

Memorandum of Understanding Between  
The Government of the People's Republic of China and  
The International Bank for Reconstruction and Development and  
The International Finance Corporation  
Concerning the Establishment of the IFC Regional Office for  
East Asia and Pacific and  
The World Bank Private Sector Development Office for  
East Asia and Pacific in the Hong Kong Special Administrative Region  
of the People's Republic of China,  
Memorandum of Administrative Arrangements Relating to  
The IFC Regional Office for East Asia and Pacific and  
The World Bank Private Sector Development Office for  
East Asia and Pacific in the Hong Kong Special Administrative Region  
of the People's Republic of China and  
Letters between the Hong Kong Monetary Authority and  
The International Bank for Reconstruction and Development and  
The International Finance Corporation  
Relating to the Memorandum of Understanding

**Memorandum of Understanding  
Between  
The Government of the People's Republic of China  
And  
The International Bank for Reconstruction and Development  
And  
The International Finance Corporation  
Concerning the Establishment of the IFC Regional Office for East Asia  
and Pacific and the World Bank Private Sector Development Office for  
East Asia and Pacific in the Hong Kong Special Administrative Region  
of the People's Republic of China**

The Government of the People's Republic of China (hereinafter referred to as "the Government") and the International Bank for Reconstruction and Development (hereinafter referred to as "the Bank") and the International Finance Corporation (hereinafter referred to as "the Corporation");

Having regard to the Convention on the Privileges and Immunities of the Specialized Agencies (hereinafter referred to as "the Convention") with respect to the Bank and the Corporation, the Bank's Articles of Agreement and the Corporation's Articles of Agreement (hereinafter referred to as "Agreements") which are binding on the Government;

Taking into account that the Bank and the Corporation have decided to establish a joint office in the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter referred to as "the HKSAR"), and the Government supports such a decision;

Have reached an understanding as follows:

1 The organization that is to be established in the HKSAR shall be titled as "The IFC Regional Office for East Asia and Pacific and the World Bank Private Sector Development Office for East Asia and Pacific" (hereinafter referred to as "the Joint Office").

2 (1) The Joint Office will serve as a regional management office for the Corporation's operations and the Bank's private sector development activities in East Asia and Pacific. The function of the Joint Office will be to manage the Corporation's operations in East Asia and Pacific, including investment activities, portfolio supervision, technical assistance and administration. The Joint Office will also be responsible for the coordination of the Bank's private sector development work in East Asia and Pacific, including the provision of technical assistance and policy guidance to the Bank member country governments in East Asia and Pacific regarding the economic, policy and regulatory environment for private sector activities.

(2) The Joint Office's contacts with the government of the HKSAR and with other organizations in the HKSAR shall be limited to the administrative arrangements concerning the Joint Office.

3 The Bank and the Corporation shall appoint to the Joint Office the head of the Joint Office, and other officers and employees (hereinafter collectively referred to as "Officers and Employees") as required to perform their work. Prior to appointing the head of the Joint Office, the Bank and the Corporation shall notify the Government of their candidate and shall consult with the Government for its concurrence with respect to the appointment. The Bank and the Corporation will inform the Government of the names of the spouses and dependent children under the age of 21 who will reside in the HKSAR with the Officers and Employees.

4 The Government will extend to the head of the Joint Office (including any official acting on his/her behalf during the latter's absence from duty) and his/her spouse and dependent children under the age of 21, privileges, immunities, exemptions and facilities not less favorable than those accorded to heads of other United Nations Specialized Agencies in the HKSAR.

5 The head of the Joint Office shall have authority over all other officers and employees of the Joint Office.

6 As provided in Article VII, Section 3 of the Bank's Articles of Agreement and in Article VI, Section 3 of the Corporation's Articles of Agreement, actions may be brought against the Bank or the Corporation only in a court of competent jurisdiction in the territories of a member in which the Bank or the Corporation has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities. No actions shall, however, be brought by members or persons acting for or deriving claims from members. The property and assets of the Bank or the Corporation shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the Bank or the Corporation.

