

## Import of poultry meat and products from areas in Canada and Poland suspended

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department announced today (February 20) that in view of a notification from the World Organisation for Animal Health (WOAH) about outbreaks of highly pathogenic H5N1 avian influenza in Drummond Regional County Municipality of Quebec Province and Essex County of Ontario Province in Canada, and a notification from the General Veterinary Inspectorate of Poland about an outbreak of highly pathogenic avian influenza in KoniÅ„ski District of Wielkopolskie in Poland, the CFS has instructed the trade to suspend the import of poultry meat and products (including poultry eggs) from the above-mentioned areas with immediate effect to protect public health in Hong Kong.

A CFS spokesman said that according to the Census and Statistics Department, Hong Kong imported about 270 tonnes and about 3 110 tonnes of frozen poultry meat from Canada and Poland respectively last year.

"The CFS has contacted the Canadian and Polish authorities over the issues and will closely monitor information issued by the WOAH and the relevant authorities on the avian influenza outbreaks. Appropriate action will be taken in response to the development of the situation," the spokesman said.

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## CSSA caseload for January 2024

The overall Comprehensive Social Security Assistance (CSSA) caseload in January showed a drop of 459 cases, representing a decrease of 0.2 per cent compared with that of December 2023, according to the latest CSSA caseload statistics released by the Social Welfare Department today (February 20).

The total CSSA caseload at the end of January stood at 199 941 (see attached table), with a total of 273 349 recipients.

Analysed by case nature, low-earnings cases registered a month-to-month decrease of 0.8 per cent to 1 568 cases. Unemployment cases decreased by 0.6 per cent to 17 075 cases. Single parent cases dropped by 0.5 per cent to 20 385 cases. Old age cases declined by 0.3 per cent to 112 032 cases.

Ill-health cases registered an increase of 0.3 per cent to 27 817 cases. Permanent disability cases remained steady at 17 164 cases.

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## Inspection of aquatic products imported from Japan

In response to the Japanese Government's plan to discharge nuclear-contaminated water at the Fukushima Nuclear Power Station, the Director of Food and Environmental Hygiene issued a Food Safety Order which prohibits all aquatic products, sea salt and seaweeds originating from the 10 metropolis/prefectures, namely Tokyo, Fukushima, Ibaraki, Miyagi, Chiba, Gunma, Tochigi, Niigata, Nagano and Saitama, from being imported into and supplied in Hong Kong.

For other Japanese aquatic products, sea salt and seaweeds that are not prohibited from being imported into Hong Kong, the Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department will conduct comprehensive radiological tests to verify that the radiation levels of these products do not exceed the guideline levels before they are allowed to be supplied in the market.

As the discharge of nuclear-contaminated water is unprecedented and will continue for 30 years or more, the Government will closely monitor and step up the testing arrangements. Should anomalies be detected, the Government does not preclude further tightening the scope of the import ban.

From noon on February 19 to noon today (February 20), the CFS conducted tests on the radiological levels of 174 food samples imported from Japan, which were of the "aquatic and related products, seaweeds and sea salt" category. No sample was found to have exceeded the safety limit. Details can be found on the CFS's thematic website titled "Control Measures on Foods Imported from Japan" ([www.cfs.gov.hk/english/programme/programme\\_rafs/programme\\_rafs\\_fc\\_01\\_30\\_Nuclear\\_Event\\_and\\_Food\\_Safety.html](http://www.cfs.gov.hk/english/programme/programme_rafs/programme_rafs_fc_01_30_Nuclear_Event_and_Food_Safety.html)).

The Agriculture, Fisheries and Conservation Department (AFCD) has also tested 50 samples of local catch for radiological levels. All the samples passed the tests. Details can be found on the AFCD's website ([www.afcd.gov.hk/english/fisheries/Radiological\\_testing/Radiological\\_Test.html](http://www.afcd.gov.hk/english/fisheries/Radiological_testing/Radiological_Test.html)).

