



Customs and Excise Department

Departmental Review 2016

Content

	Pages
Foreword	1 – 5
1. Our Vision, Mission and Values	6
2. Organization of the Department	7 – 8
3. Anti-smuggling	9 – 15
4. Trade Facilitation	16 – 23
5. Narcotics Interdiction	24 – 27
6. Intellectual Property Rights Protection	28 – 35
7. Consumer Protection	36 – 40
8. Revenue Collection and Protection	41 – 44
9. Trade Controls	45 – 51
10. Customs Co-operation	52 – 59
11. Information Technology	60 – 62
12. Planning and Development	63 – 64
13. Administration	65 – 67
14. Training and Development	68 – 72
15. Financial Administration	73 – 74
16. Criminal Prosecution	75 – 76
Chronicle	77 – 142
Appendices	143 – 161

Foreword

In the year 2016, the Department continued to demonstrate the fine tradition of dedication and professionalism, and the achievements in both law enforcement and trade facilitation were encouraging.

The Department detected a total of 173 smuggling cases in 2016, representing a drop of 22 per cent when compared to 2015. Among the cases, nearly 90 per cent involved smuggling activities between the Mainland and Hong Kong, while the number of arrested persons increased slightly by 4 per cent to 193. The three major categories of seizure were food items, computers and electronic goods. The seizure value of food items recorded a 27 per cent increase to HK\$18 million, whereas computers dropped by 46 per cent to HK\$28 million and electronic goods decreased by 24 per cent to HK\$82 million.

In relation to anti-narcotics work, 762 drug cases were detected with a total of 1 226.7 kg, representing increases of 1 and 2 per cent respectively compared to 2015. About 76 per cent of drug cases were detected at the airport. Major seizures included 244.6 kg of cocaine representing an increase of 7 per cent, and 143.3 kg of cannabis with an increase of 1-fold. During the year, several other types of dangerous drugs were also seized including gamma-butyrolactone (GBL), synthetic cathinones (bath salts), ketamine (K powder) and methamphetamine (ice). In addition to fostering closer co-operation with Mainland and overseas enforcement agencies to combat the source origin of drug supply by intelligence exchange and joint operations, the Department continued to work with the five major express courier operators through the intelligence exchange mechanism. A total of 69 drug cases were detected under the mechanism during the year.

For revenue collection on dutiable commodities, duty collected by the Department in 2016 was close to HK\$10.7 billion, representing an increase of 2 per cent over 2015. 60 per cent of the duty was from tobacco products (HK\$6.4 billion), 36 per cent was from hydrocarbon oil (HK\$3.8 billion) and the rest was from alcoholic products.

Compared with 2015, the number of illicit cigarette cases dropped by 19 per cent to 8 327. Illicit cigarettes seized also decreased by 12 per cent to 63.1 million sticks. Significant smuggling cases (cases involving 500 000 or more sticks) into the territory detected amounted to 17, but the number of illicit cigarettes seized rose by 40 per

cent to 46.4 million sticks. Tackling at source has proved to be an effective way to cut off the illicit cigarette supply chain. The Department would continue to adopt a holistic enforcement approach covering the entire supply chain in combatting illicit cigarette activities, and would also enhance partnership with housing estate management offices and telecommunication service providers to combat telephone ordering.

In 2016, HK\$7.87 billion of government revenue was collected from motor vehicle first registration tax to support public services. In an effort to protect this important source of public revenue, combat trade malpractices and maintain a level playing field for the vehicle business, the Department continued to step up enforcement actions and prosecuted 44 importers/distributors, involving 92 motor vehicles. In 2016, the Department started reaching out to traders to promote their awareness of legal liabilities. This, coupled with the enhanced market research of vehicle prices and strong enforcement, effectively combated first registration tax evasion and protected the rights of vehicle buyers.

On intellectual property rights protection, a total of 846 infringement cases were detected in 2016, representing a decrease of 15 per cent when compared to 2015. Among these cases, 201 involved Internet crime. The value of the infringement goods seized rose by 49 per cent to HK\$160 million. The highest increase in counterfeit goods was 7.6-fold in watches and watch parts, as well as a 1.7-fold increase in leather goods.

As regards supervision of money service operators, the Department prosecuted four cases of unlicensed operation of money service in 2016, leading to a total fine of HK\$75,000. Generally speaking the money service operator licensing system was operating smoothly.

Since the implementation of export control on powdered formula in March 2013, the number of illegal export cases has dropped significantly, from an average of about 430 cases per month in 2013 to around 330 in 2016, proving the effectiveness of the measure. On smuggling of endangered species of animals and plants, a total of 309 cases were detected in 2016, with a total weight of 150 000 kg of items seized, representing decreases of 22 per cent and 86 per cent compared to 2015. The Department will continue to strengthen intelligence exchange and co-operation with the Mainland and overseas law enforcement agents to combat smuggling at source.

