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Hong Kong's New Green Policy and Opportunities for the Banking Sector

Xueyu He, Strategic Planner

On 16th September 2026, the Chief Executive, Mr John Lee, announced *the First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-2030)* (the Five-Year Plan) and *the Chief Executive's 2026 Policy Address* (the Policy Address), establishing a policy framework of "medium-term top-level design plus annual implementation". Green development features prominently in both documents, which respond to the national goals of carbon peaking and carbon neutrality ("dual carbon" goals) and to the joint pursuit of a green Belt and Road, underpinning Hong Kong's development into an international green finance centre. As the green and low-carbon transition accelerates, banks are not only providers of capital but also enablers and risk managers of the transition. This report analyses the green policies in the two documents and explores the opportunities they bring to the banking sector.

I. Analysis of the New Green Policy

The green measures in the two documents fall into four areas. First, **green industries,** covering six sectors: maritime, aviation, energy, land transport, waste management and green technology. Second, **the sustainable finance ecosystem,** advancing an international carbon market and enhancing institutional arrangements such as sustainability disclosure, the taxonomy and green certification. Third, **capacity building,** nurturing green and transition finance talent and sharing Hong Kong's experience through the Belt and Road training platforms. Fourth, **green targets,** with environmental quantitative indicators designated as binding targets for the first time.

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Author: Xueyu He
Email: yvonnehe@bochk.com
Tel: +852 216 06017

Contact: Ms. Siu
Email: sandysiu@bochk.com
Tel: +852 282 66206

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(i) Green Industries

The Five-Year Plan sets the medium- to long-term direction and quantitative targets for each sector, while **the Policy Address** specifies annual decarbonisation pathways, infrastructure investment and pilot measures. The green industry measures in the two documents cover six sectors:

Green maritime: Hong Kong will expedite the development of a green maritime fuel bunkering and trading centre while also deepening our collaboration with the Pan Pearl River Delta cities to develop Hong Kong centric green energy corridors, by 2030. Targets for 2030 include the proportion of Hong Kong-registered vessels taking up green maritime fuels reaches 7% in 2030, and reducing carbon emissions from the Kwai Tsing Container Terminals by 30% in 2030 as compared to 2021.

Green aviation: Hong Kong will promote sustainable aviation fuel (SAF) industry chain in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), leveraging Hong Kong's Sustainable Aviation Fuel (SAF) production base in Dongguan, including the construction of an SAF blending facility in Hong Kong, achieving an SAF consumption ratio of 1% to 3% for flights departing from the Hong Kong International Airport in 2030.

Energy: Establish a set of green and low-carbon hydrogen standards and a certification system that connect with the Mainland and the rest of world to enhance mutual recognition and competitiveness in the global market. Develop Hong Kong into an international demonstration platform for green and low-carbon hydrogen technologies to promote the internationalisation of China's green hydrogen standards, technologies, and products. On zero-carbon energy, the Five-Year Plan sets a binding target of a 30% share of zero-carbon energy in the fuel mix for electricity generation by 2030; the Policy Address further aims to increase the share of zero carbon energy in the fuel mix for electricity generation from around 25% at present to between 60% and 70% by 2035, ultimately achieving net zero electricity generation by 2050.

Land transport: The Government will vigorously promote the use of EVs, targeting to increase the number of fast chargers for electric vehicles to 5,000 within five years and cease new registrations of fuel-propelled private cars, including hybrid vehicles, in 2035 or earlier.

Waste management: The Government will roll out the five-year waste reduction and recycling plan, optimising GREEN@COMMUNITY recycling facilities and introducing 24-hour self-service at Recycling Stores. The waste-to-energy facility I·PARK1 will come into full operation in 2026, and the I·PARK2 project has begun. The Environment and Ecology Bureau has stated that, in support of the goals of halving carbon emissions and achieving "Zero Landfill" by 2035 and carbon neutrality before 2050, the two facilities will together treat 9,000 tonnes of waste a day.

Green technology: The Green Tech Fund supports low-carbon technology research and development and commercialisation, helping green technologies go global. The Government will optimise three research clusters under InnoHK, one of which focuses on "sustainable development, energy, advanced manufacturing and materials". The ratio of total domestic expenditure on innovation activities to GDP aims to reach 3% by end of 2030, providing sufficient funding basis for research and development in green technology. The

Innovation, Technology and Industry Bureau will set up a Task Group on Frontier Technology covering AI, new energy, new materials, aerospace technology and quantum technology and other areas. The Government will also set up an "AI City Brain" integrated city management system to strengthen its response to extreme weather and its risk early-warning capabilities.

These measures share three features: **quantified targets with clear timetables; infrastructure first,** with fuel bunkering and blending facilities, zero-carbon power, waste-to-energy facilities and charging networks all requiring heavy capital expenditure; and **equal emphasis on technology and standards.** Together, they will generate long-term, stable investment and financing demand, giving banks clear entry points.

