

Memorandum of Understanding  
Between the Government of the People's Republic of China  
and the International Monetary Fund Concerning  
the Establishment of a Sub-Office in the Hong Kong  
Special Administrative Region by the Resident Representative Office  
of the Fund in the People's Republic of China

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The government of the People's Republic of China (hereinafter referred to as "the Chinese Government") and the International Monetary Fund (hereinafter referred to as "the Fund"), pursuant to the Agreement Between the People's Republic of China and the International Monetary Fund Concerning the Establishment of a Resident Representative Office of the Fund in the People's Republic of China signed in 1991, and in view of the fact that the Fund is an international financial organization in which sovereign states participate, concerning the establishment of a sub-office in the Hong Kong Special Administrative Region by the Resident Representative Office of the Fund in the People's Republic of China, reached the following understanding:

**Article 1. Name of Organization**

The organization that is to be established in the Hong Kong Special Administrative Region of the People's Republic of China shall be titled as "the Hong Kong Special Administrative Region Sub-Office of the Resident Representative Office of the International Monetary Fund in the People's Republic of China (hereinafter referred to as 'the Hong Kong Sub-Office')".

**Article 2. The Nature and Responsibilities of the Hong Kong Sub-Office**

The Hong Kong Sub-Office is an organization subordinate to the Resident Representative Office of the Fund in the People's Republic of China. Its responsibilities are to assist the Resident Representative Office of the Fund in the People's Republic of China in gathering information, in researching and analyzing the economic and financial market activities of the Hong Kong Special Administrative Region, and in researching the impact of economic and financial developments and changes in Asia and other regions on the Hong Kong Special Administrative Region. Its contacts with the government of the

Hong Kong Special Administrative Region and with other organizations in the Hong Kong Special Administrative Region shall be limited to such technical work as economic research and sharing of information and to the administrative arrangements concerning the staff of the Hong Kong Sub-Office.

The establishment of the Hong Kong Sub-Office shall not change the existing arrangements concerning the relationship between the Hong Kong Special Administrative Region and the Fund.

### **Article 3. The Assignment of Staff to the Hong Kong Sub-Office**

The Fund shall, as it considers necessary to perform its work, assign Fund staff who has positions no higher than the Resident Representative of the Resident Representative Office of the Fund in the People's Republic of China to the Hong Kong Sub-Office. Prior to the assignment of any Fund staff to the Hong Kong Sub-Office, the Fund shall advise the Chinese Government of its candidates and shall consult with the Chinese Government in order to obtain the Chinese Government's concurrence with respect to the assignment. The Fund shall inform the Chinese Government of the names of the dependents of the staff assigned to the Hong Kong Sub-Office who will reside with them.

### **Article 4. Privileges and Immunities**

With regard to the privileges, immunities and facilities enjoyed by the Hong Kong Sub-Office, its staff, and their dependents, the Administrative Arrangements Concerning the Establishment of the Hong Kong Special Administrative Region Sub-Office of the Resident Representative Office of the International Monetary Fund in the People's Republic of China, which is an annex and constitutes an inalienable part to the present Memorandum, shall apply.

Without prejudice to the privileges and immunities conferred by the present Memorandum, the Fund staff assigned to the Hong Kong Sub-Office and their dependents shall abide by the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China and other laws and regulations of the Hong Kong Special Administrative Region.

**Article 5. Final Provisions**

The present Memorandum shall enter into force on the date of signature by the authorized representatives of the Chinese Government and the Fund.

The present Memorandum may be terminated by mutual consent.

Done in duplicate on September 23, 2000 in the Chinese and English languages, both texts being equally authentic.

Horst Köhler

Managing Director  
International Monetary Fund

Dai Xianglong

Governor  
People's Bank of China

**Annex****ADMINISTRATIVE ARRANGEMENTS CONCERNING THE  
ESTABLISHMENT OF THE HONG KONG SPECIAL  
ADMINISTRATIVE REGION SUB-OFFICE OF THE  
RESIDENT REPRESENTATIVE OFFICE OF THE  
INTERNATIONAL MONETARY FUND IN  
THE PEOPLE'S REPUBLIC OF CHINA**

1. This Annex makes provisions for the implementation of the Memorandum of Understanding between the Government of the People's Republic of China and the International Monetary Fund Concerning the Establishment of a Sub-Office in the Hong Kong Special Administrative Region by the Resident Representative Office of the Fund in the People's Republic of China ("the Memorandum") and forms an integral part of the Memorandum.

