

**MEMORANDUM OF UNDERSTANDING ON
ESTABLISHING THE ASEAN-CHINA CENTRE BETWEEN
THE GOVERNMENTS OF THE MEMBER STATES OF THE
ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND
THE GOVERNMENT OF
THE PEOPLE'S REPUBLIC OF CHINA**

The Governments of the Member States of the Association of Southeast Asian Nations comprising Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand and the Socialist Republic of Viet Nam (hereinafter referred to collectively as "ASEAN" or "ASEAN Member States") and the Government of the People's Republic of China (hereinafter referred to as "China") (hereinafter referred to collectively as "Contracting Parties" or "Parties"; or singularly as "Contracting Party" or "Party");

RECALLING the thrust of economic cooperation between ASEAN and China which both sides can mutually benefit;

MINDFUL of the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and the People's Republic of China signed in Phnom Penh on 4 November 2002 ("Framework Agreement") as well as the various agreements on trade in goods, services, dispute settlement, investment and other agreements relating to economic cooperation signed between ASEAN and China under the umbrella of the Framework and the Joint Declaration of the Heads of State/Government of Association of Southeast Asian Nations and the People's Republic of China on ASEAN-China Strategic Partnership for Peace and Prosperity signed in Bali on 8 October 2003;

REALIZING the vast potential for economic cooperation between the Contracting Parties;

RECOGNISING that cooperation is based on equity, friendship and mutual benefit;

STRESSING that the areas of cooperation under this Memorandum of Understanding shall be complementary to the activities carried out in other ASEAN-China fora;

HAVE AGREED as follows:

ARTICLE I
Establishment and Location

1. The Contracting Parties shall hereby establish a one-stop information and activities centre known as the ASEAN-China Centre (hereinafter referred to as "the Centre") to promote ASEAN-China cooperation in trade, investment, tourism, education and culture, with active involvement of the private sector. The Centre shall gradually expand to include a more comprehensive array of activities and participants.
2. The Centre shall be a non-profit organisation but be able to raise funds necessary for its operation.
3. The Headquarters of the Centre shall be located in Beijing. Its affiliated centres may be established in ASEAN Member States as well as other parts of China in the future.

ARTICLE II
Objectives

The objectives of the Centre are:

- a) to support the implementation of the Framework Agreement ; and various agreements on trade in goods, services, dispute settlement, investment and other agreements relating to economic cooperation signed under the umbrella of the Framework Agreement;
- b) to enhance two-way trade between ASEAN and China and further cultivate trade partnership in order to jointly promote exports to outside markets and achieve market expansion;
- c) to promote two-way flows of investment between ASEAN and China;
- d) to undertake activities to help investors and businessmen from less developed ASEAN Member States, especially Cambodia, Lao PDR, Myanmar and Viet Nam, in exploring trade and investment opportunities in China;
- e) to promote flows of tourists between ASEAN and China;
- f) to enhance interaction among the business communities of ASEAN and China;
- g) to increase people-to-people contacts, public awareness, mutual understanding, as well as active participation among the ASEAN and Chinese peoples through cultural and educational exchanges; and

- h) to synergise the potentials of ASEAN and China in order to enhance the region's appeal to external partners and facilitate access to ASEAN and Chinese ventures.

ARTICLE III

Roles and Activities

1. To achieve its objectives, the Centre shall work closely with the trade, investment, tourism, education and cultural promotion offices/representatives of ASEAN Member States, particularly those based in China, on undertaking activities that contribute to further enhancing trade, investment, tourism, education and cultural promotion between ASEAN and China.
2. The Centre shall have dual roles, acting as an information centre and an activities centre.
3. The Centre shall undertake the following activities:
 - a) to serve as a central coordinator of information, advice and activities to provide a comprehensive information bank on trade, investment, tourism, culture and education to businesses and peoples of ASEAN and China;
 - b) to serve as a channel for the meaningful exchange of information relevant to the enhancement of trade, investment, tourism and education of the ASEAN Member States and China, including rules and regulations concerning market access, particularly in supporting the development of Small and Medium Enterprises (SMEs);
 - c) to undertake studies in the areas of trade and investment that highlights the benefits of the ASEAN-China Free Trade Area, through comprehensive data and information gathering, analysis, and trends on markets;
 - d) to promote cultures and education by disseminating information on traditional arts, handicrafts, music, dance, drama, movies and languages of ASEAN and China and educational opportunities in ASEAN and China;
 - e) to introduce and publicise products, industries and investment opportunities, tourism resources, culture and education of ASEAN and China to their companies, investors, and peoples by providing consultations, educational advisory services, as well as organising trade and investment exhibitions, tourism fairs, food festivals, art exhibitions and educational exhibition fairs;
 - f) to undertake market survey activities to identify potential markets and areas of cooperation;