On consumer protection, the Department in 2016 prosecuted 24 cases related to short weighing, one related to toys and children's products and 13 related to general consumer goods. For cases related to unfair trade practices, 144 enforcement cases were effected, 64 successful prosecutions were recorded and warning letters were issued in eight cases. On fitness and beauty industries drawing public concern, in addition to stepping up enforcement action the Department held seminars and meetings for the relevant industries during the year to disseminate messages on fair trading. To combat unfair trade practices for consumer protection, Customs officers patrolled at popular spots of tourist shopping areas on festive occasions. To combat violations by traders, the Department has adopted the deployment of a Quick Response Team to handle and follow up promptly on complaints related to the Trade Descriptions Ordinance lodged by visitors who stay only a short while in the territory.

The number of enterprises accredited as Authorized Economic Operators increased to 36 in 2016. Mutual Recognition Arrangements were signed with Malaysia and Japan Customs in the year, adding up to a total of seven following those with the Mainland, India, Korea, Singapore and Thailand Customs. In addition, the Free Trade Agreement Transshipment Facilitation Scheme which rolled out at the end of 2015 was well received with 4 000 applications with goods valued at nearly US\$400 million and estimated tariff reduction exceeding US\$23 million by the end of 2016.

In addition, the Intermodal Transshipment Facilitation Scheme of Hong Kong Customs was interconnected with the Speedy Customs Clearance of the Customs administrations of Guangdong Province by the Single E-lock Scheme formally launched by Customs of both places on March 28, 2016. Electronic technology was used to speed up the customs clearance process of transshipment cargo between the two places to facilitate trade. Hong Kong Customs would also actively explore with Mainland Customs the possibility of extending the measure to areas outside Guangdong Province to facilitate the growth of the logistics industry.

To provide the public with a better understanding of the work of the Department, "YouTube Channel - Customs and Excise Department" was launched in September 2016. Uploaded videos are grouped into four categories of "Latest Update", "Introduction to Customs Work", "Public Services" and "Departmental Activities". Members of the public can view the services and activities of the Department anytime and anywhere conveniently.

In retrospect, the Department cracked down on 16 395 cases in 2016, a decrease of

12 per cent compared to 2015, whereas the value of seizures recorded an increase of 12 per cent from HK\$1.22 billion in 2015 to HK\$1.37 billion in 2016. Looking ahead, with a number of major infrastructural projects due for completion in the years to come, cross-boundary flows of passengers and goods are expected to increase. The work of Hong Kong Customs would be full of challenges. Nevertheless, Customs would continue to make every endeavour to bring its work to fruition.

Senior Management of the Customs and Excise Department in 2016



LAI Lau-pak

Assistant Commissioner
(Boundary and Ports)

TAM Yat-keung

Assistant Commissioner
(Excise and Strategic Support)

TANG Yi-hoi

Deputy Commissioner

Roy TANG

Commissioner

LIN Shun-yin

Assistant Commissioner
(Administration and Human
Resource Development)

HO Pui-shan (Ms)

Assistant Commissioner
(Intelligence and Investigation)

LAM Po-chuen

Head of Trade Controls

1. Our Vision, Mission and Values

Our Vision

We are a progressive and forward-looking Customs organization which contributes to the stability and prosperity of the community. We act with confidence, serve with courtesy and strive for excellence.

Mission

- To protect the Hong Kong Special Administrative Region (HKSAR) against smuggling.
- To protect and collect revenue on dutiable goods.
- To detect and deter narcotics trafficking and abuse of narcotic drugs.
- To protect intellectual property rights.
- To protect consumer interests.
- To protect and facilitate legitimate trade and industry and to uphold Hong Kong's trading integrity.
- To fulfill international obligations.

Values

- Professionalism and Respect.
- Lawfulness and Justice.
- Accountability and Integrity.
- Foresight and Innovation.



2. Organization of the Department

The Commissioner of Customs and Excise is the head of the Customs and Excise Department (C&ED). He is assisted by the Deputy Commissioner. The Department comprises five branches, each under a directorate officer. The five branches are:

- Administration and Human Resource Development Branch
- Boundary and Ports Branch
- Excise and Strategic Support Branch
- Intelligence and Investigation Branch
- Trade Controls Branch

The Administration and Human Resource Development Branch, headed by Assistant Commissioner (Administration and Human Resource Development), is responsible for departmental administration, financial management, human resource management, central support, training and recruitment, formulation of new legislation and review of procedures, orders and systems with Customs and Excise (C&E) Service-wide implications, prosecution of C&E Service cases, and investigation of public complaints. These services are provided through the Office of Departmental Administration, the Office of Financial Administration, the Office of Service Administration, the Office of Training and Development, the Office of Prosecution and Management Support and the Complaints Investigation Group.