2. The premises of the Hong Kong Sub-Office shall be inviolable and shall be under the control and authority of the Fund. No officer or official of the Chinese Government, or other person exercising any public authority within the Hong Kong Special Administrative Region ("HKSAR"), may enter the premises of the Hong Kong Sub-Office to perform any duties therein except with the consent of the Fund or the Hong Kong Sub-Office. Such consent may, however, be assumed in the case of fire or other disaster requiring prompt protective action, if such consent cannot be obtained in a timely manner.

3. Pursuant to Article 2 of the Memorandum, the Fund may make rules and regulations operative within the Hong Kong Sub-Office for the full and independent exercise of its activities and performance of its functions.

4. (1) The Fund, the Hong Kong Sub-Office, and the assets, property, income and operations and transactions of the Fund authorized by its Articles of Agreement, are immune from all taxation, dues, duties or rates of any kind. Neither the Fund nor the Hong Kong Sub-Office shall be liable for the collection or payment of any tax, dues, duties or rates save those specifically referred to in this paragraph.

(2) The Fund will not, as a general rule, claim exemption from or refund of indirect taxes and duties included in the price of goods or services supplied to the Hong Kong Sub-Office (including leasing and rental charges). Nevertheless, when the Fund is making important purchases for official use of property on which such taxes and duties have been charged or are chargeable, the relevant HKSAR authorities will, whenever possible, make appropriate

administrative arrangements for the remission or return of the amount of tax or duty.

(3) The Fund shall not be exempt from:

(a) charges for specific services rendered, provided that such charges are non-discriminatory and generally levied; and

(b) the government rent levied by the Government of the HKSAR (“HKSARG”) under Article 121 of the Basic Law or the terms of land leases.

5. Goods, including motor vehicles and spare parts thereof, imported into or exported from the HKSAR by the Fund 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 save those imposed within the HKSAR on strategic commodities. Any goods and articles imported into the HKSAR by the Fund under such exemption may be disposed of locally in accordance with applicable laws or administrative regulations of the HKSAR. The Fund shall arrange for sufficient third party insurance coverage for the Fund’s motor vehicles in the HKSAR.

6. The Fund, as an employer, shall be exempt from the Employment Ordinance, the Employees’ Compensation Ordinance, the Mandatory Provident Fund Schemes Ordinance, and any legislation applicable in the HKSAR regarding old-age and surviving dependents insurance, or incapacity insurance or unemployment insurance, or insurance for health care or against accident, or occupational pension schemes, or welfare systems of any kind, in respect of officers and employees appointed by the Fund to the Hong Kong Sub-Office (“Officers and Employees”) who are not locally recruited. The Officers and Employees other than those who are locally recruited shall be exempt from such legislation and, in particular, from any mandatory contribution to any insurance or welfare scheme, unless an agreement to the contrary is reached between the Fund and the HKSARG. The exemptions under this paragraph do not apply in relation to the employment of any person by the Officers and Employees in their private capacity. The treatment of locally recruited Officers and Employees will be discussed between the Fund and the domestic authorities of the HKSAR, taking their actual conditions of employment into due consideration.

7. All official communications to and from the Hong Kong Sub-Office, by whatever means or in whatever form transmitted, shall be immune from censorship and any other form of interception or interference. The Fund shall be entitled to use codes and encryption for its official communications. Should the Fund wish to import into the HKSAR any encryption device the importation of which requires an import licence granted by the Director-

General of Trade, the Trade Department shall render such assistance as is needed to ensure that the Fund's application is processed as speedily as practicable. The Fund shall also be entitled to dispatch and receive correspondence and other communications by courier or in sealed bags, which shall have the same immunities and privileges as diplomatic couriers and bags.

8. The Fund may, with the consent of the relevant HKSAR authority regarding technical requirements, use a wireless transmitter in the HKSAR. The Office of the Telecommunications Authority of the HKSAR shall, as soon as the Fund has submitted its requirements to it for technical assessment, as speedily as practicable satisfy itself that there is no spectrum management concern and then grant free of charge a telecommunications licence to the Fund to enable it to use radio communications equipment. Further, the Office of the Telecommunications Authority shall, if requested by the Fund, assist the Hong Kong Sub-Office with respect to such technical issues as may arise in connection with the installation, use or operation of any telecommunications equipment by the Hong Kong Sub-Office.