7 The premises of the Joint Office shall be inviolable and shall be under the control of the Bank and the Corporation. No representative of the Government or other person exercising any public authority within the HKSAR may enter the premises of the Joint Office without the consent of the head of the Joint Office or his/her representative. Such consent, may, however, be assumed in the case of fire or other disaster requiring prompt protective action.

8 No censorship shall be applied to the official correspondence and other official communications of the Joint Office. The Joint Office shall have the right to use codes and to dispatch and receive correspondence by courier or in

sealed bags, which shall have the same immunities and privileges as diplomatic couriers and bags.

9 The Bank and the Corporation may purchase, in exchange for any convertible currency, the local currency of the HKSAR in such amounts as the Bank and the Corporation may from time to time require for meeting its expenditures in the HKSAR, at the official exchange rate not less favorable than that accorded to other United Nations Specialized Agencies in the HKSAR.

10 All goods imported into or exported from the HKSAR by the Bank or the Corporation for its official use shall be exempt from customs duties, taxes, licence fees and other charges, and from economic prohibitions and restrictions on imports and exports.

11 The Officers and Employees shall be exempt from national service obligations, provided that, in respect of Chinese nationals, such exemption shall be confined to those persons whose names have, by reason of their duties, been placed upon a list compiled by the Bank and the Corporation and approved by the Government. Should other persons who are Chinese nationals be called up for national service, the Government shall, at the request of the Bank or the Corporation, grant such temporary deferments in the call-up of such persons as may be necessary to avoid interruption in the continuation of essential work.

12 For the purpose of implementation of this Memorandum of Understanding, the necessary administrative arrangements shall be made between the government of the HKSAR and the Bank and the Corporation in the form of a Memorandum of Administrative Arrangements.

13 (1) The Officers and Employees shall cooperate at all times with the Government to facilitate the proper administration of justice, secure the observance of police regulations and prevent the occurrence of any abuse in connection with the privileges, immunities and exemptions accorded by virtue of the Convention, Agreements and this Memorandum. Should the Government consider that an abuse has occurred, consultation shall be held between the head of the Joint Office and the appropriate authorities of the Government in a timely manner to determine whether any such abuse has occurred and if so, to attempt to ensure that no repetition occurs.

(2) The privileges, immunities, exemptions and facilities accorded herein are granted in the interests of the Bank and the Corporation and not for the personal benefit of individuals themselves. Without prejudice to the privileges, immunities, exemptions and facilities provided for in this Memorandum, Officers and Employees shall not be immune from jurisdiction or where applicable, from execution, in the event of legal proceedings against them

including in respect of damage occasioned by a motor vehicle in their ownership or control except when such proceedings arise out of acts performed by them in their official capacity. The Bank and the Corporation shall have the right and duty to waive any immunity from legal process conferred under this Memorandum where, in their opinion, the immunity would impede the course of justice and can be waived without prejudice to the interests of the Bank and the Corporation.

14 This Memorandum is binding on the Bank, the Corporation and the Government upon signature, and shall remain in force until it is terminated by mutual accord between the parties or until one of the parties informs the other parties in writing of its intention to terminate the Memorandum, and a period of six months has elapsed from the date of the notice.

Done in triplicate at Prague on September 28, 2000 in the Chinese and English languages, both texts being equally authentic.

