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Green Statement by Mr. Potapov and Ms. Zubareva on People's Republic of China Hong Kong Special Administrative Region - 2023 Article IV Consultation (SM/23/105)

1. We thank staff for the comprehensive report on the People's Republic of China—Hong Kong Special Administrative Region (Hong Kong SAR) and broadly agree with staff's appraisal.

2. **The economy has successfully navigated through recent multiple shocks**. We positively note that macroeconomic indicators are broadly strong and economic activity continues to normalize with the reopening of the border with the rest of the world. Strong macroeconomic management, ample policy buffers, as well as the ongoing economic integration with Mainland China and technological development will further support Hong Kong SAR's recovery.

3. **Despite current external economic challenges, the financial system demonstrates its resilience and Hong Kong SAR continues to act as one of the major international financial centers**. The deepening financial linkages with Mainland China would further foster Hong Kong SAR's financial sector and underpin its growth. The authorities are well aware of the need for maintaining sound systemic risks monitoring and the intensive supervision to mitigate financial stability risks. In addition, we agree that promoting innovation and digitalization can further boost economic resilience amid rising geoeconomic fragmentation and welcome the authorities' efforts aimed at reinforcing Hong Kong SAR's international financial center status.

4. **Structural policy priorities are rightly focused on addressing labor market mismatches, increasing housing affordability, and promoting digitalization**. The promotion of CBDCs, implementation of the climate finance framework, and fostering fintech will also serve as additional growth drivers.

5. With these remarks, we wish the authorities and the people of the People's Republic of China—Hong Kong SAR every success.