The Boundary and Ports Branch, headed by Assistant Commissioner (Boundary and Ports), is responsible for matters in relation to Customs control and facilitation functions at all control points. The major operation units include the Airport Command, the Land Boundary Command, the Rail and Ferry Command and the Ports and Maritime Command.

The Excise and Strategic Support Branch, headed by Assistant Commissioner (Excise and Strategic Support), is responsible for matters relating to revenue protection and excise control, dutiable commodities, strategic planning and executive support, project planning and development, information technology development, and international Customs liaison and co-operation. It comprises the Office of Dutiable Commodities Administration, the Office of Customs Affairs and Co-operation, the Office of Supply Chain Security Management, the Office of Project Planning and Development, the Office of Information Technology and the Information Unit.

The Intelligence and Investigation Branch, headed by Assistant Commissioner (Intelligence and Investigation), is responsible for the detection and suppression of illicit drug trafficking and money laundering, enforcement of intellectual property rights protection, and surveillance and intelligence in relation to enforcement actions. The Branch is organized into the Customs Drug Investigation Bureau, the Intelligence Bureau, the Intellectual Property Investigation Bureau, the Revenue and General Investigation Bureau and the Syndicate Crimes Investigation Bureau.

The Trade Controls Branch, headed by a Senior Principal Trade Controls Officer, is responsible for matters relating to trade controls and consumer protection. The Branch is made up of the CEPA and Trade Inspection Bureau, the Trade Investigation Bureau, the Trade Declaration and Systems Bureau, the Consumer Protection Bureau, the Trade Descriptions Investigation Bureau and the Money Service Supervision Bureau.

In addition to the five branches, there are two central management units which work under the direct supervision of the Deputy Commissioner. They are the Office of Service Quality and Management Audit and the Internal Audit Division.

At the end of 2016, the Department had an establishment of 5 975 posts. Of these, nine were directorate posts, 4 870 were posts of the C&E Service, 470 were those of the Trade Controls Officer Grade and 626 belonged to various General and Common Grades.

3. Anti-smuggling

Anti-smuggling

A major mission of the Department is to prevent and detect smuggling, especially contraband and prohibited articles, the import and export of which are controlled by the laws of Hong Kong for the purpose of protecting the community and environment, maintaining public health and fulfilling international obligations. Smuggled items detected include dutiable commodities, narcotics, endangered species, firearms, copyright infringing articles, goods bearing forged trademarks and goods with false origin labels and high-valued general merchandise. In the fight against smuggling activities, the Department has strived to maintain a proper balance between control and trade facilitation to ensure the speedy flow of legitimate cargoes at the control points.



Customs dog handler and his detector dog searching for dangerous drugs in the Hong Kong International Airport

The Department detected 173 unmanifested cargo cases in 2016, a decrease of 22 per cent when compared with 2015. Amongst the cases, 150 of them involved items smuggled between Hong Kong and the Mainland, including 54 at sea and 96 on land. There were 193 persons arrested and the seizures amounted to HK\$419 million.

Smuggling of general merchandise between Hong Kong and the Mainland is a matter of concern for both sides. High-valued commodities including mobile phones and accessories, digital cameras and accessories, edible bird's nest, animal fur and seafood (such as lobsters and abalones) remain the popular items smuggled into the Mainland. Items smuggled to Hong Kong include dutiable cigarettes, counterfeit and copyright infringing articles.



Seizure of a large batch of smuggled edible bird's nest

Concealment remains a common tactic employed/used by smugglers to evade Customs detection. Concealment methods included hiding contraband in false or altered compartments in cross-boundary vessels, lorries, private cars, cargo containers or mixing smuggled goods with legitimate imports or exports. Smugglers also exploited the long coast line of Hong Kong, and with loading places frequently changed to evade detection, sent high-valued merchandise into the Mainland by high-powered speedboats moving at breakneck speeds. Some smuggling syndicates resorted to using containerized sea cargo to smuggle hot items to the Mainland.



A secret compartment under the deck of a motorized sampan

To combat the problem of parallel traders diverting large quantities of powdered formula away from the supply chain in Hong Kong, the Government passed the Import and Export (General) (Amendment) Regulation 2013 in February 2013. The new regulation came into effect on 1 March 2013 and it prohibits the unlicensed export of powdered formula for infants and children under 36 months. Those aged 16 or above are exempt on their first departure within a 24-hour period, and each may take two cans of powdered formula with a total net weight up to 1.8 kg out of Hong Kong. To tie in with the new regulation, the Department stepped up the enforcement work at various land boundary control points. The Department will continue to enhance intelligence collection and keep close contact with Mainland Customs for joint operations if necessary to detect the illegal export of powdered formula from Hong Kong. Up to 31 December 2016, a total of about 226 700 kg of powdered formula were seized.