9. (1) The following categories of persons will be provided as speedily as practicable with all appropriate facilities required for entry into, and sojourn in and transit through the HKSAR, for the purposes of official business of the Fund:

(a) Officers and Employees and their respective spouses and dependent children under the age of 21;

(b) officers and employees of the Fund on mission in the HKSAR or in transit therein, including technical assistance experts;

(c) other experts under the Fund's technical assistance program who are assigned to work or are in transit in the HKSAR; and

(d) other persons officially invited by the Fund, including the Hong Kong Sub-Office, in connection with official activities of the Fund in the HKSAR. The names of such persons shall be communicated to the HKSARG.

(2) Officers and Employees and their respective spouses and dependent children under the age of 21 who are not Chinese nationals or HKSAR permanent residents will be issued official visas, free of charge, and given permission for multiple entry into the HKSAR for the duration of their appointments or assignments to the Hong Kong Sub-Office.

10. (1) Subject to sub-paragraph (2) below, Officers and Employees and other officers and employees of the Fund on mission in the HKSAR or in transit therein, including technical assistance experts referred to in paragraphs 9(1)(b) and (c) above, enjoy the following privileges and immunities:

- (a) immunity from inspection or seizure of official baggage;
- (b) immunity from legal process with respect to acts performed by them in their official capacity;
- (c) exemption from taxation on or in respect of salaries and emoluments paid by the Fund in accordance with Article IX, Section 9(b) of the Fund's Articles of Agreement and Article VI, Section 19(b) of the United Nations Convention on the Privileges and Immunities of the Specialised Agencies;
- (d) exemption from social contributions, except in cases where the Fund contributes to social security and welfare schemes in respect of any locally recruited Officers and Employees as provided under paragraph 6 of this Annex;
- (e) the same privileges in respect of exchange facilities as are accorded to officials of comparable rank of diplomatic missions;
- (f) the same protection and repatriation facilities in time of international crises, together with their respective spouses and dependent children under the age of 21 as are given to officials of comparable rank of diplomatic missions;
- (g) exemption from customs duties with respect to articles for personal use imported into the HKSAR at the time they take up their appointment or assignment to the Hong Kong Sub-Office; and
- (h) exemption from immigration restrictions and alien registration requirements equivalent to that granted to officials of comparable rank of diplomatic missions.

(2) The privileges and immunities set out in (e) to (h) inclusive above shall not apply to any persons who are Chinese nationals or HKSAR permanent residents.

11. (1) Subject to sub-paragraph (2) below, the HKSARG in its discretion may accord to the Resident Representative of the Hong Kong Sub-Office and such Officers and Employees as it may agree for the purpose of this paragraph and their respective spouses and dependent children under the age of 21, exemption from payment of:

- (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; and
- (h) any other taxes and dues that may be specified by the HKSARG from time to time.

(2) The privileges and immunities provided in sub-paragraph (1) of this paragraph shall not be accorded to those persons who are Chinese nationals or HKSAR permanent residents or who carry on any private gainful occupation in the HKSAR.

12. The spouse and dependent children under the age of 21 of any Officers and Employees may take employment in the HKSAR as permitted under domestic immigration and labour laws. They will be provided with any clearances or documents insofar as their applications are regarded by the HKSAR authorities as appropriate under domestic law.

13. The HKSARG will provide Officers and Employees who are not Chinese nationals or HKSAR permanent residents with a “status card” that will serve to identify the holder.

14. The privileges, immunities, exemptions and facilities accorded in the Memorandum are granted in the interests of the Fund and not for the personal benefit of individuals themselves. Without prejudice to the privileges, immunities, exemptions and facilities provided for in the Memorandum, the persons referred to in paragraph 10 shall not be immune from jurisdiction or where applicable, from execution, in the event of legal proceedings against them 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 Fund shall have the right and duty to waive any immunity from legal process conferred under the Memorandum where, in its opinion, the immunity would impede the course of justice and can be waived without prejudice to the interests of the Fund.

15. The Fund shall use its best efforts to ensure that the privileges, immunities, exemptions and facilities conferred by the Memorandum are not abused and for this purpose shall establish such rules and regulations as it may deem necessary and expedient. Should the Chinese Government consider that

an abuse has occurred, consultations shall be held between the Chinese Government and the Fund to determine whether any such abuse has occurred and, if so, how it can be remedied and how to ensure that no repetition of that abuse occurs.