

Speech by FS at fifth Belt and Road Summit Business Plenary (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the fifth Belt and Road Summit Business Plenary "Powering the World's Recovery through Sustainable and Inclusive Development" today (November 30):

Distinguished guests, ladies and gentlemen,

Good morning.

It gives me great pleasure to take part in the fifth edition of the Belt and Road Summit.

The Belt and Road Initiative is all about connections. And I'm pleased to note that there are some 4 500 Belt and Road believers joining us online over the Summit's two packed days, from Hong Kong, the Mainland and across Asia, as well as Belt and Road nations throughout Europe and Africa.

Welcome to this morning's business plenary "Powering the World's Recovery through Sustainable and Inclusive Development".

At the moment, unfortunately, COVID-19 has pulled the plug, and ripped out the socket, on that promising power source.

The pandemic has tightened borders and reduced travel, business or otherwise, to a bare minimum. And the International Monetary Fund has called this past year the worst economic downturn since the Great Depression.

Still, we have come a good long way in recent months. In the third quarter, both the United States and the euro area saw year-on-year economic contractions notably narrowed. In China, where the recovery has been expanding since March, growth accelerated to 4.9 per cent in the third quarter. And recent economic data points to a further pick-up in the year's final quarter.

Encouraging, yes. But, of course, the global economic recovery is still fragile. New waves of infection in Europe and North America – and, recently, Hong Kong, too – is a potent reminder of that fragility.

In the meantime, we are doing everything we can to assist companies, to maintain employment and help people in need. To date, we've delivered fiscal relief measures on an unprecedented scale for Hong Kong – nearly US\$40 billion. That's equivalent to about 11 per cent of our GDP.

The Hong Kong SAR Government is also helping businesses to adapt to the new environment. Through the Distance Business Programme, for example, we're encouraging companies to adopt technology solutions to continue operating

through the epidemic.

In expediting the digitalisation of our economy, we can harness the power of innovation and technology to increase productivity, boost efficiency and support our recovery in a post-COVID-19 world.

The pandemic has some companies looking to diversify supply chains. And protectionism is on the rise, as we all know.

But here in Hong Kong, we remain firmly on the side of free trade and multilateral co-operation.

We're not alone. Earlier this month (November 15), the Regional Comprehensive Economic Partnership Agreement was signed. The free trade accord covers 15 Asia-Pacific economies. Together, they account for about 30 per cent each of the world's population and GDP.

As Premier Li Keqiang said, the signing of the Partnership shows that multilateralism and free trade remain the way forward for the world's economy and people.

The Belt and Road Initiative reflects that belief. For economies to survive, and thrive, after the pandemic, we must work together. Strengthening ties between Belt and Road nations and economies is the answer.

Hong Kong, let me assure you, believes in the Belt and Road Initiative and the connectivity it creates. To that end, we continue to expand our free trade agreement network. Recently, we've also organised webinars with Thailand, Indonesia and Malaysia to explore new opportunities. And we will continue to promote collaboration with governments along the Belt and Road.

Over the next decade, and well beyond, the Belt and Road Initiative will remain a critical driver of global growth, creating huge demand for a wide variety of services.

Hong Kong, blessed with world-class financial and professional services, has much to offer Belt and Road projects and the companies and countries behind them. In seizing these opportunities, Hong Kong will help build a sustainable and inclusive future for all.

And talking about "sustainability", we are also increasingly turning to green and sustainable finance to drive initiatives in public health and climate resilience, in financial development and other areas of promise.

Global green bond markets are growing rapidly, with the issuance amount reaching US\$261 billion in 2019 and the outstanding amount exceeding US\$700 billion by the end of the same year. Private enterprises have been increasingly involved in recent years.

As an international financial centre and the global Renminbi business hub, Hong Kong is well-equipped to develop into a leading regional hub for

green and sustainable finance. Despite the social turmoil last year, the amount of green bonds arranged and issued in Hong Kong tripled between 2017 and 2019 – and that came with a wider diversity of issuers.

To keep pace with the global trend and nurture uptake of the local market, Hong Kong has taken a series of proactive and broad-ranging steps amid the challenges brought about by COVID-19 this year.

In May, the Government and our financial regulators jointly established a Green and Sustainable Finance Cross-Agency Steering Group. It is seeking advice on policy and regulatory strategies, on promoting market development and enhancing Hong Kong's visibility as a green and sustainable finance hub.

The Green Finance Certification Scheme launched by the Hong Kong Quality Assurance Agency in 2018, which provides third-party conformity assessments for issuers on their green debt instruments, extended its coverage to include green funds in 2019 and environmental, social and governance (ESG) funds in May this year, further strengthening market confidence in green financial products.

In June, the Hong Kong Stock Exchange announced its plans to launch a new Green and Sustainable Exchange later this year. It is the first-of-its kind in Asia and will serve as a rich repository of information and data on green, social and sustainability financial products.

Following the inaugural issuance of Government green bonds in 2019, we plan to issue green bonds worth more than US\$8 billion over the next five years, having regard to market situation.

And that's not all. We will continue to capitalise on the enormous green finance opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development and the Belt and Road Initiative. The Outline Development Plan for the GBA promulgated last year supports Hong Kong's development into a green finance centre in the region.

In May this year, the Central Government came out with a document weighing financial support for the GBA, and it included concrete measures to promote Hong Kong as the Area's green finance centre. Under the Belt and Road Initiative, we will continue to promote Hong Kong's platform by supporting Chinese enterprises to raise funds for green projects in the region.

Hong Kong, let me add, is eager to seize the unprecedented opportunities that green and sustainable finance can bring to the GBA and its cluster of world-class cities and internationally competitive economies, including those along the Belt and Road.

To elevate Hong Kong's position as a regional green and sustainable finance hub, we will continue to facilitate and provide the necessary infrastructure and catalyst for promoting market development. We will also encourage more entities to make use of Hong Kong's capital markets as well as financial and professional services for green and sustainable investment,

financing and certification.

In a report just issued by the Hong Kong Institute for Monetary and Financial Research under the Hong Kong Monetary Authority last week, 71 per cent of existing issuers and 100 per cent of investors surveyed by the Institute indicate that they have plans to participate in Hong Kong's green bond market again in the future. This reflects their satisfaction with our service and our market, which is very encouraging indeed.

Like you, I look forward to the rewarding role green and sustainable finance will surely play in accelerating social and economic growth, as well as widespread recovery in the post-pandemic world.

On that hopeful note, I wish you all a fruitful Summit plenary, good health and good business in the coming year. Thank you.