has vast potential in optimising energy production and consumption. The World Economic Forum, for example, has indicated that AI's benefits in these areas are especially impactful in emerging markets with significant infrastructure gaps, as they have enormous potential to leapfrog to cleaner systems.

AI can also accelerate the invention of new materials. It can improve climate modelling and forecasting, enhancing our preparedness in the face of natural disasters.

The many applications of AI can permeate into our daily life and transform various sectors and businesses across the community, culminating in significant climate change mitigation. From energy saving tech for home appliances and vehicles to smarter traffic management, these innovations are spreading across our country and the world at large.

Even simply taking environmentally friendly driving routes recommended by AI could significantly reduce emissions.

In green finance, AI helps identify green opportunities with strong climate impact potential and sustainable returns, thereby optimising the allocation of capital across clean energy projects.

In ESG (environmental, social and governance) analysis and sustainability reporting, AI improves transparency. It can monitor and cross-check corporate disclosures, strengthening accountability and increasing market confidence in green-labelled financial products. In risk management, AI-powered climate analytics can help us assess exposure to physical risks, such as flooding or wildfires, as well as transition risks, including changes in regulation, market preferences and technology disruption.

Above all, the application of AI for the green movement presents opportunities everywhere. What we need is a whole-of-community approach.

## Hong Kong's vision

That's why in Hong Kong, we have envisioned AI as a core industry. We are driving this development on five fronts: supercomputing capabilities, algorithms, data, capital and talent. We have positioned Hong Kong as an international exchange and co-operation hub for the AI sector. This year, we will host events of global significance, including the inaugural

International Young Scientist Forum on Artificial Intelligence and the International Conference on Embodied AI Robots. We believe these platforms will be ideal occasions to discuss how AI could reinforce our efforts in combating climate change.

Ladies and gentlemen, we need not just action but also thought leadership. That's what makes fora like today's highly meaningful and productive.

Hong Kong will continue to host various climate platforms. For example, the second edition of Hong Kong Green Week will be held this September. Anchored by the Climate Business Forum co-hosted with the International Finance Corporation of the World Bank, the event will offer a platform for dialogue, deal-making and partnership.

All of these efforts reflect our belief and commitment that Hong Kong can – and must – play a meaningful role in the global climate response.

Let us act together – with courage and a sense of urgency – for our planet, our community and future generations.

I wish you all a most successful forum. Thank you very much.

