



## Professor LIU Pak-wai

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Professor LIU Pak-wai received his AB from Princeton University, and MA and PhD from Stanford University. He is Research Professor of the Lau Chor Tak Institute of Global Economics and Finance and Emeritus Professor of Economics of The Chinese University of Hong Kong. Professor LIU was formerly Pro-Vice-Chancellor of the university. He was appointed Fulbright Distinguished Scholar, 2000-2001. His research interest spans the fields of applied economic theory, economics of uncertainty, labour economics, executive compensation, Chinese economy and Hong Kong economy.

Professor LIU is active in public service. He is a Director of the Hong Kong Institute of Monetary Research of the Hong Kong Monetary Authority, a board member of Shenzhen Finance Institute and a member of the Governing Board of the Chinese University of Hong Kong, Shenzhen. Professor LIU currently serves as Chairman of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials.

## Economic Challenges and Opportunities of Hong Kong in a New Era

Hong Kong is a small open economy. Small economies need to be open in order to be successful economically. Mainland China is Hong Kong's largest partner in trade, capital and people flow. Mainland China has played an important role in Hong Kong's economic development; so has Hong Kong in helping Mainland China go global. However, times have changed: the overall importance of Hong Kong to Mainland China has declined. Hong Kong must look for opportunities to get strategically connected with Mainland China again to try to play a significant role in its next phase of development. As China enters a "New Normal" phase, emphasizing internal demand and further opening of its capital account, Hong Kong must re-position itself as a major service provider and a gateway for the two-way flow of capital between the Mainland and the rest of the world. Hong Kong should also bring in more skilled Mainland immigrants to add to its human capital stock and to alleviate its ageing problem.