- g) to manage the permanent ASEAN Trade, Investment and Tourism Exhibition Hall within the framework of the Centre;
- h) to serve as a central investment promotion unit creating sectoral linkages and facilitating business opportunities between ASEAN and Chinese ventures, especially assisting investors and companies seeking local business partners;
- i) to maintain close cooperation in the fields of trade, investment and tourism with the Governments of ASEAN Member States and China and relevant regional and international organisations;
- j) to facilitate trade and investment missions between ASEAN and China;
- k) to provide a list of related agencies and Government Officials related to the fields of trade, investment and tourism of both ASEAN and China;
- l) to undertake capacity building initiatives to support the promotion of trade, investment and tourism between ASEAN and China;
- m) to support the development of small and medium-sized cultural enterprises in order to promote cultural tourism;
- n) to undertake seminars or workshops on topics related to the facilitation of trade, investments and tourism between China and ASEAN Member States;
- o) to establish a learning centre on arts, culture and language so as to enhance people-to-people contacts and to improve mutual understanding between the peoples and societies of ASEAN and China;
- p) to look into the possibilities of undertaking people-to-people exchange programs related to the fields of trade, investment and tourism;
- q) support programmes that are related to narrowing the development gap in ASEAN Countries; and
- r) to undertake such other activities as may be deemed necessary to achieve the purpose of the Centre.

The initial phases of operation of the Centre are outlined in Annex.

ARTICLE IV Membership

1. The ASEAN Member States and China shall become Members of the Centre by becoming Contracting Parties to this Memorandum of Understanding in accordance with Article XXV.
2. Ventures and organizations can apply, through the ASEAN-China Centre Secretariat, to become Associates of the Centre. The approval criteria, terms and conditions of joining the Centre as

Associates shall be determined by the Joint Council. Ventures and organizations shall pay association dues.

ARTICLE V Organisation

The operation of the Centre shall be governed by three bodies: the policy-making body, the advisory body, and the Secretariat. The policy-making body is the highest authority represented by the Joint Council. The advisory body provides policy advice to the Secretariat and is represented by the Joint Executive Board. The Secretariat is the operating body responsible directly to the Joint Executive Board and the Joint Council.

ARTICLE VI Joint Council

1. The Joint Council shall be the policy-making body and provide policy directives for the Centre.
2. The Joint Council shall comprise the members of the ASEAN-China Joint Cooperation Committee.
3. The Joint Council shall be the supreme organ of the Centre and exercise the powers and functions to:
 - a) determine the general policies governing the activities of the Centre;
 - b) approve the plan of operation and work programme concerning the operation of the Centre;
 - c) approve the annual work programme and the annual budget of revenues and expenditures of the Centre within the framework of the plan of operation and work programme as proposed by the Joint Executive Board;
 - d) approve the annual report on the operation of the Centre;
 - e) determine the powers and functions to be entrusted to the Joint Executive Board;
 - f) approve the appointment of the Secretary-General;
 - g) consider and approve the expansion of areas of cooperation besides those referred to in Article I;
 - h) adopt its own rules and procedure to be the norms and basic regulations for the running of the Centre;
 - i) decide on the disposal of the property and assets of the Centre in case of the dissolution of the Centre, and on any other matters connected with the dissolution; and
 - j) decide on and/or approve other important matters concerning the Centre.

