

Speech by FS at LME Asia Metals Seminar 2025 (English only) (with photo/video)

â€‹Following is the speech by the Financial Secretary, Mr Paul Chan, at the LME Asia Metals Seminar 2025 today (May 21):

Carlson (Chairman of the Hong Kong Exchanges and Clearing Limited (HKEX), Mr Carlson Tong), Bonnie (Chief Executive Officer of the HKEX, Ms Bonnie Chan), John (Chairman of the London Metal Exchange (LME), Mr John Williamson), Matthew (Chief Executive Officer of the LME, Mr Matthew Chamberlain), distinguished guests, ladies and gentlemen,

Good morning.

It is a pleasure to join you all today at the LME Asia Metals Seminar 2025.

First, my heartfelt thanks to HKEX and the LME for bringing this important event once again to Hong Kong. To international guests travelling from afar, a very warm welcome. Your presence today highlights not only the importance of ongoing dialogue in shaping the global metals landscape, but also your recognition of Hong Kong's strategic role as a vital platform for these conversations.

The world of metals

Over the past year, the global market for non-ferrous metals continued to exhibit strong momentum. In 2024, despite varied trends across different metals, the overall trading volumes at LME reached 178 million lots, representing a 20 per cent increase year-on-year. Particularly notable was the impressive growth in new-energy metals such as nickel and cobalt, which reflects their significance in driving industrial transformation and technological advancement worldwide.

China remains a pivotal force in this landscape, both as a leading producer and consumer of non-ferrous metals. In 2024, our country's trade in non-ferrous metals exceeded US\$368 billion, a growth of 11 per cent. With strong policy support and sustained investments towards new energy and high-tech industries, the demand for metals is widely expected to accelerate further in the years ahead.

Despite global and regional geo-economic dynamics, Hong Kong is uniquely positioned to harness this growth momentum, and serves as a central platform for the industry's development.

Hong Kong's unparalleled advantages

Under the "one country, two systems" framework, Hong Kong is the only

place in the world that enjoys the unique dual advantages of being part of China, while maintaining an internationally most open, transparent, and globally connected economy, operating with best international standards.

We are a free port, with zero import tariffs and unrestricted movement of goods, capital and information. Our customs clearance regime is efficient, connectivity to the Greater Bay Area and the broader Mainland and Asian markets is seamless, and the logistics and maritime network is world-class.

Crucially, our rule of law tradition, rooted in the common law system and underpinned by a judiciary exercising powers independently, provides a trusted and respected platform for conducting trade and resolving disputes.

Complementing this is our ecosystem of top-notch financial and professional services. Hong Kong is home to 70 of the world's top 100 banks, and six of the top 10 global insurance companies. The market capitalisation of our stock market has reached US\$5.2 trillion. We offer unparalleled expertise and deep liquidity to support metals trading and investment activities.

The development ahead

Looking ahead, a key driver of the growth of this industry is the global push for sustainability. Despite backlashes in individual countries, green transition continues to be the mainstream worldwide. For example, our country remains firmly committed to sustainability and its goal of carbon neutrality by 2060. According to the International Energy Agency, achieving global net-zero emissions will require annual investments of US\$4.5 trillion from 2030 onward. The quest for renewable energy, cleaner production methods and a greener lifestyle by consumers around the world will support the demand for metals necessary for the production of new energy vehicles, solar panels, lithium batteries, and more.

Here in Hong Kong, we are committed to carbon neutrality by 2050 with four key strategies: net-zero electricity generation, green transport, green buildings and waste reduction.

An important dimension of our work is to align our standards with the international ones, including financial reporting. Last year, we launched the Roadmap on Sustainability Disclosure in Hong Kong, which provides a well-defined pathway for large publicly accountable entities to fully adopt the ISSB Standards no later than 2028. As the first step, the HKEX has already introduced enhanced climate-related disclosure requirements, mandating listed companies to comply starting from this year.

We are encouraged by LME's leadership and commitment in this respect too, including your new emission reporting requirements for aluminium brands. We believe these initiatives will help drive a more sustainable metals industry.

Recognising the vast potential in the metals trading space, our Chief Executive outlined in his Policy Address last year the vision to create a

commodity trading ecosystem in Hong Kong. This ecosystem will catalyse growth across related sectors, including warehousing and distribution, trading, testing and certification, insurance, financial and maritime services.

An on warehousing, I'm delighted to note that since January, Hong Kong has officially joined the LME's global warehouse network, bringing storage facilities closer than ever to the industrial heartlands and consumption centres on the Chinese Mainland. The progress is impressive: within just a few months, seven warehouses have already been approved, with operations commencing as early as July.

We are also moving forward with policy initiatives to drive this development. For example, as announced in my 2025-26 Budget, we will introduce a 50 per cent profits tax concession for eligible commodity trading activities. We aim to bring the relevant bill to the Legislative Council as soon as possible.

Ladies and gentlemen, in closing, I would like to express my sincere appreciation to LME and HKEX once again for organising this seminar. I wish you all fruitful discussions, and every success in the time ahead. Thank you.

