

Speech by FS at FII Plenary Session: Where is the New Silk Road? (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the FII Plenary Session: Where is the New Silk Road? in Riyadh, Saudi Arabia, today (October 31, Riyadh time):

Distinguished guests, ladies and gentlemen,

Good afternoon. It is a pleasure to be here with you today as we explore the future of the New Silk Road – or the Belt and Road Initiative – a vision that extends far beyond trade routes, connecting continents through shared values of sustainability, innovation, and common prosperity.

Since its inception in 2013, the Belt and Road Initiative has reshaped the global trade and investment landscape. It has forged significant investments in infrastructure, boosted trade and strengthened people-to-people bonds.

Hong Kong is an active participant, contributor and beneficiary of the Belt and Road Initiative. Over the past decade, Hong Kong has played a vital role in its growth too. For instance, our external trade with Belt and Road economies has increased by around 60 per cent.

For those who are less familiar with our city, Hong Kong is a Special Administrative Region of China administered under a "one country, two systems" principle. On the one hand, we have convenient and at times priority access to the Mainland market, but on the other, retain all the defining characteristics of an international city: open and diverse, rule of law, free flow of goods, capital, information, people, and business practices that align with the best of the world. This uniqueness enables us to serve as the "super connector" in the region, creating opportunities for all.

As the Belt and Road Initiative moves into the next decade, the focus is clear: sustainability and inclusiveness. Green infrastructure projects are at its heart, from solar plants to low-carbon railway transportation. The common aspiration is to pave a "Green Silk Road" benefitting all along the route.

And Hong Kong's strategic vision to become an international green tech and green finance centre can contribute to the achievement of this common aspiration in many ways.

First, we can address the funding gap. The funding need for green transition is huge – global annual climate investments are estimated to reach US\$9 trillion by 2030 and US\$10 trillion by 2050. Hong Kong, as one of the top three international financial centres, along with New York and London,

and Asia's green finance leader, is well positioned to mobilise capital to support the green transition by matching quality projects with funding. For instance, we arranged around US\$63 billion on average annually over the past three years in green and sustainable debt through our financial institutions. Green bonds issued in Hong Kong account for over one-third of Asia's total.

But more than funding, we are committed to innovative financing arrangements that help broaden the investor base of green projects. One example is securitisation of infrastructure loans, packaging mature, brownfield projects for investors, thereby releasing funds for investment into other greenfield projects. Hong Kong has issued two batches of such loans already, amounting to US\$800 million in more than 50 projects in the Middle East, Asia Pacific, and Latin America.

Second, we can address the technology gap. There is still a significant disparity in green tech adoption globally, with countries in the Global South lacking the financial resources and infrastructure to adopt cutting-edge green solutions. Investment inclinations will also aggravate this gap, as developed nations typically invest more in R&D (research and development) for green technologies.

Hong Kong is home to many green tech start-ups, all sharing the mission to develop technological solutions that combat climate change, which may well fit in the relevant strategies of economies in the MENA (Middle East and North Africa) region. One of them, for example, develops carbon-capture technologies in 3D-printed reef tiles to help restore coral reefs. It now has a production base in Abu Dhabi.

Third, we can address the knowledge gap. That means linking up people, projects and knowledge. Hong Kong is a compact city, yet has solid experience in city planning and operations, and managing large-scale infrastructure projects. Our expertise in smart cities and green urban planning complements MENA's ambitions to build digitally connected, sustainable urban centres. These potential partnerships can set the standard for urban resilience and environmental stewardship in the years ahead.

Ladies and gentlemen, the vision of a Green Silk Road presents a unique opportunity for us to collaborate on fostering sustainable, resilient, and inclusive development for future generations. Hong Kong is proud to be part of that effort, and we are committed to making valuable contributions in finance and innovation, and fostering partnerships to strive for a brighter and greener future for all.