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The privileges of International Investment Bank do not infringe the Fundamental Law of Hungary

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The privileges of the Moscow-origin Bank do not infringe the Fundamental Law of Hungary.

According to the Constitutional Court of Hungary IIB does not jeopardise the performance of constitutional duties by the National Bank of Hungary.

András Domány

The Constitutional Court of Hungary rejected the complaint of 53 opposition MPs about the privileges of the former Comecon financial institution, International Investment Bank, which moved its headquarters to Budapest.

It evoked much discussion already upon the adoption of the law about this, that the institution was granted a full exemption from the supervision of Hungarian financial supervisory bodies and other authorities, and police officers may only enter the building if the Bank calls them. IIB was not obliged to introduce accounting rules, and its employees were granted diplomatic immunity. The opposition and a part of the press kept referring to the institution as “Putin’s bank”, and its relocation to Budapest also provoked criticism by the US Administration according to not refuted news. István Ujhelyi, MSZP MEP talked about “stealthy treachery” and “security risk”.

The Hungarian Government argued against all this as follows: “The relocation of International Investment Bank’s headquarters creates new opportunities for the financial and economic actors in Hungary. All the exemptions granted to the institution are fully in line with national and international legislation, the headquarters of United Nations Organisations benefit from similar exemptions. Besides Hungary, five other NATO and EU Member States form part of the financial organization’s ownership structure.”

The Constitutional Court of Hungary considered each objection, and ruled them unfounded...

...Regarding the immunity of IIB’s employees the Constitutional Court states: the MPs who claim that the Bank “has absolute immunity that could provide an excuse for evading Hungarian law enforcement proceedings in case of committing an offence” are wrong. It is only about “privileges necessary for the performance of the functions and the achievement of targets”, and the immunity from legal and administrative procedures is valid “in connection with the acts committed during the performance of their duties”, and it does not cover civil liability relating to damage caused in a road

traffic accident. In certain cases the statutes even obliges the official threatened with court proceedings to resign. It is also not true that the IIB would jeopardise the performance of constitutional duties by the National Bank of Hungary.

The Constitutional Court rejected the MPs' submission. Béla Pokol, constitutional judge, was the only one to write a minority report, but only because in his opinion the merits of the issue should never have been considered. He thinks that if the Constitutional Court carries out an ex post review of a law promulgating an international treaty that is an "arbitrary extension of powers", and the Court is not entitled to do that.