

Speech by FS at Asia-Pacific Business Forum 2023 (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Asia-Pacific Business Forum 2023 today (November 22):

Ms Alisjahbana (Under-Secretary-General of the United Nations and Executive Secretary of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Ms Armida Salsiah Alisjahbana), George (Chair of ESCAP Sustainable Business Network (ESBN), Dr George Lam), Poman (Co-Chair of ESBN Task Force on Finance, Ms Poman Lo), distinguished guests, ladies and gentlemen,

Good morning. It is my pleasure to welcome the Asia-Pacific Business Forum back to Hong Kong – the second time in the past five years that this prestigious event is held here.

I spoke to you then, in 2018, focusing on innovation, technology and finance, all central to our green transformation goals.

Today, we gather to discuss and explore the tremendous business opportunities that green transition could present. But for a start, allow me to share with you the discussions at the recent APEC (Asia-Pacific Economic Cooperation) meetings which had gathered together the prominent leaders and ministers from around the Asia Pacific.

The global scene

Combating climate change, along with promoting sustainable and inclusive development, had topped the agenda of the APEC meetings. Leaders all acknowledged that the world would continue to be confronted by profound challenges posed by the impacts of climate change, and more intensive, co-ordinated efforts are needed to fight them.

Green transition involves a huge amount of investment. Estimates have indicated that Asia alone will need US\$66 trillion in the coming three decades. China alone is US\$14 trillion. It is clear that governments cannot fund them on their own. The private sector's resources must be effectively mobilised.

How to make this materialise, and how the business community may benefit from this process, are subjects on which experts in this prestigious forum will enlighten us.

Here, allow me to take a few minutes to bring you up to date on Hong Kong's progress on the road to carbon neutrality.

Hong Kong's path to decarbonisation

For decarbonisation, we have come a long way.

In response to the Paris Agreement in 2015, we first announced an action plan in 2017. At that time, the target was to reduce up to 36 per cent of total carbon emissions, based on 2005 levels, by 2030.

In 2021, we announced Hong Kong's Climate Action Plan 2050, setting out two clear targets: first, achieving carbon neutrality before 2050, and second, reducing carbon emissions by 50 per cent from our 2005 levels before 2035.

Hong Kong is a small and compact city with a relatively insignificant industrial and production base. Therefore, our sources of carbon emissions come mainly from electricity generation, which accounts for two-thirds of our carbon emissions. Buildings, in particular, account for 90 per cent of all electricity generation in Hong Kong. Transport comes second as another major source of carbon emissions, accounting for 19 per cent, and waste, 8 per cent.

The Hong Kong SAR (Special Administrative Region) Government is therefore taking four major decarbonisation strategies to address these sources of emission.

The first is to achieve net-zero electricity generation. That includes phasing out coal for daily electricity generation, and increasing the share of zero-carbon energy to 60 to 70 per cent by 2035. Ultimately we will achieve net-zero carbon emissions in electricity generation before 2050.

Second, saving energy in buildings. Through promoting green buildings, improving their energy efficiency, and promoting a green lifestyle, we are on the way to reducing electricity consumption of commercial buildings and residential buildings by 30-40 per cent and 20-30 per cent respectively by 2050.

Third, promotion of green transport. To that end, we plan to cease new registration of fuel-propelled and hybrid private cars by 2035, or earlier. In addition, we are promoting other new-energy transport.

In the first half of this year, more than 60 per cent of newly registered private cars in Hong Kong were EVs (electric vehicles), I'm pleased to note.

Finally, waste reduction. While reducing municipal waste is pivotal, we are also developing state-of-the-art, waste-to-energy facilities to tackle our remaining emission sources.

And the latest addition announced in the Chief Executive's Policy Address this year is the formulation of a strategy on hydrogen development in

early 2024, to promote the adoption of hydrogen fuel as zero-carbon energy.

Ladies and gentlemen, in the next 15 to 20 years, the Government will devote about US\$30 billion to implement the above-mentioned climate-change mitigation and adaptation measures.

I believe the Government's climate budget will also boost private-sector investment, as companies become increasingly aware of the benefits that green practices can bring.

Going green, beyond Hong Kong

But Hong Kong aside, this Government is very much aware of the promise that green transformation can deliver to the region and the world.

Given that Hong Kong is an international financial centre, I am confident that we will also rise as an international centre for green finance.

Let me tell you why.

Last year, the total green and sustainable debt arranged or issued in Hong Kong exceeded US\$80 billion. That was up more than 40 per cent, year on year.

And the volume of green and sustainable bonds arranged in Hong Kong accounted for one-third of Asia's total issuance. Those bonds are denominated in different currencies, in US dollars, euros, Renminbi and Hong Kong dollars. They are with a tenure of up to 30 years.

Carbon markets will also play an important role in green transition. In October last year, the Hong Kong Stock Exchange launched Core Climate. It is the only market settling voluntary carbon credits in both Hong Kong dollars and Renminbi. Our goal is to make Hong Kong a global market for high-quality, voluntary carbon credits.

Meanwhile, technology will play an increasingly important role in expediting green transformation and achieving carbon neutrality.

In Hong Kong, green technology is thriving, with many outstanding research teams and start-ups in our universities, as well as Science Park and Cyberport. Many have come up with innovative solutions which are now selling in overseas markets.

Indeed, together with sister cities in the Greater Bay Area, we will rise as a global green tech and green finance centre, powered by a complete financial and industry chain.

Concluding remarks

Ladies and gentlemen, the HKSAR Government, let me emphasise, is

committed to working with the business sector to realise Hong Kong's green transformation.

I am grateful to the organisers of this year's Asia-Pacific Business Forum, the United Nations Economic and Social Commission for Asia and Pacific, and its Sustainable Business Network for organising this meaningful event in Hong Kong.

My thanks also go to Dr George Lam and Ms Poman Lo for their critical roles in making this year's Forum possible.

They both, let me add, are members of the Green Technology and Finance Development Committee that I set up this year to put together an action agenda to promote the development of green technology and finance in Hong Kong.

I wish you all a productive and rewarding Forum, and the best of business in the year to come.

Thank you.

