

Media Release

Hong Kong Green Bond Market Briefing 2018

Climate Bonds Initiative publishes first Briefing Paper on Hong Kong Green Bond Market, in partnership with HSBC and supported by the Hong Kong Monetary Authority

Hong Kong green bond issuance reached USD 2.3bn in 2018, 4.6x of 2017 volume

London/Hong Kong: 25 February 2019: 16:00 GMT+8: Climate Bonds Initiative launches today the Hong Kong Green Bond Market Briefing 2018, which provides an overview of the booming market bolstered by policy support and incentives and growing momentum from the private sector.

In partnership with HSBC, and supported by the Hong Kong Monetary Authority (HKMA) and the Hong Kong Green Finance Association, Climate Bonds Initiative's first Hong Kong Briefing Paper examines a range of green bond deals from domestic issuers. It also analyses emerging market dynamics from a broader perspective including green bond deals arranged in Hong Kong, reflecting its increasing regional role as a center for green bond issuance.

2018 highlights:

- Green bonds from Hong Kong issuers in 2018 totalled USD2.3bn from 9 issuers, 4.6x of 2017 volumes.
- Green loans became a strong feature in 2018, making up 22% of the total annual issuance
- Cumulative issuance has reached USD4.9bn overall
- MTR is the largest single cumulative issuer
- Low-carbon buildings dominated use of proceeds at 37% of cumulative green issuance
- Green bonds arranged and issued in HK as a financial centre comprised USD 11bn in 2018* (*According to HKMA methodology)

Drivers for scaling up the Hong Kong green bond market

The progress of Hong Kong green bond market in 2018 set the stage for accelerated green finance. The briefing identifies the following major drivers for strengthening Hong Kong's position as an Asian green finance hub through:

- Labelling the Unlabelled in bond issuance
- Facilitating international capital flows into mainland Chinese green bonds
- Greening of Bond Connect
- Demonstration issuance via sovereign green bonds

Sean Kidney, CEO of Climate Bonds Initiative:

“Hong Kong saw positive signs in green finance development in 2018, with the government and private sector looking to channel capital to assets or projects that produce positive climate impacts.”

“The HKD100bn sovereign green bond programme announced by the Hong Kong government, one of the world’s largest by far, is expected to propel the market further with its phased implementation. Besides, enhancing visibility of green debts, steering investment towards green projects and a green bond segment on the Hong Kong Stock Exchange are also crucial to the next stage of market growth. In combination, all these steps will help propel Hong Kong towards its ambition to become Asia’s major hub of green finance.”

Vincent Lee, Executive Director (External) of The Hong Kong Monetary Authority:

“We are delighted to see CBI launching a market briefing report on Hong Kong. It is a recognition of Hong Kong’s emergence as one of the world’s leading green finance markets. The report shows that the Hong Kong market has been growing from strength to strength and is attracting companies from round the region to raise green financing.”

“Hong Kong is also the designated green finance hub for the Greater Bay Area. We see strong potential in the Hong Kong market, and will continue to work with the Government and the industry to make Hong Kong a better place for green finance businesses.”

Helen Wong, Chief Executive, Greater China, HSBC:

“China is emerging as a global leader in the transition to a lower carbon economy, supporting new sustainable technologies and accelerating the development of its green finance market. As the world’s second biggest issuer of green bonds by issuance amount, China is making a positive contribution to the evolution of sustainable finance internationally.

“Sustainable financing in China will benefit from the continued liberalisation of its capital markets and its strategy to develop the Guangdong-Hong Kong-Macao Greater Bay Area. Chinese bonds’ inclusion in major global indices should attract more foreign investors to domestic green bonds, while the Government’s Outline Development Plan makes clear its ambition to support the development of Hong Kong as a global green finance centre in the Greater Bay Area.”

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Notes for Journalists

About Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. It undertakes advocacy and outreach to inform and stimulate green bond markets, provides policy models and government advice, international development programs, market data and analysis and administers the Standards & Certification Scheme. For more information, please visit www.climatebonds.net.

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