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HKQAA's Research Findings on Sustainable Financing Opportunities in China's Greater Bay Area

(14 June 2018, Hong Kong) Hong Kong Quality Assurance Agency (HKQAA) published a research report on "Sustainable Financing in China's Greater Bay Area – Opportunities for Growth", with the support of the HSBC. The report finds the shortfall in green investment and technology in the Greater Bay Area and highlights the vast green financing opportunities in the area.

Background of the Greater Bay Area Development

Low-carbon economy, emission reductions, sustainable technological development and green financing are highlighted in China's "Intended Nationally Determined Contributions" (INDC) under the Paris Agreement and the "Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area" (The Framework Agreement). The details of the Framework Agreement's implementation plan will be announced later by the Central Government. Sustainable development is one of the key elements in the Greater Bay Area (GBA) development.

Key Findings of the Research

HKQAA conducted this research with the aim to examine how financing can aid the GBA developing into a sustainable bay area. The report revealed that over the past two years, there was an increasing trend in green bond issuance (company and enterprise debts) in China, with a total amount of RMB 97.6 billion proceeds. However, there appears to be a mismatch between the amount of proceeds generated by green bond issuances in the GBA (5.6% of the national total) and its contribution to gross domestic production (GDP) (12% of the national total). This disproportion reflects a potential growth opportunity in green financing.

Based on the analysis of the dominant industries and existing environmental issues in the GBA cities, three investment directions with the most potential are identified, namely Energy Saving, Resource Conservation and Recycling, and Clean Transportation.

Role of Hong Kong in Promoting Green Finance

As an international financial centre with full of infrastructures and resources, Hong Kong is an ideal green financial hub for the GBA. The Hong Kong SAR Government demonstrated its determination in the latest Policy Address and Budget with the proposed green bond issuance programme and Green Bond Grant Scheme. It has also announced its support to the development of green finance certification scheme. These green finance guidelines and standards will help enhance the transparency and credibility of the market, and increase investors' confidence.

Support from the HSBC

“Green financing for a more sustainable economy is a natural choice for one of China’s most innovative regions,” said Helen Wong, Chief Executive, Greater China, HSBC. “The advanced industries of the Greater Bay Area create a need for investment in technologies that save energy, reduce transport emissions and control pollution. Hong Kong is ideally placed to connect more of these projects with growing global demand for low-carbon investment opportunities. HSBC is delighted to support this important report from the HKQAA and looks forward to working with our partners towards the sustainable development of the Greater Bay Area.”

For more details on this research report, please visit the webpage of this project at www.hkqaa.org/gbaproject.

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HKQAA Background

Hong Kong Quality Assurance Agency (HKQAA) is a non-profit organisation established by Hong Kong Government in 1989. As one of the leading conformity organisations in the Asia-Pacific region, HKQAA is committed to providing certification and assessment services. Through knowledge sharing and technology transfer, HKQAA helps enterprises enhance management performance and competitiveness. Apart from introducing world-class management systems to Hong Kong, HKQAA has also developed a wide range of innovative services to cope with increasingly diversified market demands and the growing need for sustainable development, bringing benefits to the community. Please visit <http://www.hkqaa.org> for further information.