

Press Release

IMF reaffirms strong support for Hong Kong's pre-emptive fiscal and financial policies

Wednesday, January 20, 2016

The International Monetary Fund (IMF) released its endorsed Staff Report today (January 20) which, substantiated by a more detailed analysis, reinforces the conclusions of the Fund's assessment of Hong Kong's economic and financial positions published on December 15, 2015.

The IMF is highly supportive of the Government's proactive fiscal policy, robust regulatory regime for the financial system, and demand-side management measures for the property market. The IMF considers that these measures have built up strong fiscal and financial buffers in Hong Kong to minimise the impact of any near-term shocks, and to secure the healthy growth of the economy in the medium term. The IMF also reiterates its continued support for the Linked Exchange Rate System.

The Financial Secretary, Mr John C Tsang, said, "I am pleased to note the IMF Executive Board's endorsement of the Staff Report. The US (United States) interest rate normalisation has begun and the global markets will likely be subject to volatility, but I am confident that our sound economic fundamentals and robust financial system will enable us to embrace the challenges ahead."

The Chief Executive of the Hong Kong Monetary Authority Mr Norman Chan, said, "The IMF's long-standing support for the Linked Exchange Rate System reaffirms the importance of the system to our financial stability. I am also pleased to note the Fund's endorsement of our macroprudential measures in enhancing the resilience of our banking system."

The IMF Mission visited Hong Kong in November 2015 to conduct the IMF Article IV consultation discussions. The Concluding Statement of the Mission's assessment was published on December 15, 2015. The Staff Report was considered and endorsed by the IMF Executive Board on January 11, 2016.

The IMF's press release on the Staff Report is attached at Annex. The Staff Report can be obtained from the website of the Financial Services and the

Treasury Bureau (www.fstb.gov.hk) or of the IMF(www.imf.org).

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