

# Speech by FS at GreenWay 2024 The Dialogue (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the GreenWay 2024 The Dialogue today (April 29):

Thomas (Head of European Union Office to Hong Kong and Macao, Mr Thomas Gnocchi), Iñaki (Chair of European Chamber of Commerce in Hong Kong, Mr Iñaki Amate), Betty (Chairman of the Hong Kong General Chamber of Commerce, Mrs Betty Yuen), Consuls-General, distinguished guests, ladies and gentlemen,

I have great pleasure in joining the Green Way Dialogue once again. It appears to me that this event, now in its third edition, is becoming an annual event where Hong Kong and the EU (European Union) engage in high-level and cross-sectoral dialogues on how we could work better together for a greener and more sustainable future. A very much welcome initiative indeed!

This afternoon, the Chief Executive gave an overview of Hong Kong's green vision and policy priorities and our enormous room of green co-operation with the EU. The Under Secretary for Environment and Ecology also shared this Government's efforts to reduce waste and promote the circular economy.

Just now, the European Chamber of Commerce and the Hong Kong General Chamber of Commerce have handed to us this year's Green Way Recommendations. I thank you for the thoughtful efforts in producing them. I have taken a look at the recommendations in advance, and found many of them in congruence with this Government's directions in pursuing sustainable development, and building Hong Kong as an international green tech and green finance centre.

Green tech and start-ups

Take, for example, your recommendation on bolstering start-ups and supporting an innovation-friendly eco-system. Start-ups are a powerhouse for many green innovative solutions, fully reflecting our younger generation's passion for the environment and a sustainable future.

Last Friday, an innovative start up from Munich, Germany, won the championship of Hong Kong Science Park's annual Elevator Pitch Competition, or EPiC. The competition is a launch pad for start-ups, which showcased to investors here and around the world their tech solutions in the areas of fintech, proptech and mobilitytech. The winner from Germany plans to establish a plant in Europe to recycle different types of lithium-ion batteries and recover the critical materials from them. I have to say I see good potential for it to secure investments from the city's venture capitalists!

The winner of EPiC 2021 is in the business of making underwater clay reef tiles to help restore coral reef, an effort to support carbon sequestration through eco-engineering. Now it has expanded to the Middle East, with a production base in Abu Dhabi.

The start-up scene in the city is indeed promising. Hong Kong is home to more than 4 200 start-ups. The Government, as well as our two innovation and technology flagships, Science Park and Cyberport, is keenly providing seed capital and other incubation support to them. There is strong investment appetite in green ventures from private equity and venture capital investors in Hong Kong, who together manage around US\$220 billion of assets.

The Hong Kong Investment Corporation Limited, or HKIC, which manages government funds to attract strategic companies and support tech innovation in Hong Kong and the Greater Bay Area, has also joined the effort to build the green tech ecosystem in the city. As I mentioned in the Budget speech, the first batch of the HKIC's direct investment and co-investment projects will be implemented in the first half of this year, covering green tech and finance. With its pivotal role to channel capital and leverage market resources, I am sure the HKIC will bring further impetus to the ecosystem.

#### Green and sustainable finance

On green and sustainable finance, beyond being Asia's No. 1 in issuing green bonds and debts, there is much more that Hong Kong can and needs to do.

One important dimension is the alignment of green standards. We have been developing a prototype green classification framework – in other words, a Hong Kong green taxonomy – that aligns with the Common Ground Taxonomy by China and the EU. Our taxonomy will initially encompass 12 economic activities across the four sectors that contribute to climate change mitigation, namely power generation, transportation, buildings, and water and waste management. Phase one of the taxonomy will be published very soon.

We are also fast-tracking the adoption of international standards on sustainability disclosure. We plan to launch a roadmap this year to implement disclosure standards of the International Sustainability Standards Board. We are striving to be among the world's first jurisdictions to adopt them. In this connection, we have set out, in a recent policy statement, our vision to create a comprehensive ecosystem on sustainability disclosure. That includes developing sustainability assurance standards, capacity building to support the reporting by the financial industries and listed companies, facilitating the use of technological solutions in sustainability reporting, and more.

Another area that is gathering momentum is transition financing. That is, to assist high-emitting sectors and carbon intensive industries to switch to clean production and achieve net zero. Identifying transition activities and setting reduction targets are important for mainstreaming transition finance. That's why in the next phase of the Hong Kong green taxonomy which I mentioned just now, we will expand the coverage of sectors and activities to cover transition activities. Meanwhile, in this year's Budget, we have

extended our subsidy scheme for green bond issuers and loan borrowers to cover also transition finance.

### Green mobility

On green mobility, as you may know, we are committed to supporting green transportation and logistics. In the Policy Address and the recent Budget, we have set out concrete steps to support the adoption of sustainable aviation fuel in the city, provide maritime green bunkering, and incentivise Hong Kong-registered ships to decarbonise.

I note an interesting recommendation from you too – applying technology like sensors to promote fuel-saving driving habits among professional drivers. This is indeed an area where AI and big data analytics could be of great assistance. I have seen many such innovative solutions on the Mainland. For instance, in my recent visit to Hangzhou and Suzhou, I met with a young entrepreneur. His company specialises in using AI and big data that not only help truck drivers enhance driving safety, but also boost truck energy efficiency by more than 8 per cent.

Many of these Mainland companies and start-ups are looking to Hong Kong to establish their international headquarters. We are keen to help them connect with users and partners in the EU and the world beyond.

### Green supply chain management

Finally, on your recommendation to utilise Hong Kong's role as a trading and sourcing hub to drive the global adoption of sustainable supply chains. I agree we can play an active role. In light of our country's high-level opening up, and shifting landscapes of the international industrial and supply chains, I have envisioned Hong Kong to become a multinational supply chain management centre for Mainland manufacturing enterprises. The world is certainly looking to more environmentally responsible production. Hong Kong can certainly contribute.

Our financial and professional services are resourceful and familiar with the international market and standards. We are in the best position to help Mainland enterprises better embrace ESG (environment, social and governance) standards and comply with international rules. We will work to provide one-stop ESG consulting, corporate training and other support services to help these enterprises prevail in an international market that is increasingly demanding on the environmental front.

### Concluding remarks

Ladies and gentlemen, in the above endeavours, and in waste management, in improving the built environment, in education and nurturing talent, and many more areas, Hong Kong and the EU have a lot to collaborate. More than contributing to the global sustainable development and humanity's shared future, we will create vast and boundless business opportunities together. We warmly welcome our EU friends and partners – whether they come from the government, business, academic institutions or NGOs – to join us and build

this bright green future together.

I wish you all the best of health and sustainability in the years to come. Thank you very much.