(ii) Sustainable Finance Ecosystem

The Five-Year Plan supports high-quality co-operation on a green Belt and Road and the establishment of an international green co-operation hub, and makes "Finance + Green Development" a key area of its "Finance+" strategy, with three directions: **advancing an international carbon market** to channel funds into sustainable investment; **enhancing the sustainable finance-related information disclosure framework and ecosystem** to strengthen the market's capabilities and professional standards in green finance and transition finance; and **promoting cross-boundary market collaboration** to connect green projects with international capital.

The Policy Address sets out four measures. Firstly, large publicly accountable entities will achieve full adoption of the IFRS Sustainability Disclosure Standards (ISSB Standards) by 2028. Secondly, the Hong Kong Exchanges and Clearing Limited (HKEX) will introduce a "Green Equity Designation Scheme", and the Hong Kong Monetary Authority (HKMA) will explore new application scenarios for the Hong Kong Taxonomy for Sustainable Finance. Third, the HKEX's Core Climate and the Hong Kong Quality Assurance Agency will explore Hong Kong's participation in cross-boundary carbon trading, deepening co-operation with Brazil, Malaysia and Kazakhstan. Fourth, the Hong Kong Green Week will continue. In terms of **Climate Adaptation,** the HKMA issues transition planning guidance for the banking sector in the third quarter to promote the scaling-up of transition finance and adaptation finance in Asia. In terms of **Ecological Conservation,** Hong Kong will also align with the national biodiversity strategy by implementing the priority actions outlined in the Hong Kong Biodiversity Strategy and Action Plan 2035, creating room for nature-related finance.

Overall, the focus of the sustainable finance ecosystem is shifting from scale to institutions and application scenarios, reinforcing Hong Kong's position as a regional hub for green capital.

(iii) Capacity Building

The Five-Year Plan seeks to raise the market's professional capabilities in green and transition finance, strengthen the nurturing and attraction of international financial talent, and improve professional qualification recognition and cross-boundary exchange mechanisms. According to **the Policy Address,** the Environmental Protection Department has set up a Belt and Road sustainable green development training centre to provide

high-level training for Belt and Road countries. Capacity building centres on talent and platforms: nurturing and attracting professionals locally, and sharing Hong Kong's experience externally. Comprehensive talent with knowledge of finance, industry and policy will be key to sustaining green development.

(iv) Green Indicators

The Five-Year Plan sets 105 indicators. Four of its five binding indicators are environmental, marking the first time Hong Kong has designated environmental indicators as binding. The Plan also includes a dedicated chapter, "Build a Green and Liveable City".

Table 1 : Binding Environmental Protection Indicators

Item	Base year (2025, unless otherwise specified)	2030	Average annual change / cumulative	Nature
Reduction in carbon emission per unit of GDP (i.e. carbon intensity) against the 2020 level (%)	12.3 (2024)	—	32.5 (cumulative % reduction in 2030 against the 2024 level)	Binding
Share of zero-carbon energy in the fuel mix of electricity generation (%)	25 (2024)	30	—	Binding
Average concentration of PM2.5 in the ambient air (μg/m³)	15	< 14	—	Binding
Overall compliance rate of Hong Kong surface water quality objectives (%)	> 88	> 90	—	Binding

Source: First Five-Year Plan for Economic and Social Development of the Hong Kong Special Administrative Region (2026-2030)

II. Opportunities for the Banking Sector

The new green policy brings banks substantial financing demand, room for product innovation and impetus for portfolio adjustment. Banks should use **new businesses as the lever, new capabilities as the support and new regulations as the baseline.** Pursuing all three in parallel will allow banks to expand prudently while managing risks effectively.

(i) New Businesses as the Lever

Exploring green industry projects. The Five-Year Plan and the Policy Addresses have set clear targets for green industries across multiple sectors, entailing substantial capital expenditure. Banks can provide services—such as project finance, equipment finance, and supply chain finance—with a focus on **green maritime, aviation,** and **hydrogen energy;** this includes projects like **a green maritime fuel bunkering and trading centre, the construction of an SAF blending facility,** and **hydrogen infrastructure.** The development of **waste-to-energy facilities** and the **expansion of electric vehicle charging networks** also generate financing needs among relevant contractors, operators, and equipment suppliers. Regarding the "**AI City Brain**", the Policy Address proposes the construction of an integrated urban management system; this creates demand for project finance, equipment finance, and working capital among technology vendors and system integrators. Efforts to build "**Beautiful Bays**" involve environmental monitoring equipment, engineering construction, and operational services, offering banks opportunities to provide equipment finance to technology vendors and project finance for pollution control and shoreline restoration projects.