4. All the decisions of the Joint Council shall be made by consensus.

ARTICLE VII

Joint Executive Board

1. The Joint Executive Board shall consist of the ASEAN Beijing Committee and the China Council, which shall be established to include representatives from Chinese agencies involved in trade, investment, tourism, educational and cultural matters.

2. The Joint Executive Board shall exercise the following functions and other functions as and when entrusted by the Joint Council:

- a) supervise the activities of the Centre so that the decisions of the Joint Council are effectively implemented;
- b) function as the Advisory Council to offer advice on policy-related matters;
- c) exercise the power to guide the Secretary-General with the procedure to recruit staff of the Centre; and
- d) consider and endorse the annual work programme and annual budget of the Centre as prepared by the ASEAN-China Centre Secretariat for consideration and approval of the Joint Council.

3. The Joint Executive Board shall meet regularly or at any time as may be necessary.

4. All the decisions of the Joint Executive Board shall be made by consensus.

ARTICLE VIII

ASEAN-China Centre Secretariat

1. The ASEAN-China Centre Secretariat ("ACCS") shall be an executing body, responsible for the day-to-day operation of the Centre, and produce an annual report to the Joint Council.

2. The ACCS shall consist of a Secretary-General and such professional staff as the Centre may require, who must be nationals of Members.

3. The Secretary-General shall represent the Secretariat as its chief executive and shall be responsible to the Joint Council and the Joint Executive Board.

4. The tenure of the Secretary-General shall be 3 years on a contract basis. He/she shall be selected and approved by the Joint Council.
5. The Secretary-General shall be a national of a Member. He/she shall work full time for the Centre and shall not hold any other position in the government or private organisations.
6. The selection of the first two Secretaries-General shall be on a rotational basis. The first Secretary-General shall be a Chinese national, and the second Secretary-General shall be a national of an ASEAN Member State. Selection of the third Secretary-General, and onwards, shall be open to candidates from any Member of the Centre.
7. The Secretary-General shall execute the annual work programme, administer the annual budget, and implement the decisions of the Joint Council, under the supervision and advice of the Joint Executive Board.
8. The Secretary-General shall prepare an annual report which shall include the annual work programme and the annual budget estimates, and present them for approval to the annual meeting of the Joint Council.
9. The Secretary-General shall recruit Directors as head of divisions. The appointment of Directors shall be approved by the Joint Executive Board. The tenure of Directors shall be on a contract basis and can be renewed by the Joint Executive Board.
10. The terms and conditions of employment of staff shall be set out in staff regulations approved by the Joint Executive Board.

ARTICLE IX Official Language

The official language of the Centre shall be English.

ARTICLE X Funding

1. The ASEAN Member States and China shall contribute to the Centre, in accordance with an amount of money to be agreed by Contracting Parties necessary for the operation of the Centre. The Members shall also take into account the importance of maintaining the sustainability of the funding sources with regard to the implementation of the Centre's goals.

2. The expenses borne by China shall be as follows:
 - a) the rent of the office(s) occupied by the Centre in the territory of China; and
 - b) the wages, insurance fees and other expenses necessary to hire staff who are nationals of China.
3. The expenses borne by ASEAN shall be the wages, insurance fees and other expenses necessary to hire staff who are nationals of the ASEAN Member States.
4. The expenses necessary for the Centre to execute its regular functions performed in the territory of China and the expenses necessary for the Centre to carry out activities shall be borne by the Parties in the following proportion: China 90% and ASEAN Member States 10%.
5. The Centre shall secure funding from the Chinese and ASEAN private sector, including rental fees for exhibition space, association dues, activities charges and sponsorship of activities, with the eventual goal of being financially independent to support various activities of the Centre.
6. The statement of financial account of the Centre shall be annually examined and duly approved by external auditor in accordance with international accounting standards.

ARTICLE XI **Juridical Personality**

Under the law of China, the Centre shall possess juridical personality. It shall have the capacity:

- a) to enter into a contract;
- b) to acquire and dispose of movable and immovable property; and
- c) to institute legal proceedings.

ARTICLE XII **Privileges and Immunities**

1. The Centre and officials of the Secretariat shall enjoy, in the territory of China, privileges and immunities in accordance with the provisions of Article XIII to XIX. The privileges and immunities provided by this Article and Articles XIII to XIX shall not apply to Associates of the Centre and staff of Associates of the Centre.

