



External Relations

Since its establishment, the Monetary Authority has been developing and strengthening its ties and technical cooperation with other central banks and international financial organisations, which have helped to enhance Hong Kong's status as an international financial centre. In 1994, the Monetary Authority has participated in the activities of various international financial organisations, and hosted seminars in Hong Kong to facilitate exchange of views with other central bankers.

Objectives of enhancing external relations

Since its establishment in April 1993, the Monetary Authority has achieved wide recognition among the central banks and the international financial community. This has significantly contributed to improving and raising Hong Kong's standing as an international financial centre.

To enhance its resources and capabilities for developing external relations and economic research, the Monetary Authority established the External Department on 1 January. This helped the Monetary Authority:

- (a) to promote international understanding of and support on monetary and banking matters in Hong Kong;
- (b) to strengthen ties with key central banks and multilateral agencies to facilitate effective monetary management through international cooperation;
- (c) to enhance ties with international banking supervisors in order to consolidate Hong Kong's standing as a premier financial centre with sound supervision;

(d) to improve its understanding of international economic and financial trends so as to facilitate more effective policy formulation, particularly in monetary and reserves management; and

(e) to improve its technical cooperation with major central banks and multilateral institutions, thereby keeping Hong Kong in the forefront of financial innovation and institutional development.

Participation in multilateral agencies and central banking forums

Hong Kong has been a full member of the ADB since 27 March 1969 and will continue to be so after 1997. In June 1994, the Finance Committee of the Legislative Council approved funds for Hong Kong to subscribe to the Fourth General Capital Increase of the ADB. The subscription formalities will be completed in 1995. Hong Kong has also in the past made three voluntary contributions to the Asian Development Fund – ADB's concessionary lending programme for the more needy member countries. To enhance its

cooperation and liaison with the ADB, the Monetary Authority seconded an officer to the ADB in 1993 as a Director's Assistant for a term of two years.

Hong Kong has also participated in the activities of the IMF and World Bank, including their Annual Meetings. Hong Kong is not a member of these organisations. It participates in the Annual Meetings currently as part of the UK delegation and will participate as part of the Chinese delegation after 1997. The IMF, under Article IV of its Articles of Agreement, also conducts annual consultations with Hong Kong over its exchange rate policy. To strengthen its link with the IMF, the Monetary Authority intends to second an officer to the IMF in 1995 as a Technical Assistant in the UK delegation office for a term of two years.

The Monetary Authority has also participated in other central banking activities. The Monetary Authority took part in BIS meetings on banking and monetary policy issues and in June 1994 it attended for the first time the Annual Meeting of the BIS.

The Monetary Authority also participated and lectured in the courses organised by SEACEN and SEANZA, and attended other central banking forums, including the SEANZA Forum of Banking Supervisors, the EMEAP and the APEC meetings for finance and central bank officials.

Technical Cooperation with PBoC

The Monetary Authority has continued to develop and enhance its technical cooperation with PBoC. Four PBoC officials were seconded to HKMA in April for a three-month training attachment in banking supervision work. In October, the Monetary Authority and PBoC jointly organised in Shenzhen a seminar on foreign exchange trading in China. The purpose of the seminar was to provide a venue for senior bankers in China to understand the growth of the foreign exchange market as a profit opportunity and a risk issue. Speakers included senior officials from the PBoC and the Monetary Authority, and leading bankers from Hong Kong. In November, senior officials from the Monetary Authority also gave lectures to the Graduate School of PBoC in Beijing on Hong Kong's monetary system.

Seminars and conferences

The Monetary Authority organises seminars and conferences in Hong Kong to facilitate exchange of experience and technical cooperation with other central bankers and international experts in the monetary and banking areas. In

November, the Monetary Authority hosted the 11th Pacific Basin Central Bank Conference, which was attended by central bank officials from 14 other participating countries. The theme of the Conference was "Monetary and Exchange Rate Management with International Capital Mobility". Discussions at the Conference were fruitful, and the papers will be published in a forthcoming book.

In 1995, the Monetary Authority will host or co-host several international conferences in Hong Kong. At the request of SEACEN, the Monetary Authority will help to organise a three-week SEACEN training course on "Financial Innovations and Emerging Financial Activities" in May 1995, which will be attended by about 35 central bank officials from different countries. The Monetary Authority has also accepted the World Bank's invitation to co-host a symposium in June 1995 to discuss the report of a World Bank study on Asian Bond Markets. The Monetary Authority will also be co-organising with the ADB a seminar on International Finance in September 1995. In November 1995, the Monetary Authority will organise a Seminar on Global Payment Systems, which will be open to the financial community as well as central bankers.

1997 World Bank/IMF Annual Meetings in Hong Kong

In August, the Boards of Governors of the World Bank and the IMF

approved the proposal for their 1997 Annual Meetings to be held in Hong Kong on 23-25 September 1997. This prestigious event would bring significant benefits to Hong Kong. The Meetings would be a timely affirmation of Hong Kong's continuing status as an international financial centre after 1997. The prospect of the majority of the world's Finance Ministers, Central Bank Governors and top commercial bankers gathering in Hong Kong after the transfer of sovereignty would boost local and international confidence in Hong Kong.

At the 1994 Annual Meetings held in Madrid in October, the UK and Chinese Governments and the World Bank/IMF signed a Memorandum of Understanding regarding the arrangements for the Meetings. The World Bank/IMF also signed a Memorandum on the Provision of Services and Facilities with the Hong Kong Government, setting out Hong Kong's responsibility in providing services and facilities. The Monetary Authority is the implementing agency responsible for the coordination of all local planning work.

Detailed planning work has already started in 1994. A Steering Committee, chaired by the Financial Secretary, has been set up to oversee the overall planning and give policy guidance. An Organising Committee, chaired by the Monetary Authority, has been established to coordinate all preparatory work.

There are also six Working Groups established under the Organising Committee to deal with specific planning areas.

The Monetary Authority has set up a planning team to undertake the massive planning work. The team, together with members of relevant government departments and other organisations, attended the 1994 Annual Meetings of the World Bank/IMF in Madrid to observe the operational arrangements on site and share the experience of the Spanish authorities in organising the Meetings. Based on this useful experience, detailed planning work has been initiated and is in good progress.

Economic research and information policy

The Monetary Authority has strengthened its research and analysis capabilities, which is an essential ingredient for strategic planning and formulation of policy reform measures. The research team

provides economic analyses on a wide range of international as well as domestic issues relevant to policy formulation.

The Monetary Authority is committed to promoting public understanding and transparency of its objectives and policies. The launch of two regular economic bulletins underscores that commitment. From September 1994, the Monetary Authority publishes the Monthly Statistical Bulletin, which contains comprehensive statistics on monetary and financial indicators. The Quarterly Bulletin, which carries regular reporting and analyses on the policies of the Monetary Authority, made its debut in November 1994.

The Monetary Authority also compiled the proceedings of the Seminar on Monetary Management held in October 1993 and recent speeches made by senior executives into two books, entitled "*Monetary Management in Hong Kong*" and "*The Practice of Central Banking in Hong Kong*" respectively.



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The third phase of coins of Queen Elizabeth II, 1985. A new portrait of the Queen was introduced and a large numeral "5" replaced the crowned lion on the \$5 coin. The 5 cent coin was demonetised in 1989.
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