



## FSDC releases report

“Internationalising China’s Carbon Market: The Role of Hong Kong as an International Financial Centre”

**Hong Kong, 11 December 2024** – The Financial Services Development Council (FSDC) today released a research report titled “Internationalising China’s Carbon Market: The Role of Hong Kong as an International Financial Centre”.

As the world seeks sustainable development solutions, carbon markets play a fundamental role, offering effective mechanisms to reduce greenhouse gas emissions and promote a more sustainable future. While we laud Hong Kong's progress in advancing the development of the carbon market, the untapped potential remains for Hong Kong to solidify its position as a clear go-to destination for carbon trading activities.

The global voluntary carbon market, excluding Mainland China, is projected to expand from its current size of USD 723 million to USD 10-40 billion by 2030.<sup>1</sup> Simultaneously, in addition to hosting the world's largest mandatory carbon market, Mainland China anticipates its voluntary carbon market to grow to USD 10 billion by 2030,<sup>2</sup> potentially becoming the largest globally.<sup>3</sup> The rapid development of global carbon markets, especially in the voluntary segment, underscores the urgency and opportunity for Hong Kong to establish itself as a premier carbon trading hub and enhance its overall ecosystem.

“The FSDC has been actively involved in global climate change discussions. In November 2024, the FSDC participated in the 2024 United Nations Climate Change Conference (COP 29), highlighting how Hong Kong’s financial services and its position as an international financial hub could drive a sustainable future,” said Laurence Li SC, Chairman of the FSDC. “Hong Kong is well-positioned to become a leading regional carbon market by supporting the global integration of Mainland China’s burgeoning carbon market. This effort aligns with the country’s national strategy to build an effective, vibrant, and internationally influential carbon market.”

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<sup>1</sup> Climate Solutions and Simmons & Simmons. (2023, February 9). An introduction to carbon markets. Climate Solutions. <https://img1.wsimg.com/blobby/go/76665bf9-5b22-49a8-8e5c-709d9eccc8d1/downloads/An%20introduction%20to%20carbon%20markets.pdf?ver=1710417376815>

<sup>2</sup> China Galaxy Securities. (2024, January 1). CCER 重啟，綠電、減碳市場迎新機遇. 東方財富網. [https://pdf.dfcfw.com/pdf/H3\\_AP202401311619777055\\_1.pdf](https://pdf.dfcfw.com/pdf/H3_AP202401311619777055_1.pdf)

<sup>3</sup> Macro and Green Finance Lab. (2024, April 30). 自願碳市場：理想與現實. <https://mgflab.nsd.pku.edu.cn/gddt/MGFgd/d09e231c0dfe4262b0c027f99f2f00b7.htm>



## Press Release

This report highlights Hong Kong's expertise in supporting the internationalisation of Mainland China's carbon market and offers corresponding policy recommendations. Key recommendations include: (i) stimulating the market demand for carbon credits; (ii) setting up a Carbon Connect to facilitate cross-boundary carbon trading; (iii) establishing a non-governmental run carbon registry to enhance international recognition and governance of carbon credits; (iv) providing legal certainty on carbon credits to stimulate carbon demand; (v) developing a vibrant carbon market ecosystem characterised by strong carbon-related professional services and supported by advanced technologies to facilitate carbon trading.

We believe these initiatives will enhance market liquidity and efficiency, foster the creation of innovative financial products and risk management tools for carbon trading, and position Hong Kong as a leader in the global carbon market, contributing to broader environmental sustainability goals.

The full version of the report can be downloaded from the FSDC website: [www.fsdc.org.hk](http://www.fsdc.org.hk).

### **About the FSDC**

The FSDC was established in 2013 by the Hong Kong Special Administrative Region Government as a high-level, cross-sectoral advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

The FSDC has been incorporated as a company limited by guarantee with effect from September 2018 to allow it to better discharge its functions through research, market promotion and human capital development with more flexibility.

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