2. For the furtherance of the purpose of this Memorandum of Understanding, the Centre may conclude, with one or more Members other than China, agreements on privileges and immunities which shall be approved by the Joint Council.

3. In case of establishment of affiliated centres, the privileges and immunities enjoyed by the affiliated centres, the scope of persons who shall enjoy privileges and immunities, and the privileges and immunities they shall enjoy shall be decided separately by the Joint Council in consultation with the host countries of the affiliated centres before their establishment.

ARTICLE XIII

Privileges and Immunities on Property, Funds and Assets

1. The Centre, its property and assets shall enjoy immunity from proceedings in the courts except in so far as in any particular case it has expressly waived its immunity. It is, however, understood that no waiver of immunity shall imply waiver of immunity in respect of the execution of judgement, for which a separate waiver shall be necessary.

2. The provisions of this paragraph shall not apply in case of civil proceedings related to disputes arising out of contracts and out of damage caused by a vehicle.

3. The archives of the Centre and in general all official papers and documents belonging to it or held by it shall be inviolable. The private papers of the officials of the ASEAN-China Centre shall be held in a place entirely separate from the place where the official papers and documents are held.

4. To facilitate its operation:

- a) the Centre may open or hold accounts in RMB or any other freely convertible currency; and
- b) the Centre may freely transfer its funds or currency from or to China, or within the territory of China, and convert any currency held by it into any other currency, in accordance with the relevant foreign exchange management regulations of China. China shall, in accordance with its relevant laws and regulations, give facilities and assistance to the Centre in transferring funds and operating accounts.

5. In exercising the right as provided for in paragraph 3 above, the Centre shall comply with the formalities laid down in national laws of China and shall pay due regard to any representations made by China in so far as it is considered that effect can be given to such representations without detriment to the interest of the Centre.

6. The Centre, its assets, income and other property shall be:

- a) exempt from all direct taxes except those which are, in fact, no more than charges for public utility services; and
- b) in accordance with relevant regulations of China, exempt from customs duties within the directly necessary quantities approved by the Chinese Customs in respect of articles imported or exported by the Centre for its official use; without the approval of relevant Chinese government agencies, the articles imported under such exemption shall not be transferred, sold or disposed of in any other means in China during the period of customs supervision, and according to the rules, the approved transfer, sale and other disposal of the articles shall go through the procedure of paying taxes or tax exemption at the Customs.

7. While the Centre shall not, as a general rule, claim exemption from excise duties and from taxes on the sale of movable and immovable property which form part of the price to be paid, nevertheless, when the Centre is making important purchases directly for official use of property on which such duties and taxes have been charged or are chargeable, China shall, whenever possible, make appropriate administrative arrangements for the remission or return of the amount of duty or tax.

ARTICLE XIV

Duty-Free Entry and Other Facilities to Products for Promotion

China shall, in accordance with its relevant laws and regulations, give tariff free and import value-added tax free entry in the import of necessary goods by the Centre from the ASEAN Member States within the reasonable quantities for display at exhibitions and used within the exhibition area which shall not be circulated in China's domestic market (limited to be used as free samples), and the decorative materials needed for promotional display.

ARTICLE XV
Facilities in respect of Communications

In respect of its official communications, the Centre shall, in the territory of China and in so far as may be compatible with any international conventions, regulations and arrangements to which China is a party, enjoy treatment not less favourable than that accorded by China to any other international organisation, in the matter of priorities and rates for postal service and telecommunication.

