

IMF acknowledges Hong Kong's strong economic recovery and stability of its financial system

The International Monetary Fund (IMF) released a Staff Report today (March 8) which, substantiated by a more detailed analysis, reinforces its assessment of Hong Kong's economic and financial positions published on January 20, 2022, following the conclusion of the 2022 Article IV Consultation.

Reaffirming Hong Kong's position as a major global financial centre with a resilient financial system, sound macroprudential policies, and robust regulatory and supervisory frameworks, the IMF recognises that Hong Kong's financial sector has continued expanding robustly, even during the pandemic. The IMF commends that Hong Kong has made significant progress in addressing climate change in the past decade and recognises the Government's ongoing efforts to enhance the green and sustainable finance ecosystem. The IMF also welcomes that a large fiscal stimulus has helped mitigate the impact of economic shocks and speed up economic recovery. It supports the Government's three-pronged approach to containing housing market risks and increasing housing affordability (which include macroprudential measures, demand-side management measures and an increase in housing supply).

The Financial Secretary, Mr Paul Chan, said, "I welcome the IMF's recognition of our strong economic recovery supported by swift and bold policy responses. Having considered that the economic situation in Hong Kong has taken a drastic turn with the outbreak of the fifth wave of the pandemic, I have announced in the 2022-23 Budget counter-cyclical measures, involving a total commitment of over \$170 billion, with a view to providing appropriate assistance for individuals and businesses affected by the fifth wave of the local outbreak. The counter-cyclical measures, together with those introduced in the past two years and multiple rounds of the Anti-epidemic Fund, involving a total commitment of over \$650 billion, are effective in mitigating the socio-economic impact of the pandemic. We will continue to closely monitor the local epidemic situation, take necessary and effective fiscal measures and further strengthen our already robust institutional frameworks with a view to fostering economic recovery after the pandemic and safeguarding financial stability."

The Chief Executive of the Hong Kong Monetary Authority, Mr Eddie Yue, said, "I welcome the IMF's reaffirmation of the robustness and resilience of our banking and financial system. The well-functioning Linked Exchange Rate System will continue to be an anchor of economic and financial stability for Hong Kong."

The IMF Mission held virtual discussions with government officials, regulators and private sector representatives in Hong Kong from December 1 to

15, 2021, for the 2022 Article IV Consultation with the Hong Kong Special Administrative Region. The Concluding Statement of the Mission's assessment was published on January 20, 2022. The Staff Report was endorsed by the IMF Executive Board on February 10, 2022.

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).