

Press release

LCQ15: Hong Kong Institute for Monetary Research

Wednesday, November 10, 2010

Following is a question by the Hon Regina Ip and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (November 10):

Question:

The Hong Kong Institute for Monetary Research (HKIMR) was established in August 1999 by the Hong Kong Monetary Authority (HKMA) in accordance with the "Policy Objectives" set out in the Chief Executive's 1998 Policy Address, with the objective of conducting research in the fields of monetary policy, banking and finance that are of strategic importance to Hong Kong and the Asian region. HKIMR is funded by grants from the Exchange Fund. In this connection, will the Government inform this Council:

- (a) how is the work of HKIMR and that of HKMA's own research department different and how is work divided between the two;
- (b) of the existing number of full-time and/or part-time staff in HKIMR, and whether these staff members are seconded from HKMA;
- (c) of the respective roles played by the Financial Secretary and the Secretary for Financial Services and the Treasury in HKIMR;
- (d) of the total number of research reports compiled by HKIMR over the past 11 years, and whether any of these reports had been published in international journals in economics/finance;
- (e) of the total number of seminars (including workshops, forums and conferences) organised by HKIMR over the past 11 years; and what insights these seminars had brought to HKMA or the Hong Kong Government in the aspects of monetary policy, development of the banking and finance industry and consolidation of Hong Kong's position as an international financial centre; and

(f) the total amount of funds granted to HKIMR since its establishment and the direction of its future development?

Reply:

President,

The Administration's reply to the questions is as follows:

(a) The main functions of the Research Department of the HKMA are to analyse macroeconomic developments around the world; assess international and domestic financial market conditions; and monitor international fund flows and the risks as well as the vulnerabilities of Hong Kong's financial system. The Research Department also conducts analyses and provide recommendations to HKMA on its important policies and operations.

The work of the HKIMR includes the conduct of detailed and rigorous analyses and researches on issues like the medium-to-long-term trends of the monetary and financial markets in Hong Kong, Mainland China, Asia, etc. through the invitation of international and local experts and scholars; and the establishment of a platform facilitating researches and exchange of ideas to strengthen Hong Kong's capability in analysing the monetary and financial markets in Asia and Hong Kong, and reinforce the link between Hong Kong and renowned academic and research institutions around the world, helping them to learn more about Hong Kong.

(b) The HKIMR currently employs six full-time employees, five of whom are seconded from the HKMA and the remaining one hired by the HKIMR. The HKIMR has received 26 visiting fellows so far this year to conduct specific research projects for the HKIMR on contract basis. Each visit lasted for about one month on average.

(c) The HKIMR is a limited company with two shares. The Financial Secretary holds one share of the Institute and the Deputy Chief Executive (Monetary) of the HKMA holds the other. The Secretary for Financial Services and the Treasury has no role to play in the HKIMR.

(d) In the past 11 years, the HKMIR has completed 252 working papers and

reports, of which 134 were published in international professional journals.

(e) In the past 11 years, the HKMIR has organised 451 conferences, workshops and seminars. These conferences, workshops and seminars have promoted the exchanges between Hong Kong and the global academia, international financial institutions and central banks; strengthened Hong Kong's status as an international financial centre; provided rigorous analyses and policy advice on monetary and financial issues that are of great importance to Hong Kong (such as short-term capital flows, Renminbi exchange rate policy, Renminbi internationalisation, and property market developments in Mainland China); and strengthened the links among Hong Kong and international financial institutions (such as the International Monetary Fund, the Bank for International Settlements, the World Bank and the Asian Development Bank), research institutes and think-tanks in Mainland China and relevant agencies of the Central Government.

(f) In the past 11 years since its establishment, the annual operating expenditure of the HKIMR amounted to about HK\$10.6 million on average and the accumulated capital expenditure was about HK\$5 million.

The HKIMR will continue to strengthen its researches into medium-to-long-term policy analyses on the developments of monetary and financial markets in Hong Kong and Asia. Its main focus in the next two years will include:

- (i) monetary and financial stability in Hong Kong and Mainland China;
- (ii) capital account liberalisation in Mainland China (including its implications on Hong Kong);
- (iii) Renminbi market development in Hong Kong; and
- (iv) monetary and financial co-operation in Asia.