

IMF acknowledges Hong Kong's robust policy frameworks and ample buffers for addressing economic challenges and safeguarding financial stability

The International Monetary Fund (IMF) released a Staff Report today (December 30) which, substantiated by a more detailed analysis, reinforces its assessment of Hong Kong's economic and financial positions published on December 4, 2019, following the conclusion of the annual Article IV consultation.

Affirming Hong Kong's position as a global financial centre and a regional trading hub with one of the most open economies in the world, the IMF recognises that Hong Kong continues to maintain its competitiveness in the financial sector which is marked by the free movement of capital and information, a simple tax system, a sound regulatory system, the rule of law and quality professional services. The IMF notes that Hong Kong is well placed to address both cyclical and structural challenges given its significant buffers, despite weakened economic activity and mounting headwinds on the growth outlook. The IMF welcomes the Government's recent introduction of fiscal stimuli to support the economy. It also supports the Government's three-pronged approach to containing housing market risks and increasing housing affordability. The IMF commends Hong Kong for its strong regulatory framework and prudential supervision, which helps ensure the resilience of the financial sector and safeguard financial stability. The IMF also reaffirms its long-standing support for the Linked Exchange Rate System (LERS) as an anchor of financial stability for Hong Kong.

The Financial Secretary, Mr Paul Chan, said, "We welcome the IMF's recognition of the robust policy frameworks and ample buffers we have built over the past years, which stand us in good stead to weather the challenges ahead. The Government stands ready to make use of our fiscal buffers to support the economy as and when needed."

The Chief Executive of the Hong Kong Monetary Authority, Mr Eddie Yue, said, "The IMF's assessment once again confirms the robustness of our financial system and its resilience to potential shocks. We also welcome the IMF's unequivocal endorsement of the LERS and its smooth functioning."

The IMF Mission visited Hong Kong from October 23 to November 4, 2019, to conduct the annual IMF Article IV consultation. The Concluding Statement of the Mission's assessment was published on December 4, 2019. The Staff Report was considered and endorsed by the IMF Executive Board on December 13, 2019.

The IMF's press release on the Staff Report is attached in the Annex.

The Staff Report can be accessed from the websites of the Financial Services and the Treasury Bureau (www.fstb.gov.hk) and the IMF (www.imf.org).