

**Subcommittee on  
International Organizations (Privileges and Immunities)  
(ASEAN+3 Macroeconomic Research Office) Order**

**Government's Responses to the Follow-up Actions  
Arising from the Meeting held on 24 March 2016**

**PURPOSE**

In response to the questions raised by Members at the meeting of the Subcommittee held on 24 March 2016, this paper provides supplementary information on Hong Kong's participation in the Chiang Mai Initiative Multilateralisation ("CMIM"), and the privileges and immunities covered in the International Organizations (Privileges and Immunities) (ASEAN+3 Macroeconomic Research Office) Order ("the Order").

**BACKGROUND OF HONG KONG'S PARTICIPATION IN CMIM**

2. The Chiang Mai Initiative ("CMI") is a regional emergency liquidity facility introduced in 2000 to provide short-term liquidity support through a network of bilateral swap arrangements among the ASEAN+3<sup>1</sup> members. To increase its effectiveness, the ASEAN+3 Finance Ministers agreed to multilateralise the CMI by a single contractual agreement. The CMIM was then established in March 2010 for this purpose. With the support of the Central People's Government ("CPG"), Hong Kong, under the name "Hong Kong, China", participates in CMIM as it helps avert any instability and financial or currency contagion, thereby upholding the regional financial and monetary stability.

3. It is of strategic importance for Hong Kong to participate in CMIM as it is a regional joint-defence mechanism to provide financial resources to participating parties in the event of short-term liquidity

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<sup>1</sup> ASEAN+3 comprises the 10 ASEAN member states, as well as the People's Republic of China, Japan and the Republic of Korea.

difficulties. CMIM aims to provide temporary liquidity to participants in need, and in doing so helps mitigate the risk of financial contagion and maintain financial stability. As agreed by the CMIM parties, the total size of CMIM is set as US\$240 billion<sup>2</sup> and each participating party undertakes to commit up to a certain percentage. Hong Kong has undertaken to commit, on a callable basis, up to US\$8.4 billion (i.e. 3.5% of US\$240 billion). The commitment is made via the Exchange Fund under the endorsement of the Financial Secretary, in accordance with section 3(1A) of the Exchange Fund Ordinance (Cap. 66), which empowers the Financial Secretary to, with a view to maintaining Hong Kong as an international financial centre, use the Fund as he thinks fit to maintain the stability and integrity of the monetary and financial systems of Hong Kong.

4. Hong Kong's financial contribution for CMIM is a commitment to lending through currency swap arrangements. To activate a swap transaction, a decision is required by the relevant decision-making body under the CMIM. Once approved, the lenders would provide US dollars in exchange for the domestic currency of the borrower, and interest would be charged at the prevailing market rate.

5. The ASEAN+3 Macroeconomic Research Office ("AMRO") is a surveillance unit to support the implementation of CMIM, and to monitor the macroeconomic status and financial soundness of all CMIM parties. AMRO and its staff are based in Singapore. To strengthen its capacity, AMRO is recruiting additional manpower, including deputy directors, who will be based in Singapore and are expected to commence duty later this year.

## **RELEVANT PRIVILEGES AND IMMUNITIES IN THE ORDER**

6. The conferment of privileges and immunities on international organizations and their personnel is a matter of foreign affairs within the responsibility of the CPG by virtue of Article 13 of the

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<sup>2</sup> The CMIM was doubled from US\$120 billion to US\$240 billion in May 2012 in light of the need for the region to have stronger capability to deal with the potential financial instability.

Basic Law. In line with the established practice, we need to give effect by local legislation the provisions of the international agreements which confer privileges and immunities on international organizations and their personnel. In accordance with section 3(a) of the International Organizations (Privileges and Immunities) Ordinance (Cap. 558) (“the Ordinance”), the Chief Executive in Council may, by order in the Gazette, declare that the provisions of an international agreement relating to the status, privileges and immunities of an international organization and connected persons shall have the force of law in Hong Kong<sup>3</sup>.

7. The privileges and immunities granted under the Order to the AMRO personnel are in the interest of AMRO only and not for the personal benefit of the individuals themselves. AMRO personnel<sup>4</sup> are entitled to the privileges and immunities only when they act in their official capacities. AMRO shall comply with local laws and prevent the occurrence of any abuse in connection with the privileges and immunities provided.

8. As set out in the Schedule to the Order, relevant aspects of privileges and immunities are provided to facilitate AMRO and its personnel to perform their official functions effectively. Relevant competent authorities would handle cases relating to AMRO or its personnel’s entitlement to the privileges and immunities according to the established procedures. If the competent authorities have any doubt about whether privileges and immunities are applicable to a specific case, clarification will be sought from the CPG as appropriate.

## **ADVICE SOUGHT**

9. Members are invited to note the content of this paper.

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<sup>3</sup> To date, the Government is not aware of any court case relating to the Orders made under the Ordinance.

<sup>4</sup> The passports of the AMRO personnel do not bear any marking or label showing that they are staff members of AMRO.

**Financial Services and the Treasury Bureau  
Hong Kong Monetary Authority  
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