

Speech by FS at One Earth Summit (English only) (with photos)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the One Earth Summit today (March 28):

Poman (Founder of the Institute of Sustainability and Technology, Professor Poman Lo), Rob (Senior Special Adviser to the Managing Board of the World Economic Forum, Mr Rob Van Riet), Amy (Chairman of UBS Global Wealth Management Asia, Head and Chief Executive of UBS Hong Kong, Ms Amy Lo), distinguished guests, ladies and gentlemen,

Good morning. It is a pleasure to join you all at the second edition of the One Earth Summit. First, allow me to thank the IST, (Institute of Sustainability and Technology), GAEA (Giving to Amplify Earth Action) under the World Economic Forum, and the One Earth Alliance for organising this meaningful event.

Today, we gather to address a fundamental issue: how we can drive systematic change, by connecting capital and technology, to empower climate and energy innovation for a sustainable future.

Climate change: progress and challenges

Last year, at this event, I spoke of 2023 being the hottest year ever. A year on, we have witnessed a new record. Extreme weather events are increasing in both frequency and intensity. A United Nations report, released last week, indicated a record number of individuals displaced by climate-related disasters in 2024.

This alarming trend serves as a clarion call for unified global action, and it requires our commitment to change.

The global response to climate change has created a thriving market for green products and services, unlocking new business opportunities. Bloomberg has estimated that global investments in the low-carbon energy transition grew by 11 per cent in 2024, hitting a record of US\$2.1 trillion. Notably, China's "new three" industries, namely, new energy vehicles, lithium batteries and solar panels, have harnessed this momentum.

This notwithstanding, the world still faces a staggering shortfall in climate investments, especially in developing countries. The IMF has estimated that climate investments in emerging and developing Asia still fall short of 70 per cent of what is needed. Bridging the funding gap cannot rest on governments alone. It requires strong partnerships across the public and private sectors, both domestically and globally.

Here in Hong Kong, we are committed to achieving carbon neutrality by

2050, focusing on four key strategies: net-zero electricity generation, green buildings, green transport and waste reduction.

To guide funding into green projects, reliable data about companies and their projects is key. To enhance sustainable disclosures, as a first step, the Hong Kong Stock Exchange now requires all listed companies to disclose absolute gross greenhouse gas emissions annually, starting January 1, 2025.

We have also formulated a clear pathway for entities, including listed companies, banks and insurance companies, to fully adopt the disclosure standards issued by the ISSB, (International Sustainability Standards Board) by 2028.

Beyond domestic ambitions, Hong Kong is in a well position to make significant contributions to regional and global decarbonisation efforts in a number of ways.

Bridging the funding gap

First, we can help bridge the funding gap. As Asia's premier international financial centre and a leader in green finance, Hong Kong possesses deep capital markets and a broad investor base. Governments and businesses worldwide are turning to Hong Kong to issue green bonds in multiple currencies and tenors. For seven consecutive years, we have ranked first in the Asian market in terms of green bond issuance, capturing 45 per cent of the market last year.

To enhance funding support for green projects and drive broader participation in this worthy cause, we are committed to expanding our investor base. This is why Hong Kong is pursuing innovative financing solutions, such as tokenised green bonds and securitised infrastructure loans, to diversify our product offerings and attract new investors.

And we are also moving into the space of transition finance, enabling us to support not only green projects but also assist heavy-emitting sectors in their decarbonisation journeys. To this end, the Hong Kong Monetary Authority is working to include transition finance in the Hong Kong Taxonomy for Sustainable Finance, laying the groundwork for a more inclusive approach to sustainability.

Bridging the technology gap

Second, we can help bridge the technology gap. Hong Kong boasts a vibrant ecosystem of over 300 green tech start-ups based in our Science Park and Cyberport. Many of their innovative solutions, ranging from energy-efficient materials to carbon capture, EV infrastructure and others, are already capturing interest in overseas markets. In this year's Budget, we announced the establishment of a Green Tech Hub. Launched just earlier this month, it is set to house 200 green enterprises and serve as a nexus for public-private partnerships and international collaboration.

What's more, we want to mobilise more private capital to fuel green-tech development and build a thriving ecosystem. The Hong Kong Investment Corporation is pivotal in this mission, steering and leveraging private investments into the sector by co-investing with private and public funds in companies with cutting-edge green technologies at their early stages.

Now, artificial intelligence (AI) stands as a powerful tool to help industries to achieve sustainability goals, offering a wide range of application scenarios. For instance, it can enhance energy consumption, accelerate the development of new materials, and enhance climate forecasting. It can help monitor sustainability reporting, guard against green washing, and optimise capital allocation for sustainable projects.

We envision AI be a core industry in Hong Kong's economic landscape. By adopting the AI+ strategy, we will foster the deep integration of AI with other technologies, exploring diverse use cases across different industries. We recognise the immense potential of integrating AI into our green ecosystem. This will position us at the forefront of sustainable innovation.

Bridging the action gap

Finally, we can help bridge the action gap. Despite setbacks in climate initiatives elsewhere in the world, Hong Kong remains steadfast in its commitment to regional and international collaboration for concrete and credible climate action. We are dedicated to sharing best practices, technologies and resources with our partners. By taking part in global climate initiatives, and hosting fora like this one, we are determined to help shape the thought leadership necessary for advancing innovative solutions to our shared challenges.

Ladies and gentlemen, I am heartened that this Summit is part of that action. For that, my sincere gratitude to the organisers again, and I wish you all a successful Summit, and the best of health and businesses in the time ahead. Thank you very much.