For the Government of the  
People's Republic of China

Jin Liqun

Vice Minister  
Ministry of Finance

For the International Bank for  
Reconstruction and Development

Jemal-ud-din Kassum

Regional Vice President  
East Asia and Pacific Region

For the International Finance  
Corporation

Assaad Jabre

Vice President  
Operations

**Memorandum of Administrative Arrangements  
Relating to the IFC Regional Office for East Asia and Pacific and the  
World Bank Private Sector Development Office for East Asia and Pacific  
in the Hong Kong Special Administrative Region  
of the People's Republic of China**

The Government of the Hong Kong Special Administrative Region of  
the People's Republic of China ("the Government of the HKSAR")  
and  
The International Bank for Reconstruction and Development ("the Bank")  
and  
The International Finance Corporation ("the Corporation")

NOTING the Memorandum of Understanding dated September 28, 2000 between the Government of the People's Republic of China and the Bank and the Corporation ("the MOU") whereby the Central People's Government grants to the Bank and the Corporation the privileges and immunities provided for in that MOU in relation to the IFC Regional Office for East Asia and Pacific and the World Bank Private Sector Development Office for East Asia and Pacific established in the HKSAR ("the Joint Office");

DESIRING to make the necessary administrative arrangements as provided in paragraph 12 of the MOU;

Have AGREED as follows:

1. The Hong Kong Police Force shall take all appropriate measures, having due regard to the special needs of the Bank and the Corporation, to protect the premises of the Joint Office in the HKSAR against any intrusion or damage and to prevent any disturbance of law and order in or at the Joint Office.
2. The Office of the Telecommunications Authority ("the Authority") shall, as soon as practicable after the Bank and the Corporation have submitted their requirements to the Authority for technical assessment, satisfy itself that there is no spectrum management concern and then grant free of charge the necessary licence to the Bank and the Corporation to enable them to use their private telecommunications network. Further, the Authority shall, if requested by the Bank and the Corporation assist the Joint Office with respect to such technical issues as may arise in connection with the installation, use or operation of any telecommunications equipment by the Joint Office.
3. For the avoidance of doubt, (a) the tax immunities of the Bank and the Corporation under their respective Articles of Agreement and the Convention on the Privileges and Immunities of the Specialized Agencies shall extend to rates levied by the Government of the HKSAR; and (b) the Bank and the

Corporation shall not be exempt from the government rent levied by the Government of the HKSAR under Article 121 of the Basic Law of the HKSAR or the terms of land leases.

4. Any goods and articles imported into the HKSAR by the Bank or the Corporation under the exemptions in paragraph 10 of the MOU may be disposed of locally in accordance with applicable laws or administrative regulations.

5. The Bank and the Corporation shall arrange for sufficient third party insurance coverage for their motor vehicles in the HKSAR.

6. The Immigration Department of the HKSAR will provide the spouses and dependent children under the age of 21 of any officers and employees appointed to the Joint Office clearances or documents to enable them to take up employment in the HKSAR in accordance with the HKSAR immigration and labour laws.

7. The Immigration Department of HKSAR shall, upon request by the Bank and the Corporation, issue to the officers and employees appointed to the Joint Office and to their spouses and dependent children over the age of 11, an identity card to identify such persons to the Government of the HKSAR or any HKSAR authority.

8. The Director of Administration of the HKSAR shall, upon request by the Bank and the Corporation, issue to each of the officers and employees appointed to the Joint Office a "status card" to identify them as such. The relevant HKSAR authorities shall advise the Bank and the Corporation of the most appropriate procedure to be followed in order to ensure that the spouses and dependent children under the age of 21 are properly identified to the HKSAR authorities so that they may benefit from the privileges and immunities granted under the MOU.

9. The Bank and the Corporation shall inform the Director of Administration of the HKSAR of the name and category of employment of any person appointed or assigned by the Bank or the Corporation to work at the Joint Office, as well as of the same details, as applicable, of any spouse or dependent children under the age of 21 of that person.

10. The Bank and the Corporation and the relevant HKSAR authorities shall co-operate to facilitate the satisfactory administration of justice, to ensure the observance of police regulations, if any, and road traffic legislation in force in the HKSAR, and to prevent any abuse of the privileges, immunities, facilities and exemptions provided for in the MOU.

11. This Memorandum of Administrative Arrangements shall in no way affect, detract from or add to the privileges, immunities, exemptions, facilities, assurances and other rights provided for in the MOU.