Financial Investigation

The Department continues to take an active role in tracing proceeds derived from organized crimes. In 2016, the Department confiscated HK\$124 million of crime proceeds in connection with a joint investigation with the Mainland Customs against a mega-scale cross-boundary marked oil smuggling and money laundering syndicate. In this year, the Department also restrained a total of HK\$32.4 million of crime

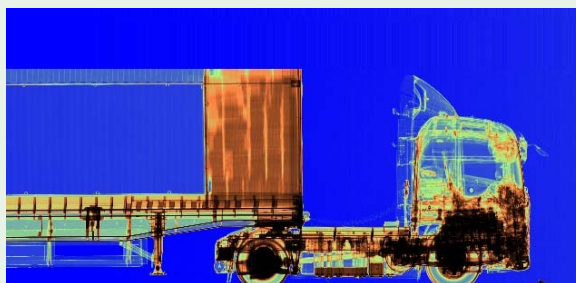
proceeds following the taking down of two cross-boundary syndicates involved respectively in the smuggling of luxury vehicles and high-valued electronic products.

In the prevention and detection of money laundering in the HKSAR, the Joint Financial Intelligence Unit operated by the Department and the Hong Kong Police Force received 76 590 suspicious transaction reports from the financial institutions and the designated non-financial businesses and professions, among which 2 309 were forwarded to the Department for follow-up investigation.

Dutiable Commodities

Illicit Cigarettes

Interception of cigarette smuggling remains a high priority task for the Department, and enforcement is focused on cigarettes smuggled across the land boundary with the Mainland. Smuggling syndicates tended to mix the cigarettes with general cargo and falsely declared the consignment, or made use of false compartment for concealment. In addition to routine checking, intelligence exchange and parallel operations with the Mainland Customs at the land boundary control points have proven to be effective measures to suppress smuggling activities. In 2016, a total of 50 million smuggled cigarettes were seized, about one-third of which were found onboard cross-boundary vehicles arriving from the Mainland. The largest importation case detected at a land boundary control point in the year involved 2.7 million sticks of cigarette.



X-ray photo shows unmanifested cigarettes concealed in the inner portion of a cross-boundary truck



Illicit cigarettes were smuggled by way of being concealed in the false compartment of a container



Illicit cigarettes were found mixed-loaded with general cargoes onboard an incoming vehicle

Illicit Fuel

Rigorous enforcement through increased checks on incoming vehicles and vessels had contained the problem of illicit fuel smuggling from the Mainland. In 2016, 16 importation cases, one on land and 15 at sea, were effected with 3 700 litres of illicit fuel seized.

Project Crocodile

The Project Crocodile provides a platform for customs administrations in the Asia Pacific Region to share intelligence to tackle transnational illicit cigarette smuggling. Hong Kong Customs actively reports suspicious shipments, contributing to some 48 per cent of the notifications issued under the Project thus far. Since the launch of the Project in August 2004, 100 containers, containing 639.36 million cigarettes and 6 674 kg of manufactured tobacco in total, were seized as a result of information provided by Hong Kong Customs.

Dangerous Drugs

Heroin, ketamine, methamphetamine, cocaine and cannabis are popular dangerous drugs smuggled into Hong Kong. In 2016, the Department detected 762 cases with 1 227 kg of assorted drugs (not including khat) seized. Drug syndicates smuggled drugs into Hong Kong by both passenger and cargo conduits through the control points. Air parcels and express cargoes are exploited to smuggle dangerous drugs to overseas countries. To combat cross-boundary drug trafficking activities, Hong Kong Customs will continue to take vigorous enforcement actions, step up inspection and deploy Customs detector dogs to various land control points.

Precious Metal

In 2016, 11 cases involving seizure of 2 400 kg of silver and gold slabs were detected.

Arms and Weapons

Customs officers always maintain high vigilance at all control points to prevent the smuggling of arms and weapons into Hong Kong. In 2016, 70 cases of firearms and weapons were detected at the Airport with six persons arrested and the total seizure

value was HK\$0.4 million.

At the land boundary control points, three passenger cases and one cargo case were effected in 2016 and major seizures were air pistols, stun guns and pepper spray.

Counterfeit and Pirated Articles

The Department has continued to accord high priority to the protection of intellectual property rights (IPR). Rigorous operations were mounted to suppress counterfeiting and pirating activities. Major seizures included garments, handbags, shoes, leather products, watches, cosmetics, mobile phones and accessories, which bear forged trademarks or false trade descriptions. As it has been a global trend to have online selling of counterfeit goods coupled with transnational goods delivery service, infringers making use of cross-boundary logistics services and express couriers to deliver infringing goods sold online were rising. To tackle the problem, co-operation with overseas law enforcement agencies, express courier companies and the Hongkong Post was enhanced. In 2016, 265 and 21 cases of IPR infringing goods were detected from express couriers and the postal channel respectively. Joint operations with other customs administrations and international organizations resulted in a total of 16 cases with seizures valued at HK\$32.8 million.