The Hong Kong Observatory (HKO) has also enhanced the environmental monitoring of the local waters. No anomaly has been detected so far. For details, please refer to the HKO's website ([www.hko.gov.hk/en/radiation/monitoring/seawater.html](http://www.hko.gov.hk/en/radiation/monitoring/seawater.html)).

From August 24 to noon today, the CFS and the AFCD have conducted tests on the radiological levels of 31 392 samples of food imported from Japan (including 21 068 samples of aquatic and related products, seaweeds and sea

salt) and 8 872 samples of local catch respectively. All the samples passed the tests.

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## Monetary Authority Announces Countercyclical Capital Buffer Ratio for Hong Kong

The following is issued on behalf of the Hong Kong Monetary Authority:

The Monetary Authority announced today (February 20) that the countercyclical capital buffer (CCyB) ratio for Hong Kong remains unchanged at 1 per cent.

The Monetary Authority, Mr Eddie Yue, said, "Quantitative indicators suggest that overheating risks in Hong Kong are well contained. In view of the planned transition to a Positive Neutral CCyB of 1 per cent this year, it is appropriate to keep the CCyB ratio at the current level for the time being and continue to monitor the situation closely."

Further details of the decision may be found in the [Announcement of the CCyB to Authorized Institutions](#) on the HKMA website.

### Background

In setting the CCyB ratio the Monetary Authority considered a series of quantitative indicators and qualitative information including an "indicative buffer guide" (which is a metric providing a guide for CCyB ratio based on the gap between the ratio of credit to GDP and its long term trend, and between the ratio of residential property prices to rentals and its long term trend). The latest indicative buffer guide, calculated based on 2023Q3 data, signals a CCyB of 0 per cent. The projection based on all available data and the new formula that takes into account the Positive Neutral CCyB (Note) to be effective from April 1, 2024 suggests that the indicative buffer guide would likely signal a CCyB of 1 per cent when all relevant 2023Q4 data become available.

Whilst the indicative buffer guide, as its name suggests, provides only a "guide" for CCyB decisions, the determination of the jurisdictional CCyB ratio for Hong Kong is not a mechanical exercise and, in addition to the indicative buffer guide, the Monetary Authority also reviewed a range of other reference indicators. Quantitative indicators suggest that overheating risks in Hong Kong are well contained. In view of the planned transition to a Positive Neutral CCyB of 1 per cent this year, it is appropriate to keep the CCyB ratio at the current level for the time being and continue to monitor

the situation closely.

The CCyB is an integral part of the Basel III regulatory capital framework and is being implemented in parallel by Basel Committee member jurisdictions worldwide. The CCyB has been designed by the Basel Committee to increase the resilience of the banking sector in periods of excess credit growth. The banking sector can then act as a "shock absorber" in times of stress, rather than as an amplifier of risk to the broader economy.

The power to implement the CCyB in Hong Kong is provided by the Banking (Capital) Rules, which enable the Monetary Authority to announce a CCyB ratio for Hong Kong. The specific CCyB requirement applicable to a given Authorized Institution (AI) is expressed as a percentage of its CET1 capital to its total risk-weighted assets. Each AI's CCyB requirement may vary depending on the geographic mix of its private sector credit exposures and the CCyB applicable in each jurisdiction where it has such exposures.

Note: Under the Positive Neutral CCyB approach, authorities aim for a positive CCyB when risks are judged to be neither subdued nor elevated. Please refer to [www.bis.org/publ/bcbs\\_n130.htm](http://www.bis.org/publ/bcbs_n130.htm) for more information.