Supporting industry transition. The low-carbon transition of traditional industries also creates substantial financing demand. Investment by power companies in renewable energy, electricity imports from the Chinese Mainland and local grid upgrades all involve enormous capital expenditure. The Environment and Ecology Bureau has recently stated that the Government plans to build a large receiving station on the reclaimed land at Area 132 in Tseung Kwan O, which, together with new transmission cables built by the Chinese Mainland, will import more zero-carbon electricity to support power-intensive industries such as AI and data centres. The Government has also asked the power companies to increase the transmission capacity of the existing Daya Bay cables, and is discussing engineering details and financial arrangements with the two power companies and Chinese Mainland enterprises. Banks can follow up actively and participate through syndicated loans, project finance and green bonds.

Expanding go global business. The Government has signed an agreement with the Ministry of Ecology and Environment to set up the Belt and Road Green Development Co-operation platform. The Belt and Road Green Innovation Conference will be held in Hong Kong for the first time in October. The Government will also launch the Green Technology Bridgehead Programme to export green solutions to Belt and Road countries. Banks can leverage their networks to provide Chinese enterprises with end-to-end financial solutions for Belt and Road green infrastructure, covering investment and financing, project management and risk management. They can also analyse country-specific policies and advise on issues such as the alignment of green finance standards and carbon market connectivity, helping clients reduce cross-boundary compliance risks.

Building the carbon market. Hong Kong's carbon market centres on Core Climate, an international voluntary carbon credit trading platform launched by the HKEX in 2022, but its trading volume, liquidity and price discovery remain limited. Banks can support Core Climate's cooperation with Brazil, Malaysia and Kazakhstan by providing settlement, custody and liquidity management services; develop carbon credit-linked products and carbon asset management services in advance; convey market views through industry bodies and regulatory consultations; and set up carbon finance teams to study carbon asset valuation models and risk characteristics. The Five-Year Plan proposes developing the GBA carbon market and helping the

country implement Article 6 of the Paris Agreement on carbon credit and trading mechanisms. Compliance carbon markets generally serve only local regulated emitters, leaving limited room for cross-boundary links, whereas voluntary carbon markets offer a stronger basis for cross-boundary cooperation. It is estimated that China will need to purchase around 100 million tonnes of carbon credits to achieve its 2035 nationally determined contribution (NDC). However, the two places have yet to develop mature mechanisms for legal systems, mutual recognition of credits, carbon price conversion and cross-boundary capital flows. As a major service provider for green bond issuance in Asia, Hong Kong banks can, once these mechanisms are in place, provide settlement, fund custody and financing services for Chinese Mainland emission reduction projects participating in international voluntary carbon markets and cross-boundary carbon trading in the GBA.

Supporting SMEs. Small and medium-sized enterprises (SMEs) commonly face limited awareness, high certification costs, incomplete carbon data and limited financing channels in their green transition. Banks can offer one-stop services covering green certification advice, carbon footprint accounting and green loan certification. Projects that can demonstrate compliance with the taxonomy can be assessed by the bank itself without third-party certification, reducing costs. For projects not covered by the taxonomy or difficult to self-certify, banks can bring in external certification as needed, or work with certification bodies to develop assessment platforms.

Uplifting finance product innovation. The Insurance Authority has set up a Climate Insurance Laboratory in collaboration with the industry, universities and stakeholders. Banks can work with insurers to develop climate risk transfer products and embed insurance in green loan and project finance structures, reducing credit risks from extreme weather. Banks can also follow the Government's investment direction and lend to green technology, new energy and low-carbon projects that receive government funding or investment, forming a risk-sharing model in which "the Government leads investment and banks follow with loans".

(ii) New Capabilities as the Support

Nurturing comprehensive talent. Banks can provide trainings in sustainable finance business, industry transition and research strategy, to develop talent who understand financial product design and the technology pathways of industries such as new energy and new materials, and who can conduct macro-policy research. Banks can make good use of the Pilot Green and Sustainable Finance Capacity Building Support Scheme launched by the Government in December 2022, establish joint training mechanisms with local universities and research institutions, send key staff to training by the HKMA and international organisations, and help design and deliver Belt and Road green finance courses to enhance their regional influence.

Enhancing data governance. Banks need to build an auditable data system for carbon emissions and emission reduction outcomes, integrate scattered environmental, social and governance (ESG) and climate data, and strengthen external data connections. They can also set up a sustainability data management platform to support client carbon accounting, management of their own Scope 3 emissions, climate risk stress testing and financial impact analysis. Banks should treat carbon data as a core asset and build sustainability profiles of clients to support differentiated pricing and targeted marketing.