At the Hong Kong International Airport, 26 IPR cases were detected with the seizures valued at HK\$5.7 million. At the land boundary control points, nine importing cases were detected with 10 persons arrested and seizures valued at HK\$15.4 million. Besides, 38 cases of IPR infringing goods were detected from shipments via sea mode and the seizure value was HK\$80.4 million.

Computer Accessories and Telecommunication Equipment

Smuggling of high-valued computer accessories to the Mainland continued in 2016. Among the outgoing smuggling cases detected at the land boundary, 64 cases involved computer accessories or telecommunication equipment including mobile phones and accessories, computer hard disks, tablet computers, random access memory sticks, central processing units, integrated circuits, etc. The seizure value amounted to HK\$108 million. Smuggling by speedboat was still prevalent. Among all seized goods in smuggling cases detected at sea, tablet computers, cameras and telecommunication equipment were the hottest smuggling items.



Branded tablet computers were found smuggled into the Mainland



Mobile phones were found smuggled into the Mainland

Meat and Poultry

To safeguard public health, joint operations were regularly mounted by the Department with the Food and Environmental Hygiene Department (FEHD) at the land boundary control points. In 2016, 565 joint operations with FEHD were conducted. Enforcement actions taken throughout the years had successfully deterred smuggling of meat and slaughtered poultry by cross-boundary cargoes and passengers.

Endangered Species

In 2016, Customs officers detected 309 cases of endangered species of animals and plants. The items involved black pond turtles, dried seahorse, European eel, frozen pangolin, pangolin scales, ivory, shark fin, rhino horn, American ginseng, stony coral, and red sandalwood etc.

In 2016, Customs Officers detected 31 sea smuggling cases of endangered species of animals and plants, in which over 122 220 kg of wood with a market value of nearly HK\$40 million were seized. Other than endangered species of wood, Customs officers also seized other endangered species including 15 149 kg of frozen pangolin and pangolin scales, 7 100 kg of giant clam, and 1 043 kg of shark fin etc. The total seizure value of endangered species in sea smuggling cases was over HK\$75 million.



Red sandalwood seized in cargo examination



Shark fin seized in an anti-smuggling operation



Pangolin scales seized in cargo examination

Marked Oil

Since May 2005, the Department has launched a scheme to suppress seaborne smuggling of marked oil into the Mainland as a result of a higher price for diesel oil fetched in the Mainland. Oil barges delivering marked oil are required to be registered with the Department and transaction records are checked for irregularities. In 2016, 13 cases were detected with 20 persons arrested and the total seizure value amounted to HK\$776,500.

To contain the dubious bunkering activities, the Department conducted several joint operations with the Mainland counterparts. In 2016, five joint operations with China Coast Guard against cross-boundary sea smuggling of marked oil were mounted.

4. Trade Facilitation

Road Cargo System (ROCARS)

Submission of pre-shipment road cargo information via the ROCARS, an electronic system designed to speed up customs clearance of road cargoes, became mandatory on 17 November 2011. The system effectively shortens the clearance time of road cargoes at land boundary control points from 60 seconds to approximately 20 seconds, which further underscores the important status of Hong Kong as a logistic hub in the region.

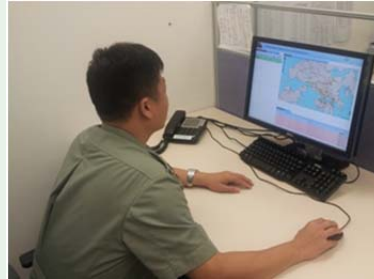
The Department has applied Radio Frequency Identification (RFID) technology to enhance the recognition of cross-boundary trucks' registration numbers for further streamlining of the automated clearance process at the land boundary control points.



Customs Officer sticking an RFID tag on the windshield of a cross-boundary truck

Intermodal Transshipment Facilitation Scheme (ITFS)

Customs is constantly developing initiatives to enhance the speed and lower the cost of movement of cargoes across the boundary with the Mainland to maintain the competitiveness of businesses of HKSAR. To facilitate the movement of transshipment cargoes, the Department officially launched ITFS on 29 November 2010, where transshipment cargoes, if examination is required, will normally be subject to customs inspection once either at the point of entry or exit. Under ITFS, electronic locks (E-locks) are applied to secure cargo compartments of vehicles conveying transshipment cargoes to prevent the cargoes from being tampered with during the journey in Hong Kong. Besides, global positioning system devices are used for monitoring the status of the E-locks and tracking the movement of the goods vehicles to ensure the security of the cargoes while they were being conveyed within the Hong Kong boundary.



