

Transcript of remarks by SFST at media session

Thursday, October 9, 2008

Following is the transcript of remarks (English portion) by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a media stand-up after attending the Society of Trust and Estate Practitioners Asia Conference today (October 9):

Reporter: Mr Chan, a couple of questions. Firstly, Henry Paulson said he can't rule out another financial institution collapsing. Does that mean Hong Kong is inevitably going to be under pressure of going another round of Lehman Brothers again? Does that mean that investors should expect such things to happen again?

Secretary for Financial Services and the Treasury: I guess no one can rule out anything. This is a very difficult request to make. However, I think the regulators and the governments now realise that a failure in the banking institution could cause a huge damage to the world's financial system. So I believe that every care is taken to ensure that such things will not easily happen.

Reporter: Does the cutting of the interest rates still going to matter anymore? Is it going bring an effect to restore confidence of investors?

Secretary for Financial Services and the Treasury: I think the cutting of interest rates is very necessary because the market is already expecting a slowdown in economy. So, an interest rate cut is something the market believe is consistent with the economic outlook. Put it other way, if the interest rate is not cut, and then the market will wonder what's going on. So I think this is a necessary thing. It's part of the game in order to restore the market confidence.

Reporter: Is Hong Kong already in recession?

Secretary for Financial Services and the Treasury: We will certainly expect the economy to slow down. We believe that the slowdown is happening in the later part of the year and will continue towards next year.

(Please also refer to the Chinese portion of the transcript.)

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