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## **SFST's speech at APLMA Global Loan Market Summit (English only)**

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Asia Pacific Loan Market Association (APLMA)'s Global Loan Market Summit today (February 20):

James (Chief Executive Officer of the APLMA, Mr James Hogan), Kenneth (Executive Director (External) of the Hong Kong Monetary Authority, Mr Kenneth Hui), distinguished speakers and guests, ladies and gentlemen,

It is my pleasure to join the Asia Pacific Loan Market Association Global Loan Market Summit this year, and I thank the Association for inviting me to speak to you today. May I first send you my warmest New Year greeting and wish you a prosperous Year of the Dragon. I would also like to express my appreciation and gratitude for the valuable work and contribution of the Association. I am very pleased to share with you the development of Hong Kong's financial sector in line with some of the key topics to be discussed today, including the development of our debt market and the green and sustainable finance market.

As we step into a bright new year, Hong Kong is focused on beginning a new chapter of economic vitality. High interest rate and its uncertainty is a challenging environment to all of us, but as usual, challenges also bring

along new opportunities. At this summit today, I would like to share with you how we are navigating the uncertainties, and at the same time developing new opportunities for the market.

We are blessed with good news for market development as we kick-started 2024. At the Asian Financial Forum in January this year, Mr Li Yunze, the chief of the National Financial Regulatory Administration, spoke of further expanding the opportunities for Hong Kong in the banking and insurance sectors. The same day, Mr Pan Gongsheng, the Governor of the People's Bank of China, revealed six new measures to enhance the financial co-operation and stimulate the investment flows between the Mainland and Hong Kong. They include enhancements of the Northbound Bond Connect and Greater Bay Area Wealth Management Connect 2.0.

On the development of our debt market, with our prime location and unique institutional strengths, Hong Kong is well positioned and recognised as a leading bond market in Asia. Counting in terms of bonds issued internationally by Asia-based entities, the volume arranged by Hong Kong ranked first globally for seven consecutive years since 2016, exceeding US\$100 billion and capturing 30 per cent of the market in 2022. The Government and the regulators will continue to promote the advantages of our bond market to issuers and investors on the Mainland and overseas to strengthen our bond market development.

Over the years, we have introduced various initiatives to promote the further development of Hong Kong's bond market. The Government adopts a three-pronged approach, including firstly building market infrastructure to ensure a safe and efficient environment for trading and settlement, and for connecting to major markets in the world, secondly for stimulating growth through government issuances, and thirdly incentivising market development through an array of support measures, such as subsidy schemes and tax incentive schemes.

Being the world's largest offshore Renminbi hub, we strive to make good use of our distinctive strengths to support and facilitate more issuers with Renminbi funding needs to issue bonds in Hong Kong. One such target group is Mainland local governments and we have extended the coverage of profits tax exemption to the debt instruments issued in Hong Kong by all Mainland local governments at any level. And with that we have welcomed multiple issuances by the People's Government of Hainan Province and the Shenzhen Municipal People's Government. I am also pleased to share that the overall dim sum bond market in Hong Kong achieved healthy growth in 2023, with issuance amount increasing by more than 87 per cent compared to the year before.

As a leading bond hub, Hong Kong has been channelling capital and investments for economic prosperity in Asia and beyond. To encourage more bond issuances in Hong Kong, we have also put in place a tax concession scheme for qualified bonds – the Qualifying Debt Instrument (QDI) scheme for more than 30 years. The QDI scheme was further enhanced subsequently to smoothly adapt to the constantly changing market landscape and measures adopted by other financial centres in the region. Since the implementation of the latest enhancement measures with effect from April 2018, the number of

QDIs in Hong Kong has grown significantly. As at end-2022, there were close to 1 600 QDIs and around 90 per cent of them were issued after April 2018.

On stimulating growth through government issuances, in recent years we have been doing that in tandem with pursuing development of green and sustainable finance. A global broad consensus has been established to achieve the goal of decarbonisation leveraging the financial markets for mobilising capital and resources, and the Government has decided to set an example by participating first-hand in the market.