ARTICLE XVI
Privileges and Immunities of the Officials of the ACCS

1. The officials of the ACCS shall:
 - a) be exempt from taxation on the salaries and Centre function-related emoluments paid to them by the Centre;
 - b) enjoy, together with their spouses and legal dependents (18 years old and below) on them, the same favorable treatment on aliens registration and residence permit as accorded to other foreigners of similar status;
 - c) within six months since they first take up their posts at the Centre, upon approval by the Customs authority of China, import free of duty settlement articles within directly necessary quantities for direct personal use (including one personal use car for one household); without the approval of relevant Chinese government agencies, the articles for personal use imported free of duty by ACCS officials should not be transferred, sold or disposed of in any other means in China during the period of custom supervision, and the approved transfer, sale and disposal of the articles shall go through the procedure of paying taxes or tax exemption at the Customs; and
 - d) be accorded in respect of exchange facilities treatment not less favourable than that accorded to officials of comparable rank of any other international organisations.
2. China may not apply the provisions of paragraph 1 of this Article to officials who are nationals of or permanent residents in China.
3. Privileges and immunities are accorded to officials of the ACCS in the interest of the Centre only, and not for their personal benefit. Consequently, the Joint Executive Board upon the recommendation of the Secretary-General has the right and duty to waive the immunity of any official in any case where, in its opinion, the immunity would impede realisation of justice and can be waived without prejudice to the

interests of the Centre. The Joint Council has the right and duty to waive the immunity accorded to the Secretary-General.

4. The officials of the ACCS to which the provisions of this Article shall apply shall be the Secretary-General and other officials categories of which shall be determined by the Joint Council. The Secretary-General shall notify the Members of the names, titles and addresses of those officials.

ARTICLE XVII

Entry Facilities

1. China shall facilitate the entry, such as the issuance of visas, of the following persons into its territory where they are visiting on their missions related to the Centre:

- a) representatives of the other Members participating in the Meetings prescribed in Articles VI and VII together with their spouses;
- b) the officials of the ACCS together with their spouses and legal dependants (18 years old and below); and
- c) other persons invited by the Centre.

2. The provision of paragraph 1 above does not mean that the entrants mentioned in that paragraph are exempted from complying with national laws of China relating to entry formalities.

ARTICLE XVIII

Abuse of Privileges

1. The Centre shall cooperate at all times with the appropriate authorities of China to prevent the occurrence of any abuse in connection with the privileges, immunities and facilities conferred by this Memorandum of Understanding.

2. If China considers that there has been an abuse of a privilege or immunity conferred by this Memorandum of Understanding, consultations shall be held between China and the Centre to determine whether any such abuse has occurred and, if so, to ensure that no repetition of such abuse occurs.

ARTICLE XIX

Settlement of Disputes

1. The Council shall make provisions for appropriate modes of settlement of:
 - a) legal claims of a civil nature to which the Centre is a party other than those referred to in Article XIII, paragraph 1; and
 - b) disputes involving any official of the Secretariat who enjoys immunity under the provisions of this Memorandum of Understanding, if the immunity has not been waived in accordance with Article XVI, paragraph 3.
2. Any disputes or differences between the Parties arising out of the interpretation and/or implementation and/or application of any of the provisions of this Memorandum of Understanding shall be settled amicably through mutual consultations and/or negotiations between the Parties through diplomatic channels.

ARTICLE XX

Protection of Intellectual Property Rights

1. The protection of intellectual property rights shall be enforced in conformity with the respective national laws and regulations of the Parties and with international agreements which the Parties are party to.
2. The use of the name, logo and/or official emblem of any one of the Parties on any publication, document and/or paper, pursuant to this Memorandum of Understanding, is prohibited without written approval by that Party.
3. Notwithstanding, anything contained in paragraph 1 above, a Party shall own the intellectual property rights in respect of any technological development, which have been solely and separately developed by that Party. Where such technological development has been developed by two or more Parties, the intellectual property rights in respect of such technological development shall be owned jointly by those Parties, unless otherwise agreed upon by them.

ARTICLE XXI

Suspension

Each Party reserves the right for reasons of national security, national interest, public order or public health to suspend temporarily, either in whole or in part, the implementation of this Memorandum of

Understanding which suspension shall take effect on the date on which the last Party receives written notification through diplomatic channels.

ARTICLE XXII Confidentiality

1. Each Party shall undertake to observe the confidentiality and secrecy of documents, information and other data received or supplied by another Party during the period of the implementation of this Memorandum of Understanding or any other agreements made pursuant to this Memorandum of Understanding.

2. The Parties agree that the provisions of this Article shall continue to be binding between the Parties notwithstanding the termination of this Memorandum of Understanding.