Officers checking E-locks and monitoring ITFS vehicles via web-based platform

To expand the scope of facilitating transshipment cargoes, the Department started a trial run of the “Single E-lock Scheme” with the Mainland Customs on 16 November 2012 for exploring the feasibility of interconnecting ITFS and their Quick Pass System by using a single E-lock for monitoring transshipment cargoes by the Customs authorities on respective sides of the land boundary. Under the arrangement, cargo inspection results will be mutually referenced by the two Customs authorities with the aid of the E-lock’s “steady green light” and it is expected that less frequent inspection will be executed. In view of the overall smoothness of the trial run and the fact that currently about 80 per cent of the air-land transshipment cargoes are enjoying the seamless clearance service under the Scheme, both Customs authorities reached a consensus to formally launch the “Single E-lock Scheme” on 28 March 2016 to cope with the rapid development of e-commerce logistics plying between Hong Kong and Guangdong Province.

Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme)

The Mainland has been proactive in establishing Free Trade Agreements (FTAs) with different countries and regions in recent years. It is stipulated in the FTAs that consignments routed through a third place can also be regarded as direct consignments/transport and are qualified to apply for tariff reduction under certain circumstances, in particular, if they remain under the control of Customs or designated authorities in the third place.

On 20 December 2015, to further enrich the facilitation services provided under the Economic Cooperation Framework Agreement and to facilitate more transshipment cargo in Hong Kong to be qualified for preferential tariff, the Hong Kong Customs launched the Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme). This voluntary scheme provides traders with Customs supervision service

and issues Certificate of Non-manipulation to certify transshipment cargoes that have not been undergone any further processing during their stay in Hong Kong. The FTA Scheme covers goods traded between the Mainland and its trading partners, including 10 member states of the Association of Southeast Asian Nations (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam), Australia, Bangladesh, Chile, Costa Rica, Iceland, India, Korea, New Zealand, Pakistan, Peru, Sri Lanka, Switzerland and Taiwan.



Customs officer checking a container seal



Customs officers conducting supervision duty for FTA consignments

On 24 May 2016, to strengthen Hong Kong's role as an international trade and logistics hub as well as to encourage the trade to choose Hong Kong as a transshipment location for their goods, the Mainland and Hong Kong Customs signed a Co-operation Arrangement on Origin of Transshipment Cargo in Hong Kong to further enable Mainland-bound consignments passing through Hong Kong to enjoy tariff reduction of the Mainland.



Signing Ceremony of the Co-operation Arrangement on Origin of Transshipment Cargo in Hong Kong under Free Trade Agreements

As at 31 December 2016, Hong Kong Customs has received 4 000 applications with a total value of goods exceeding US\$385 million and estimated tariff reduction of over US\$23.4 million. The FTA Scheme allows goods passing through Hong Kong to enjoy tariff reduction, strengthens Hong Kong's status as a logistics hub in the region, and enhances the development of local trade, commerce and logistics sectors under the Belt and Road Initiative.

The Commerce and Economic Development Bureau and Hong Kong Customs are committed to facilitating global trade and will continue to take an active role in the development of trade facilitation measures with other Customs administrations in benefiting both local and overseas businesses.

Wine Exports to the Mainland

The Department and the Mainland Customs signed the “Co-operation Arrangement on Customs Facilitation Measures for Wine Entering the Mainland through Hong Kong” in February 2010. Following the signing of the said Agreement, a scheme for the facilitation measures (“the Scheme”) was launched at designated ports in Shenzhen and Guangzhou. In October 2015, the applicability of the Scheme was extended from designated ports in Shenzhen and Guangzhou to all ports in Beijing, Shanghai, Tianjin, Shenzhen and Guangzhou Customs districts. Wine consignments exported by Hong Kong traders registered under the Scheme are now enjoying immediate Customs clearance on arrival at the said ports. In 2016, both sides reviewed the effectiveness of the Scheme and agreed to explore the possibility of extending the Scheme to Fuzhou and Huangpu.

Hong Kong Authorized Economic Operator (AEO) Programme

With a view to safeguarding the international supply chain and further facilitating global trade, the Department formally launched the Hong Kong Authorized Economic Operator (AEO) Programme¹ in April 2012. Being a voluntary certification regime, the Hong Kong AEO Programme allows local companies satisfying prescribed security requirements to be accredited as trusted partners, which are eligible for reduced inspections and priority clearance at entry and exit points. Up to 2016, the Department has accredited 36 AEOs (including three small and medium enterprises) and the response from the industry towards the Programme has all along been positive.

