

Speech by FS at First Annual Hong Kong Climate Forum: Greater Bay Area Climate Action and Cooperation (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the First Annual Hong Kong Climate Forum – Greater Bay Area Climate Action and Cooperation today (March 25):

Professor Zhang (President and Vice-Chancellor of the University of Hong Kong, Professor Zhang Xiang), Professor Gong (Vice-President and Pro-Vice-Chancellor (Academic Development) of the University of Hong Kong, Professor Gong Peng), distinguished speakers and guests, ladies and gentlemen,

I am delighted to join you today at the First Hong Kong Climate Forum. This is a golden opportunity to discuss and advance our shared commitment to a sustainable future. On behalf of the Hong Kong SAR Government, a very warm welcome to you all, especially to our friends from around the world; from Beijing, the Greater Bay Area, California, and elsewhere. Also, my sincere thanks to Governor Newsom of the State of California, who will speak to us via video.

This international gathering is a vivid reminder that, wherever we may live, we all share the same "home" – planet Earth. Our planet is in peril as climate change continues to gather pace. We must all act together with urgency to protect our beautiful home.

Last week, the World Meteorological Organization (WMO) confirmed that 2023 was the hottest year on record by clear margin. In the words of UN Secretary General Antonio Guterres, "Never have we been so close to the 1.5° C lower limit of the Paris Agreement on climate change." Rising sea levels and extreme weather events have become regular items on the evening news. No country, no politician can say that we shouldn't be worried about global warming.

As the WMO rightly puts it, "The cost of climate inaction is higher than cost of climate action."

Fortunately, there is a beacon of hope with energy transition becoming a top priority for many countries and governments. I am proud to say that our country, China, is at the forefront of this transition, and Hong Kong is ready and able to play its full part.

Speaking at the United Nations General Assembly in September 2020, President Xi Jinping announced China's commitment to achieving peak carbon emissions before 2030 and carbon neutrality before 2060. Green transition has

been deeply engraved in China's overriding principle of governance and the pursuit of high-quality development.

Our country's progress has been remarkable. Through substantial investment in green energy, infrastructure and manufacturing, China has brought benefits to itself and other members of the global community. Today, close to half of the world's installed photovoltaic capacity is in China. China also accounts for around 70 per cent of the global production of lithium batteries. And new energy vehicles, NEVs, are a bright spot. Last year, the Mainland's NEV production reached more than 9.5 million, an increase of around 36 per cent year on year. Our country has been the world's largest NEV producer for nine years in a row. It is also a major player in driving the world's green transition process.

Here in Hong Kong, we are committed to achieving carbon neutrality by 2050. As part of that commitment, we are striving to halve our carbon emissions by 2035, as compared to the 2005 level. We are doing this through four main strategies: net-zero electricity generation, green buildings, green transport, and waste reduction.

Climate finance

An essential dimension of global green transition is funding. Global climate finance flows reached around US\$1.3 trillion in 2021/22. However, it is estimated that annual climate investments would have to reach US\$9 trillion by 2030 and US\$10 trillion by 2050.

In other words, there is a huge funding gap to fill. And this is an area where Hong Kong can make valuable contributions as Asia's green financing centre. Green bonds issued in the Hong Kong market account for more than one-third of Asia's total. We serve bond and debt issuers, public and private, from the Mainland, Asia and around the world. And we have been rolling out new and experimental financial products such as tokenised green bonds and securitisation of green projects.

Hong Kong also possesses high-quality professional services that play a significant role in promoting international green standards. Apart from green project certification, we are aligning our standards with the Common Ground Taxonomy adopted by the Mainland and the EU.

Later today, we will issue a vision statement on developing a sustainability disclosure ecosystem, a forceful commitment of the HKSAR Government and financial regulators to formulating a set of local sustainability reporting standards aligned with the IRFS (International Financial Reporting Standards) Sustainability Disclosure Standards published by the International Sustainability Standards Board.

Green technology

Alongside funding, green technology is another key to green transition. Innovative solutions, be they energy saving technologies, new materials for

eco-friendly products or carbon sequestration, would transform, reduce or even revolutionise our environmental impact. In this regard, Hong Kong has strong basic research capabilities – five of our universities, the University of Hong Kong (HKU) included, are among the global top 100.

Our Science Park and Cyberport are home to about 200 green-technology companies, including some that are equipped with globally competitive technologies and have successfully tapped into Mainland and overseas markets. Let me give you a couple of examples.

A start-up from Science Park has developed the world's first 3D reef tiles to help restore underwater habitats for threatened marine life. The company has successfully expanded into the Middle East market.

Another start-up from Cyberport has been pioneering the establishment of mobile decentralised farms in dense cities. It has expanded into Thailand and Australia.

There are more such examples. But in a nutshell, green tech and green finance are a unique value proposition of Hong Kong. And what is most encouraging is that Hong Kong, along with the rest of the Greater Bay Area (GBA), is fast rising as an international innovation and technology hub. Indeed, the GBA is rapidly becoming a region that has the combined advantages of the San Francisco Bay and the New York Bay Areas.

A call for action

Ladies and gentlemen, last Saturday (March 23), Hong Kong joined cities around the world in marking the annual Earth Hour. This is a valuable event to raise awareness of the climate peril that threatens our home. But giving an hour of our time for the Earth each year is not enough. We all need to be 100 per cent committed to a sustainable future for our home, your home.

With such an influential international audience here, allow me to take this opportunity to share my humble views on what we need to do together as we embark on the road to a green future.

First, we live in a highly connected world where climate events have global impact. We need to put political differences and upheavals aside and work together to address urgent climate change issues. If we don't share the responsibility to act now, we will surely share the consequences of inaction later. We must act in concert.

Second, finance and technology are key forces driving green transition. Nothing should stop us from facilitating international financial and technological co-operation on green matters, nor should there be international trade barriers or restrictions on green products or goods such as new energy vehicles. It does no good to consumers, no good to the higher objective of green transition. Collaboration and fair competition will help us achieve a better planet future.

My heartfelt congratulations to the Institute for Climate and Carbon Neutrality of the HKU for organising this forum. I look forward to the enlightening discussions, best practices sharing and collaborations to be forged.

I wish you all a very fruitful forum and our visitors a memorable stay here in Asia's world city. Thank you.

