

Press release

LCQ8: Finance and economic research

Wednesday, April 18, 2012

Following is a question by the Hon Mrs Regina Ip Lau Suk-yea and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (April 18):

Question:

Will the Government inform this Council:

(a) whether it knows, apart from the two posts of Director and Senior Manager of the Hong Kong Institute for Monetary Research (HKIMR) established in August 1999 by the Hong Kong Monetary Authority (HKMA), the staff establishment and expenditure of HKIMR in the past year; as well as the academic qualifications and background of HKIMR's researchers;

(b) given that HKIMR regularly publishes quite a number of professional and academic topical reports and conducts research studies on subjects relating to financial economics (e.g. the monetary policies in Hong Kong and other places in Asia, cross-border Renminbi business and the Renminbi market in Hong Kong, etc.), whether it knows if HKMA and the Government (including the Financial Secretary's Office and the Commerce and Economic Development Bureau, etc.) share and use such data and research results; if so, of the specific details; apart from research studies relating to financial economics, whether HKIMR regularly publishes topical reports on the trends of the real economy (e.g. the impact of the Individual Visit Scheme on the industrial structure of Hong Kong, as well as the impact of the European debt crisis and the recovery of the American property market on the economic industries of Hong Kong, etc.); and

(c) given that according to government information, the Economic Analysis

Division (EAD) of the Economic Analysis and Business Facilitation Unit under the Financial Secretary's Office is responsible for providing economic analyses and related advice on government policies, whether EAD had, in the past five years, regularly conducted research studies on the trends of the real economy mentioned in (b), and published topical reports of professional and academic standards; if so, of the number of such reports published each year; the scope of the research studies and whether the coverage was extensive enough; the current staff establishment of EAD as well as the academic qualifications and background of its staff; whether the Government will strengthen EAD's capabilities to study and analyse the trends of the real economy; if so, of the relevant plan?

Reply:

President,

The Administration's reply to the three parts of the question is as follows:

(a) The Executive Director (Research) of the Hong Kong Monetary Authority (HKMA) serves concurrently as the Director of the Hong Kong Institute for Monetary Research (HKIMR). Apart from the Director and a Senior Manager, HKIMR has three full-time research managers who all have a PhD degree in economics and relevant research experiences. Every year HKIMR also invites overseas and local scholars to be its visiting research fellows.

In 2011, the total expenditure of HKIMR was \$15.75 million, of which the cost for full-time staff (including administrative and support staff) was around \$5.2 million.

(b) HKIMR liaises closely with HKMA and relevant Government bureaux and departments. For example, before HKIMR publishes its research reports, it will, where necessary, present the research findings in seminars, to which officers from HKMA and relevant Government bureaux and departments, including the Economic Analysis Division of the Economic Analysis and Business Facilitation Unit (EAD) under the Financial Secretary's Office and the Financial Services and the Treasury Bureau, are invited to attend, in order to share views on these findings. Some research reports are presented at large-scale international conferences convened by HKIMR.

Representatives from the aforesaid agencies are also invited to these conferences.

After a research report is completed, HKIMR will issue an abstract to HKMA and relevant Government bureaux and departments for reference in the policy formulation process. These reports can be downloaded from the website of HKIMR.

HKIMR focuses its monetary research work on issues of monetary policy, banking and finance that are of strategic importance to Hong Kong and Asia. It does not publish regular research reports on the trends of the real economy.

(c) EAD under the Financial Secretary's Office provides economic analyses for Government policies, monitors on a long-term basis domestic economic developments, and follows closely the external economic situations in order to assess their implications for the Hong Kong economy. In addition, EAD provides relevant economic information, analyses and forecasts for the Financial Secretary during his formulation of the annual Budget. EAD also assists Government bureaux and departments in analysing the economic implications of a wide range of policies, which cover such areas as trade and commerce, labour, housing, tourism, transport, environmental protection, public utilities and fundamental infrastructure, with a view to contributing to the policy formulation process.

Meanwhile, EAD compiles and issues economic reports, on a quarterly basis, for public reference. Except in the quarter when the Budget is announced, the Government Economist holds a press conference every quarter to outline the quarterly economic performance and to give the latest forecasts on Hong Kong's economic growth and inflation. The quarterly economic reports, which can be downloaded from the government website, offer detailed discussions on the latest situations in various segments of the Hong Kong economy, and include topical articles analysing developments in the external environment and in some specific segments. Over the past five years, 97 such topical articles were published in the quarterly economic reports.

As far as its establishment is concerned, EAD is headed by the Government Economist, who is assisted by four Principal Economists, 10

Senior Economists, 13 Economists, and five Senior Analysts/ Analysts on contract terms. Four among them are PhD holders, 20 with Master degrees, and the other four currently in their postgraduate study. The Division is also filling five vacant posts for the grade.

As the global economic environment becomes increasingly complex, Government bureaux and departments require more economic analyses for their work. To this end, the number of officers in EAD has increased in the past few years. For the financial year 2012-13, three posts in the Economist grade are created for EAD to strengthen its work on economic analysis.

Ends