The Department has been taking active steps to develop mutual recognition arrangements (MRAs)² with other customs administrations with a view to multiplying benefits for the Hong Kong AEOs. Following the MRAs signed with the General Administration of Customs of the People's Republic of China, the Central Board of Excise and Customs of India, the Korea Customs Service, the Singapore Customs and the Customs Department of the Kingdom of Thailand from 2013 to 2015, the Department signed the 6th and 7th MRAs with the Royal Malaysian Customs Department and the Customs Administration of Japan in March and August 2016 respectively. Discussions with customs counterparts of Australia, Mexico, the European Union and New Zealand for establishing MRAs are underway.

¹ AEO is a model programme to secure and facilitate global trade. It is one of the core elements under the Customs-to-Business Pillar of the World Customs Organization (WCO) SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE FoS). Under the AEO programme, all economic operators involved in the international movements of goods may apply for AEO status, thereby reducing their security risk if accredited. AEO programme thus allows Customs to focus on high risk trade whilst facilitating legitimate trade.

² Mutual recognition of AEO programmes is one of the principal goals of WCO SAFE FoS to better secure and facilitate global trade. It is a formal recognition of an AEO programme by other customs administrations. Through this arrangement, customs facilitation provided by other customs administrations may be extended to the accredited companies.



Commissioner of Customs and Excise, Mr. Roy Tang (2nd left), signed an MRA for the AEO Programme with the Royal Malaysian Customs Department in Kuala Lumpur, Malaysia on 17 March 2016.

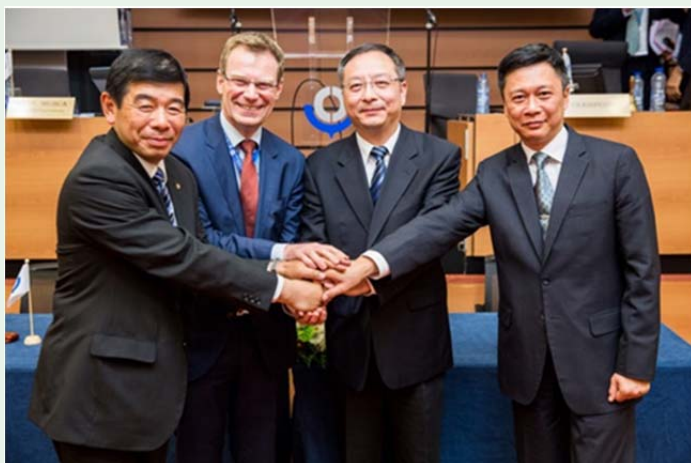


Commissioner of Customs and Excise, Mr. Roy Tang (right), signed an MRA for the AEO Programme with the Customs Administration of Japan in Hong Kong on 23 August 2016.

Smart and Secure Trade Lanes (SSTL) Pilot Project

The Smart and Secure Trade Lanes (SSTL) Pilot Project³ has been running on a proper course since its implementation in Hong Kong in November 2013. In 2016, the Joint Administrative Arrangement on SSTL Pilot Project Phase 3 was signed on 15 July in Brussels, Belgium by the Hong Kong Customs and Excise Department (C&ED), the General Administration of Customs of the People's Republic of China (GACC), the Directorate General for Taxation and Customs Union (DG TAXUD) of the European Commission and the Customs administrations of 15 European Union (EU) member states⁴, which drove the project to new horizons. The scope of operation has been extended to air and rail transport in addition to maritime transport in the first two phases with an increase in pilot trade routes and participating traders.

The Department will continue its active participation in the project with the Mainland and the EU to create more business opportunities and strengthen the competitiveness of the local industries so as to maintain Hong Kong as an international and regional logistics hub.



On 15 July 2016 in Brussels, Belgium, the Assistant Commissioner of Customs and Excise, Mr Jimmy Tam (first right), the Vice Minister of the General Administration of Customs of the People's Republic of China, Mr Hu Wei (second right), the Director-General for Taxation and Customs Union of the European Commission, Mr Stephen Quest (second left), and the Secretary-General of the World Customs Organization, Mr Kunio Mikuriya (first left) join hands to take forward the Smart and Secure Trade Lanes Pilot Project to Phase 3.

³ The GACC and the respective customs administrations of EU have been operating the SSTL Pilot Project since November 2007. Riding on the WCO SAFE FoS, SSTL aims at testing and refining the Framework's principles in a realistic and operational environment. Hong Kong Customs formally joined the SSTL Pilot Project in June 2013.

⁴ The 15 EU member states include Belgium, the Czech Republic, France, Germany, Greece, Hungary, Italy, Lithuania, the Netherlands, Poland, Portugal, Romania, the Slovak Republic, Spain and the United Kingdom.

Development of Trade Single Window

To maintain Hong Kong's competitiveness as a trading and logistics hub and to align with the international trend, the Government is planning to set up a Trade Single Window (SW) in Hong Kong. It will provide a single IT platform for the one-stop lodging of all B2G documents to facilitate trade declaration and customs clearance. A dedicated SW Project Management Office was set up within the Commerce and Economic Development Bureau in April 2016 to take forward the SW initiative. A three-month public consultation exercise was carried out from April to July 2016. Meanwhile, an SW Special Project Team (SWSPT) was established within the Office of Information Technology to undertake the planning, development and implementation of a Cargo Clearance Module of the Single Window.

