

# Speech by FS at Hong Kong Green Finance Association Annual Forum 2023 (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Hong Kong Green Finance Association Annual Forum 2023 today (October 4):

Dr Ma (the Chairman and President of the Hong Kong Green Finance Association, Dr Ma Jun), 馮錦權 (the Deputy Director-General of the Department of Economic Affairs of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, Mr Tan Yabo), distinguished speakers and guests, ladies and gentlemen,

Good morning. It is my pleasure to be here, once again, at the annual forum of the Hong Kong Green Finance Association – the sixth edition.

Today's Forum agenda is smartly captured in its theme: "Transition to Net Zero: from Ambition to Action." It will cover a wide range of important topics relating to Hong Kong's green future. We will discuss the concrete plans by both the Mainland and Hong Kong to achieve net zero. We will also examine the significance and effectiveness of carbon pricing and trading, the latest green tech trends, and the prospects of Hong Kong becoming an international green tech and green finance centre.

I am confident that this forum will provide us with inspiring and insightful perspectives, enabling policymakers and professionals in the financial, technology, and academic fields, to contemplate the necessary actions and solutions for Hong Kong's – and indeed the Greater Bay Area's – green journey.

Green is a global agenda. Governments around the world are putting a priority on carbon reduction and net-zero transition plans. Our country has set the "3060" target, and green transition is central to the pursuit of high-quality development, as highlighted at the 20th National Congress of the Communist Party of China and this year's high-level "two sessions" in Beijing.

Here in Hong Kong, we have also set targets to halve carbon emissions by 2035 and achieve carbon neutrality by 2050. We are fully committed to these goals and are making tangible progress.

As the world moves towards green transition, the need for funding in this sector is growing rapidly. In this year's Budget, I have set out my vision for Hong Kong to become an international green tech and green finance centre. We are making great strides to seize the immense opportunities ahead.

Today, I am pleased to share some of the progress we have made to date.

## Green finance

Hong Kong is already Asia's green finance hub. Last year, the total amount of green and sustainable debt arranged or issued in Hong Kong exceeded US\$80 billion, up more than 40 per cent compared to the year before, with green bond issuance accounting for about one-third of the market share in Asia.

This substantial volume demonstrates Hong Kong's leading position as a pre-eminent platform and service provider in the region. Mainland entities and companies trust Hong Kong for green fundraising. That also includes provincial and municipal authorities. For the past few years, the Shenzhen Municipal People's Government and the People's Government of Hainan Province had, together, issued around RMB20 billion in green, blue, sustainability and social bonds here.

And we are keen to contribute to global green transition. We welcome countries from ASEAN (Association of Southeast Asian Nations), the Middle East and countries along the Belt and Road to make use of Hong Kong's world-class financial services. In May this year, the Hong Kong Mortgage Corporation issued Hong Kong's pilot infrastructure loan-backed securities, worth about US\$400 million. The securities cover 25 projects in the Asia-Pacific, Middle East and South America. Among them, US\$100 million was relating to green and sustainable development, as well as social responsibility projects.

In February this year, we have also experimented with the world's first government tokenised green bond. The issuance was based on blockchain technology, which significantly shortened the settlement process from typically five days to two days. That highlights Hong Kong's ability to apply financial innovation to the bond market and green finance.

Carbon trading is also a crucial instrument in advancing decarbonisation. Core Climate, the international carbon market under the Hong Kong Stock Exchange, was launched a year ago in October. It is the world's sole market for settling voluntary carbon credits in Hong Kong dollars and Renminbi. And the number of participants in Core Climate has tripled, to nearly 70, since its launch.

## Green technology

As for green tech, we can all believe in Hong Kong's potential.

Our foundation in basic research is strong, with five universities ranking among the top 100 globally. In many scientific fields, such as medicine, biotech and AI, we are at the forefront of innovation.

Green technology is thriving, with numerous 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.

A team at City University, for example, drew inspiration from the biological structure of ants living in the Sahara Desert, and developed a coating for building exteriors. This innovative solution can reduce indoor temperatures by 6 to 8 degrees Celsius, saving up to 40 per cent of electricity consumption. The Hong Kong Special Administrative Region Government was among the first to adopt the product, which has now been exported to ASEAN countries and beyond.

Another remarkable example is a Science Park start-up that has developed 3D-printed, ceramic coral-reef plates. The plates aid in the regeneration of coral reefs, contributing to carbon sequestration. The start-up, I am pleased to note, has established a production base in the United Arab Emirates.

The innovation and technological strengths of Hong Kong will be further boosted by deepening collaboration with our sister cities in the Greater Bay Area. In fact, the "Shenzhen-Hong Kong-Guangzhou" science and technology cluster has ranked second globally for four consecutive years, in the annual Global Innovation Index by the World Intellectual Property Organisation.

Indeed, with our respective strengths in basic research, commercialisation, financing and advanced manufacturing, the Greater Bay Area is destined to become a green tech and green finance centre powered by a complete financial and industry chain.

To fast-track the development of green technology in Hong Kong, we have set sight on attracting leading enterprises or those with cutting-edge technologies to settle here, so that we can create a more vibrant ecosystem.

We established the Office for Attracting Strategic Enterprises last December to target such businesses as well as those in the life and health sciences, artificial intelligence and data science, fintech, advanced manufacturing, new materials, and new energy.

To date, we have attracted some 30 such enterprises. Collectively, they will make an initial investment of some HK\$30 billion, creating about 10 000 jobs, the majority of which will eventually settle in the Northern Metropolis.

Concluding remarks

Ladies and gentlemen, Hong Kong is well positioned to seize the opportunities presented by the global green transition. I am delighted to see so many distinguished guests and experts at this forum today. I believe your valuable insights and advice will inspire new ideas and create more opportunities for collaboration.

My sincere thanks to the Hong Kong Green Finance Association for giving me this welcome opportunity to speak to you today. I wish you all a productive and inspiring forum, and the best of health and business.

Thank you.