12. Any amendment to this Memorandum of Administrative Arrangements, including any amendment which may be required as a result of any amendment to the MOU, may, subject to paragraph 11 above and provided it is consistent with the provisions of the MOU, be agreed by the Government of the HKSAR and the Bank and the Corporation and shall take effect when confirmed in writing by both of them.

13. The Government of the HKSAR shall promptly notify the Bank and the Corporation of any measures taken by it in connection with the implementation or application of the MOU and this Memorandum of Administrative Arrangements.

14. The Government of the HKSAR and the Bank and the Corporation shall consult to resolve any question concerning the interpretation or application of this Memorandum of Administrative Arrangements.

15. This Memorandum of Administrative Arrangements shall take effect upon signature.

IN WITNESS WHEREOF the undersigned being duly authorized respectively by the Government of the HKSAR and the Bank and the Corporation, have signed the Memorandum of Administrative Arrangements.

Done in triplicate at Prague on September 28, 2000.

For the Government of the Hong  
Kong Special Administrative Region  
of the People's Republic of China

Joseph Yam

Chief Executive  
Hong Kong Monetary Authority

For the International Bank for  
Reconstruction and Development

Jemal-ud-din Kassum

Regional Vice President  
East Asia and Pacific Region

For the International Finance  
Corporation

Assaad Jabre

Vice President  
Operations



International Bank for Reconstruction and  
Development

International Finance Corporation

September 28, 2000

Dear Sirs,

We refer to the Memorandum of Understanding Concerning the Establishment of the IFC Regional Office for East Asia and Pacific and the World Bank Private Sector Development Office for East Asia and Pacific in the Hong Kong Special Administrative Region of the People's Republic of China (“the Joint Office”) signed by representatives of the International Bank for Reconstruction and Development (“the Bank”), the International Finance Corporation (“the Corporation”) and the People's Republic of China today.

We wish to advise you that, without prejudice to the provisions therein, the government of the HKSAR may, in its discretion, accord to the head of the Joint Office and senior officers and employees appointed to the Joint Office, who are not Chinese nationals or HKSAR permanent residents and who do not carry on any private gainful occupation in the HKSAR, additional exemptions from the following and any other taxes or fees to be specified by the government of the HKSAR from time to time—

- (a) first registration tax under the Motor Vehicle (First Registration Tax) Ordinance;
- (b) vehicle registration fee under the Road Traffic Ordinance;
- (c) vehicle licence fee under the Road Traffic Ordinance;
- (d) driving licence fee under the Road Traffic Ordinance;
- (e) duty on tobacco and liquor under the Dutiable Commodities Ordinance;
- (f) duty on hydrocarbon oil under the Dutiable Commodities Ordinance;
- (g) air passenger departure tax under the Air Passenger Departure Tax Ordinance.

With respect to paragraph 13(1) of the Memorandum of Understanding, we confirm our readiness to consult each other on the detailed administration and implementation of the privileges and immunities accorded by virtue of the Convention on the Privileges and Immunities of the Specialized Agencies, the Bank's Articles of Agreement, the Corporation's Articles of Agreement, the Memorandum of Understanding and the foregoing paragraph.

Yours sincerely,

Joseph Yam

Chief Executive  
Hong Kong Monetary Authority

September 28, 2000

Hong Kong Monetary Authority

Dear Sir:

On behalf of the International Bank for Reconstruction and Development and the International Finance Corporation, we thank you for your letter dated September 28, 2000 and confirm the understanding set out therein.

With respect to paragraph 13(1) of the Memorandum of Understanding, we also confirm our readiness to consult each other on the detailed administration and implementation of the privileges and immunities accorded by virtue of the Convention on the Privileges and Immunities of the Specialized Agencies, the Bank's Articles of Agreement, the Corporation's Articles of Agreement, the Memorandum of Understanding and paragraph 2 of your letter under reference above.

Yours sincerely,

Jemal-ud-din Kassum

Assaad Jabre

Representative of the  
International Bank for Reconstruction  
and Development

Representative of the  
International Finance Corporation