We endeavour to promote Hong Kong's role as a green finance centre and support the sustainable development of our green bond market. In 2018 we launched the Government Green Bond Programme to start tapping the market for green financing. Since May 2019, we have successfully issued Government green bonds totalling about US\$24 billion equivalent, including the largest retail green bond issuance across the globe in 2022, the largest ESG bond issuance in Asia, and the first tokenised green bond issued by a government globally last year. We also have plans to further expand the scope of the programme to cover sustainable finance projects. The issuances were all well received by investors, and have set important new benchmark for potential issuers in Hong Kong and the region, enriching our green and sustainable finance ecosystem.

Building on the success of the first tokenised green bond issuance, we have recently issued the world's first multi-tranche digitally native green bonds, denominated in HKD, CNH, USD and EUR. The integration of traditional bond settlement infrastructure with a digital asset platform is a new achievement, and it highlights our ambition and progress in developing Hong Kong into a digital asset and sustainable finance hub.

Government issuances aside, we also seek to better integrate fintech with green finance, and accelerate the green transformation of the economy, with a view to actively expanding the green fintech ecosystem and developing Hong Kong as a green fintech hub. We will launch a dedicated proof-of-concept subsidy scheme for green fintech in the first half of 2024. The new scheme will promote the development of technological solutions and provide early-stage funding support for pre-commercialised green fintech, conducive to expanding the green fintech ecosystem. Separately, we are working with relevant stakeholders on developing a Hong Kong Green Fintech Map to provide one-stop information on the current status of green fintech companies in Hong Kong and related services, with a view to raising these companies' profile.

Now let's zoom out to look at our broader positioning and vision in developing green and sustainable finance. In light of global efforts in promoting green transformation and the accelerating demand for green finance, the Government will devote about HK\$240 billion to take forward various initiatives and measures on climate change mitigation and adaptation in the next 15 to 20 years, with a view to achieving carbon neutrality before 2050.

Statistics show that in the next 30 years, the Asian region will require US\$66 trillion in climate investment. This demonstrates the immense demand for green finance and the resulting opportunities for Hong Kong. And indeed the green and sustainable finance market in Hong Kong is thriving. The total

green and sustainable debt (including both bonds and loans) issued in Hong Kong increased by over 40 per cent from 2021 to reach more than US\$80 billion in 2022, among which the volume of green and sustainable bonds arranged in Hong Kong accounted for 35 per cent of the Asian green and sustainable bond market.

On the disclosures front, investors increasingly want more accurate, consistent and relevant information to understand how climate change affects the business operations, assets, and financial condition of their investments. We are committed to establishing world-class regulation through alignment with global standards. As announced in the Chief Executive's 2023 Policy Address, we are working with relevant financial regulators and stakeholders to develop a roadmap on the appropriate adoption of the IFRS (International Financial Reporting Standards) Sustainability Disclosure Standards for Hong Kong's financial services to align with international standards.

A working group, chaired by the Financial Services and the Treasury Bureau and the Securities and Futures Commission, with the participation of relevant financial regulators and major stakeholders, has been set up to look into the elements to be covered in this roadmap. The roadmap will comprise four key areas, namely sustainability reporting, assurance, data and technology, and capacity building. The working group will start the engagement with stakeholders to identify the specific circumstances that should be considered when implementing the ISSB (International Sustainability Standards Board) Standards in Hong Kong.

In addition, we are jointly developing new greenhouse gas emissions calculation and estimation tools with the Hong Kong University of Science and Technology, which will be free and publicly accessible and serve as an alternative source of information.

Having covered the development of our bond market, and green and sustainable finance market, let me conclude here. Ladies and gentlemen, looking forward, Hong Kong will continue to leverage our unique advantage as a leading international financial centre to navigate global uncertainties, and create new market development opportunities. We will work closely with you as partners to further cultivate a robust and prosperous financial ecosystem.

I wish you all a very successful summit today. May I also wish you a healthy and happy New Year! Thank you.