ARTICLE XXIII Withdrawal

1. A Contracting Party may at anytime withdraw from this Memorandum of Understanding by giving notice in writing to that effect to the Secretary-General of ASEAN.

2. Upon receiving such a notice, the Secretary-General of ASEAN shall inform the other Contracting Parties.

3. A Contracting Party shall cease to be party to this Memorandum of Understanding at the end of the fiscal year of the Centre in which such notification is made. A withdrawal shall not affect the financial obligations of that Contracting Party that is outstanding at the time when its withdrawal takes effect.

ARTICLE XXIV Amendments

1. Either Contracting Party may propose amendments to this Memorandum of Understanding. A proposed amendment shall be communicated to the Secretary-General who shall communicate it to the other Contracting Parties at least six months in advance for the consideration by the Joint Council.

2. Amendments to this Memorandum of Understanding shall be adopted by the Joint Council and shall require acceptance by the Members of the Centre. However, the amendments involving following matters shall require subsequent acceptance by all Contracting Parties before they come into force:

- a) fundamental alteration in the purposes or the functions of the Centre;
- b) change relating to the right to withdraw from this Memorandum of Understanding;
- c) introduction of new obligations for Members;
- d) change in the provisions regarding privileges and immunities of the Centre and the persons related to the activities of the Centre; and
- e) other matters determined by the Joint Council as important.

3. Amendments accepted by the Contracting Parties shall enter into force upon the date of the last deposit of the instruments of acceptance with the ASEAN Secretariat.

ARTICLE XXV **Entry into Force and Duration**

1. After the completion of its internal legal procedures for the entry into force of this Memorandum of Understanding, each ASEAN Member State shall give written notification to the Secretary-General of ASEAN, who shall, immediately notify China when all of the ASEAN Member States have finished the said procedures.

2. After the completion of its internal legal procedures for the entry into force of this Memorandum of Understanding, China shall give written notification to the Secretary-General of ASEAN.

3. This Memorandum of Understanding shall enter into force upon receipt of the last written notification is received. The Secretary-General of ASEAN shall notify ASEAN Member States of the entry into force of this Memorandum of Understanding.

4. This Memorandum of Understanding shall remain in force for a period of five years, and thereafter may be extended by decision of the Joint Council.

This Memorandum of Understanding shall be deposited with both the ASEAN Secretariat and the Ministry of Foreign Affairs of China. The Secretary-General of ASEAN shall promptly furnish a certified true copy to all ASEAN Member States.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by the respective Governments of the ASEAN Member States and the People's Republic of China, have signed this Memorandum of Understanding.

DONE at Cha-Am Hua Hin, Thailand, on the Twenty Fifth Day of October of the Year Two Thousand and Nine, in duplicate in the English and Chinese languages. In the event of divergence of interpretation, the English text shall prevail.

Attachment: Annex

ANNEX

To launch the operation of the Centre, a set of activities are proposed into three phases of implementation as follows:

Phase I (1st Year)

A virtual centre shall be established with a website set up to provide relevant information on trade, investment, tourism, education and culture, including statistics, event updates, and contacts, as well as offer active links to other related websites. Preparations shall be made for the establishment of a physical centre.

Phase II (2nd-3rd Year)

In this phase, more tangible activities shall be organised. The Centre shall serve as:

- 1) a comprehensive information bank through its website, permanent archives and media publications; and
- 2) an activities centre with standing activities, such as an organised business match-making service, investment consultation bureau, educational advisory service, etc., as well as rotational activities, such as trade exhibitions, investment promotion events, tourism fairs, food festivals, art exhibitions, etc. The Centre shall explore the feasibility of setting up the ASEAN-China Centre Foundation.

Phase III (3rd-5th Year)

Phase II shall have been realised, with full-fledged activities in all the areas of cooperation i.e. trade, investment, tourism, education and culture. The activities in this phase shall aim at raising the funding necessary for running the Centre, which can be earned from the association dues, rental fee of exhibition booths, etc. In addition, the Centre shall operate on private funding through the possible ASEAN-China Centre Foundation.