Strengthening ecosystem cooperation. Banks can step up in international cooperation, such as supporting the first Asia-Pacific centre of excellence on global advanced manufacturing that the United Nations Industrial Development Organization (UNIDO) plans to set up in Hong Kong, and work with national bodies such as the Ministry of Ecology and Environment, as well as universities, research institutions and certification agencies, on research and green loan certification. Banks can also support events such as Hong Kong Green Week and showcase their expertise through forums, research publications and industry exchanges. They can also take an active part in international events such as the United Nations Climate Change Conference to promote Hong Kong's achievements in green bonds, carbon markets and sustainable finance standards.

(iii) New Regulations as the Baseline

Adjusting asset portfolios. The Five-Year Plan sets a binding indicator for reducing carbon intensity. Banks should establish internal transition finance standards and processes, develop products such as transition-linked loans and sustainability-linked loans for conventional power generation and carbon-intensive clients, and help them formulate transition pathways. Banks should regularly review exposures to highly sensitive sectors, incorporate transition plan assessments and environmental data into credit approval, and apply differentiated credit policies to high-pollution and high-emission projects, ensuring that their portfolios are aligned with carbon neutrality goals.

Implementing ISSB disclosure requirements. Banks need to strengthen their own disclosure capabilities to meet regulatory requirements. As disclosure standards converge, banks can also assess clients' climate risks and green revenue more accurately and apply disclosure data to credit approval, product pricing and investment decisions.

Applying the Hong Kong Taxonomy for Sustainable Finance. Banks should apply the Taxonomy to investment and financing activities and to their sustainable finance frameworks, update internal standards in line with Phase 2A (and the forthcoming Phase 2B), and replicate compliant green loan models across more sectors. Through internal funds transfer pricing, banks can offer preferential terms to qualifying projects to motivate frontline teams.

Following up the Green Equity Designation Scheme. The Scheme responds to the needs of international investors and aims to raise the market profile of eligible green securities issuers. Banks can help listed and pre-IPO clients identify green revenue and business segments eligible for designation, and introduce the designation mechanism into green bond and equity financing, enhancing issuers' appeal to international green investors.

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Author:

Ms. Yvonne He is currently a Strategist at the Hong Kong Financial Research Institute of the Bank of China. She holds a BSc degree from the London School of Economics and an Mphil degree from the University of Cambridge. Her research interests include sustainability reporting, green finance, ESG talent, and other related fields.

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主要經濟指標(Key Economic Indicators)

一、本地生產總值 GDP	2023	2024	2025	2026/Q2
總量(億港元) GDP(HKD 100million)	29,812	31,865	33,298	8,424
同比增長率(%) YoY change(%)	3.2	2.6	3.6	4.3
二、對外商品貿易 External merchandize trade			**2026/8**	**2026/1-8**
外貿總值(億港元) Total trade(HKD 100million)				
總出口 Total exports	45,317	41,774	6,679	47,546
總進口 Total imports	49,275	46,450	7,391	51,258
貿易差額 Trade balance	-3,958	-4,676	-712	-3,712
年增長率(%) YoY Growth(%)				
總出口 Total exports	-8.6	-7.8	53.0	42.5
總進口 Total imports	-7.2	-5.7	60.0	43.2
三、消費物價 Consumer Price				
綜合消費物價升幅(%) Change in Composite CPI(%)	1.9	2.1	1.9	1.7
四、零售市場 Retail market				
零售額同比升幅(%) Change in value of total sales YoY(%)	-0.9	16.2	5.6	8.5
五、訪港遊客 Visitors				
總人數(萬人次) Total arrivals(10 thousands)	60.5	3,400.0	545.6	3667.3
年升幅(%) YoY change(%)	561.5	5,523.8	5.9	10.5
六、勞動就業 Employment			**2026/6-2026/8**	**2026/7-2026/9**
失業人數(萬人) No. of unemployed(10 thousands)	16.3	11.3	15.4	15.5
失業率(%) Unemployment rate(%)	4.3	2.9	3.8	3.9
就業不足率(%) Underemployment rate(%)	2.3	1.1	1.9	2.0
七、住宅買賣 Domestic property sales and price index			**2026/7**	**2026/8**
合約宗數(宗) No. of agreements	45,050	43,002	4,462	4,019
住宅售價指數(1999=100) Domestic price index	369.7	337.4	320.3	320.5
八、金融市場 Financial market			**2026/8**	**2026/9**
港幣匯價(US$100=HK$)期末值 HKD exchange rate (US$100 = HK$), end of period	780.8	781.1	783.9	784.7
銀行體系收市總結餘(億港元)期末值 Closing aggregate balance(HKD 100million), end of period	962.5	449.5	541.9	541.1
銀行總存款升幅(%) Change in total deposits(%)	1.7	5.1	7.3	-
銀行總貸款升幅(%) Change in total loans & advances(%)	-3.0	-3.6	7.0	-
最優惠貸款利率(%)期末值 Best lending rate (%), end of period	5.6250	5.8750	5.0000	5.0000
恒生指數 Hang Seng Index	19,781	17,047	25,567	24,613