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ECONOMY

City can achieve 5.5pc growth if it rides current momentum, Hui says

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Hong Kong's economy could grow by 5.5 per cent if the city continued to ride the current momentum, Secretary for Financial Services and the Treasury Christopher Hui Ching-yu said yesterday.

Hui, who last month visited Britain and Belgium on work trips, also vowed Hong Kong would continue to collaborate with Europe to form a "community of interest" despite growing geopolitical tensions.

He added the current pace of economic development was ideal, spurred by heightened consumption, echoing comments by Hong Kong Monetary Authority chief executive Eddie Yue Wai-man last week, who said growth this year might be at the high end of the government's estimate of 3.5 to 5.5 per cent.

Hui told a radio programme yesterday: "If the current economic momentum continues, between a 3.5 and 5.5 per cent economic growth rate, there is a high chance we will edge towards the upper limit.

"Recently, many international organisations ... have launched their economic forecasts, agreeing that the driving force for global economic growth would come from Asia, with the most crucial component being mainland China's economy."

Several brokerages have recently raised their forecasts for Hong Kong's annual economic growth this year to up to 6 per cent, based on the full lifting of pandemic restrictions and robust private consumption, especially for discretionary spending.

Hui said the government currently had three strategic directions to aid financial development: enhance Hong Kong's own market competitiveness; strengthen connectivity with the mainland; and promote new areas such as green financing and financial technology.

Summarising his visit to London and Brussels last month, he said Hong Kong needed to continue playing the role of bridging the mainland with the world.

"Everything we do will be affected by the objective environment and different subjective factors, so when we promote cooperation, we stick to a clear principle: mutual benefit," he said.

During his visit to Hong Kong, British Minister for Investment Dominic Johnson said he saw "shared interests" with the city, including financial services, infrastructure and sustainability.

Hui yesterday said there was a lot of room for cooperation between Hong Kong and Europe, adding the city should make good use of its international standing and learn from countries in terms of financial development.

But some economists were more conservative in their forecast for local growth. "There is no question about a decent cyclical rebound driven by consumption in 2023," said Gary Ng Cheuk-yan, a senior economist at Natixis Corporate and Investment Bank. "But the government's expectation is rather optimistic given the still high interest rate and weak global demand."

Ng instead predicted growth of about 4 to 4.5 per cent.

"Hong Kong's investment sentiment in businesses and properties is still fragile. There is also a question on the changing consumer and tourist behaviours that industries need to cope with," he said.

Professor Terence Chong Tai-leung, executive director of Chinese University's Lau Chor Tak Institute of Global Economics and Finance, said GDP could expand by 5.5 per cent, but added that the lingering labour shortage was also affecting growth and authorities should consider importing workers.

"We had four quarters of negative growth in the past year," he said. "A full rebound should mean 5 per cent growth in the first quarter of this year. But it turned out to be only 2.7 per cent. One of the reasons is that our workforce is shrinking. We may need external force to help boost our growth."

Additional reporting by Ng Kang-chung

2.7%

The labour shortage may be one reason Hong Kong's economy only grew this much in the first quarter, according to a top academic