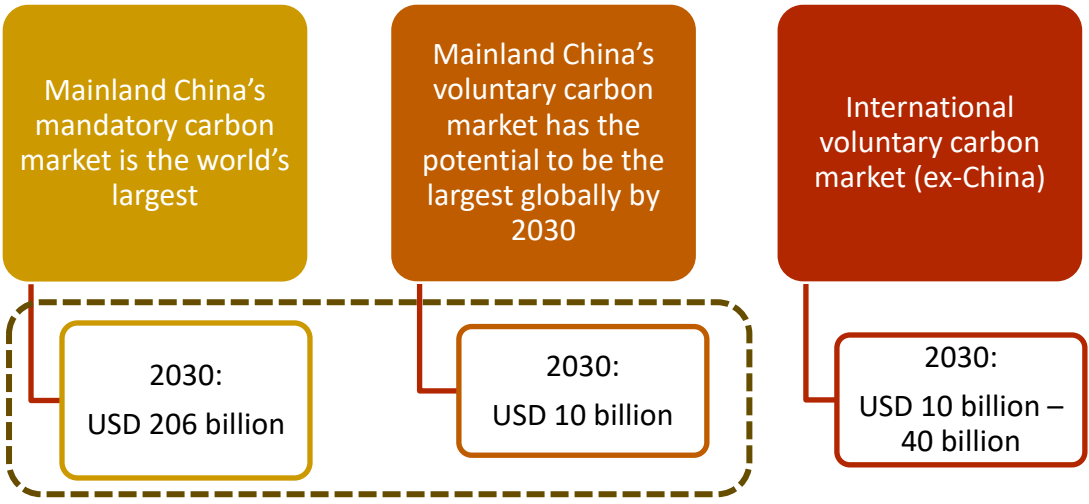



Internationalising China's Carbon Market: The Role of Hong Kong as an International Financial Centre

December 2024

Opportunities for Hong Kong amidst rapid developments in the global carbon markets

Capitalising on the development of the global carbon markets



 The internationalisation of China's carbon market is crucial to reach this potential growth.

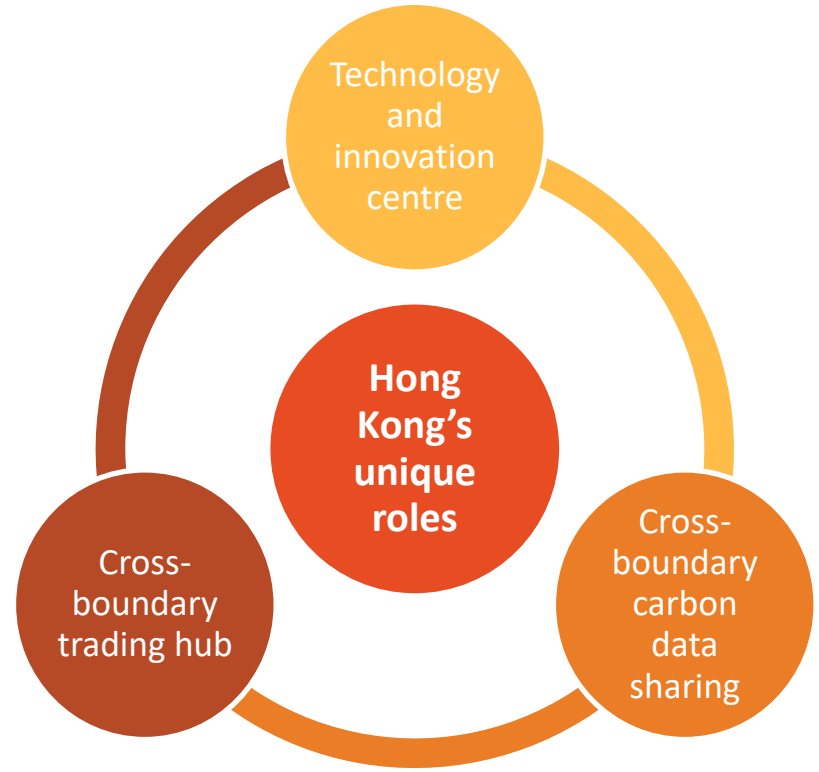


The significance of an internationalised carbon market



Challenges for Mainland China to internationalise its carbon market

| | |
|-----------------------|------------------------------------|
| Knowledge about CCERs | Access for international investors |
|-----------------------|------------------------------------|



Recommendations: Internationalising China's Carbon Market

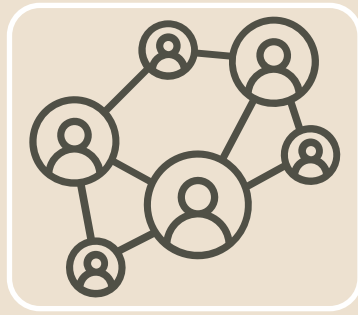


A vibrant carbon market requires additional components such as financial products and risk management tools. As the carbon spot market matures, Hong Kong could develop a carbon futures market that offers forwards, futures, options, and swaps.



Stimulating the market demand for carbon credits, e.g.:

- Partnering with industry associations
- Setting up a voluntary cap and trade system
- Issuing policy papers to encourage the use of carbon credits



Setting up a Carbon Connect

- Collaborating with relevant Mainland stakeholders
- Alternative: Facilitate the OTC trading of CCER forwards
- Trading carbon credits from multiple sources



Establishing a non-governmental run carbon registry to enhance international recognition and governance

- Adopting CCER standards and other methodologies, applicable to emerging economies
- Facilitating the development of carbon credit standards conversion



Providing legal certainty on carbon credits to stimulate carbon demand

- Issuing a statement to provide market guidance and clarify the legal status of carbon credits



Developing a vibrant carbon market ecosystem characterised by strong carbon-related professional services and supported by advanced technologies to support carbon trading

- Facilitating cross-boundary carbon data flow

Vision

Short-term

Medium-term

Thank you!