

Media Release

## **Hong Kong is determined to cement its position as a green and sustainable finance hub while addressing the city's own climate agenda**

### *Hong Kong to support Mainland China's economy-wide green transition*

**London/Beijing: 09/06/2023: 09:00 (GMT+1)/16:00 (GMT+8):** The latest iteration of the [Hong Kong Green and Sustainable Debt Market Briefing](#) reveals a tremendous growth in labelled green and sustainable debt (bonds and loans) arranged in the territory in 2022, despite an overall drop in green, social, sustainability, sustainability linked, and transition (GSS+) bond volume originating from Hong Kong issuers. This reflects Hong Kong's growing importance as a regional and international green and sustainable financial (GSF) centre. The report provides a comprehensive overview of Hong Kong's GSS+ debt market. It is co-produced by the Climate Bonds Initiative (Climate Bonds) in association with the Hong Kong Monetary Authority (HKMA) and the Hong Kong Green Finance Association (HKGFA), with support from Standard Chartered.

Using Climate Bonds' approach based on the place of risk, GSS+ bond volumes from Hong Kong issuers that were aligned with Climate Bonds definitions fell 60% YOY to USD5.3bn in 2022. This decline was in line with the market performance in a difficult year for the global bond market. Cumulative GSS+ volume reached USD27.2bn by the end of 2022, with green theme contributing a 76% share.

However, when also taking loans into account, using the HKMA's tally approach by place of arrangement or issuance, GSS+ debt (including bonds and loans) increased 42% to USD80.5bn, or USD27.8bn bonds and USD 52.7bn loans. While the volume of GSS+ bonds decreased by 11.2%, GSS+ loans more than doubled. Financial institutions and real estate entities were the major participants in the market.

Tackling climate change has the potential to power vast economic growth, and the HKSAR Government is committed to galvanising action on transition while addressing its own climate agenda. In the next five financial years starting from 2023-24, the HKSAR Government plans to increase annual green bond issuance under its GGB programme to HKD65bn (about USD8.3bn), as well as expand the scope to cover sustainable finance projects.

### **Linking Mainland China and the world**

Hong Kong is the dominant offshore financing platform for Mainland Chinese companies, and as such can channel the financing needs of the Mainland's vast decarbonisation efforts and support its green transition. Research conducted by Standard Chartered and World Resources Institute estimated that an additional USD1.84tn would be needed to achieve carbon neutrality in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) by 2060, pointing to the greatest potential of emission reduction from clean electrification across sectors such as manufacturing, road transport and green buildings. This can be supported through the debt markets, and is very achievable given the issuance seen in 2022.



Underpinning scalability can also be achieved through clear definitions. The HKMA, supported by Climate Bonds, is leading the development of a Hong Kong green classification system (taxonomy), with the aim of facilitating easy navigation among the Common Ground Taxonomy, the Mainland China and the European Union's taxonomies. A well-defined green bond taxonomy can mitigate greenwashing which can impede progress to address climate change and pose financial stability implications.

**Sean Kidney – CEO, Climate Bonds Initiative**

*“Green finance has been an extraordinary success in recent years, especially in China. We have had RMB18 trillion of green bonds already issued. But we need to do much more to achieve a net-zero transition. Hong Kong can lead the way.”*

**Helen Hui, Head, Client Coverage, Corporate, Commercial and Institutional Banking, Hong Kong, Standard Chartered**

*“With the great support from the Hong Kong government, the local sustainable finance market, in particular green bond issuance, has been growing remarkably over the past few years. At Standard Chartered, our sustainable finance income in Hong Kong rose by 60% year on year in 2022, demonstrating the increasing client demands for innovative finance solutions that meet their sustainability aspirations. We are dedicated to partnering with our clients to accelerate the transition to net zero.”*

**Kenneth Hui – Executive Director (External), Hong Kong Monetary Authority**

*“Hong Kong maintains its position as the leader in green and sustainable finance in Asia. Despite a challenging macroeconomic environment, more than one-third of Asia's green and sustainable bond issuances in 2022 were arranged in Hong Kong. We also welcome the growing diversity of the market, with sustainability-linked loans now accounting for more than two-thirds of the green and sustainable loan market, more than doubling in size last year. We will continue to promote the development of the sustainable finance market, to support the region's green transition.”*

**Dr. Ma Jun – Chairman, Green Finance Committee of China Society for Finance and Banking, HKGFA**

*“Strengthening coordination and collaboration among the Greater Bay Area (GBA) governments, regulatory bodies and the private sector is vital to accelerate needed capital mobilization for sustainable projects, green technology and transition-related activities. The development and application of the Common Ground Taxonomy (CGT) is a crucial step to increasing cross-border transactions, mitigating greenwashing and lowering the cost of financing for climate goals.”*

The full report is available for [download](#) on Climate Bonds website.

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#### Notes for journalists:

##### About Climate Bonds Initiative

Climate Bonds Initiative is an international not-for-profit working to mobilise global capital for climate action. Climate Bonds undertakes advocacy and outreach to inform and stimulate the market, provides policy models and government advice, market data and analysis, and administers an international Standard & Certification Scheme for best practice in green bonds issuance. For more information, please visit [www.climatebonds.net](http://www.climatebonds.net).

##### About Standard Chartered

We are a leading international banking group, with a presence in 59 of the world's most dynamic markets and serving clients in a further 64. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges.

The history of Standard Chartered in Hong Kong dates back to 1859. It is currently one of the Hong Kong SAR's three note-issuing banks. Standard Chartered incorporated its Hong Kong business on 1 July 2004, and now operates as a licensed bank in Hong Kong under the name of Standard Chartered Bank (Hong Kong) Limited, a wholly owned subsidiary of Standard Chartered PLC.

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##### About the HKGFA

Hong Kong Green Finance Association (HKGFA) is an NGO with over 160 institutional members. It provides a platform that fosters policy dialogue, collaboration, engagement and the development of green and sustainable finance policies, product innovation, capacity building and thought leadership in Hong Kong and beyond. Its mission is to position Hong Kong as a leading international green finance and green technology hub and expedite capital allocation into sustainable projects and technology.

HKGFA is also a founding member and the rotating President of the Greater Bay Area-Green Finance Alliance (2022-23) and plays a vital and influential role in leading discussions between the Greater Bay Area and the Hong Kong government, policymakers, regulatory bodies and the private sector. *For more information, please visit: [www.hkgreenfinance.org](http://www.hkgreenfinance.org)*

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