In view of its mega scale and complexity, the SW will be developed in a phased approach. Phase 1 covering 14 trade documents that do not require legislative amendments in migrating to the SW will be rolled out in 2nd quarter of 2018. Upon its launch, C&ED will take up the role of SW Operator. SWSPT has been planning for the establishment of an SW Operation Office to provide public services including user registration, training, help-desk service, and system maintenance and operation, etc.

5. Narcotics Interdiction

Anti-narcotics Strategy

One of the major responsibilities of the Hong Kong Customs is the prevention and detection of illicit drugs trafficking. The Department has adopted a comprehensive enforcement strategy, which comprises a three-pronged approach, namely drug source detection, recovery of drug/crime proceeds and control of precursor chemicals used in the illicit manufacture of drugs, and has exemplary achievement in the battle against dangerous drugs.

While stringent control at all control points is imposed to prevent the inflow of drugs and their transit through Hong Kong, the Customs Drug Investigation Bureau of the Department takes action against syndicated drug traffickers and street peddlers based on surveillance and intelligence.

Anti-drug operations have never been easy. To enhance the effectiveness of anti-drug programmes, the Department is empowered to trace, restrain and confiscate drug or crime proceeds derived from illicit activities so as to stop drug traffickers from re-investing drug proceeds to finance further drug trafficking and other criminal activities and using Hong Kong as a base for money laundering.

Being the sole agency responsible for the enforcement of the Control of Chemicals Ordinance, the Department has maintained a licensing system to monitor and control the movements of precursor chemicals. Moreover, through an international liaison network, the Department strives to inhibit the illicit diversion of such chemicals at the global level.

Enforcement

Frontline Customs officers took anti-drug efforts strenuously with a combination of vigilance, intelligence and hi-tech equipment. Besides focusing on risky shipments of commercial cargoes, which provide a means for concealment of large quantities of illicit drugs, they also targeted smuggling of drugs by express parcels and mails and drug traffickers at the control points, who sneaked in drugs packed on body, stuffed inside body cavities or hidden in false compartments in baggage. The high level of professionalism has resulted in encouraging findings.

Ketamine is one of the most prevalent drugs abused by young people. The Department arrested 51 persons and seized 99.3 kg in 2016. The seizure decreases 64 per cent when compared with 2015. In 2016, 31 persons, who attempted to sneak in a total of 20.3 kg of ketamine, were arrested at the land control points. Of these 31 arrestees, two were teenagers aged under 21 who brought in a total of 3 gm of ketamine.

Analysis of the seized heroin revealed that the majority of the drugs came from the “Golden Crescent” (the area overlapping Afghanistan, Iran and Pakistan). In 2016, 4.2 kg of heroin were seized with 13 persons arrested. Most of them were seized from incoming passengers. The seizures were mainly concealed inside baggage, body packed or swallowed, and were believed to be destined for the neighbouring areas.

In 2016, the Department seized 143.3 kg of cannabis with 56 persons arrested. Among the seizures, 98.2 kg were intercepted at the Hong Kong International Airport.

Methamphetamine is another popular drug among young people, with 164.6 kg seized and 79 persons arrested in 2016. Among the seizures, 115 kg were intercepted at the Hong Kong International Airport whilst en route to other countries in the Asia Pacific region.



Methamphetamine concealed inside speakers

Cocaine which originates from South America is gaining popularity worldwide and has always been a high priority on Customs anti-drug programme. In 2016, 150 persons were arrested with 244.6 kg of cocaine seized, which is a 7 per cent increase when compared with 2015. Amongst the seizures, 171.8 kg were intercepted with 104 persons arrested at the Hong Kong International Airport.



Liquid cocaine concealed inside a dragon fruit

In 2016, the Department seized 175.7 kg of synthetic cathinones, a new psychoactive substance commonly known as “bath salt”. The drugs were seized mainly from parcels destined for overseas countries including the United States, Australia and the United Kingdom.

Co-operation with Overseas and Mainland Authorities

The Department has maintained close tie with law enforcement agencies in the Mainland and overseas to enhance the effectiveness of enforcement against transnational drug trafficking. In 2016, as a result of co-operation with other jurisdictions, 265 kg of drugs were seized and 25 persons were arrested outside Hong Kong. Of significance, in a joint investigation on a transnational drug trafficking syndicate with the Mainland and New Zealand authorities, two core members were arrested in New Zealand with a seizure of 176 kg of methamphetamine.

Cross Boundary Drug Trafficking

To implement the recommendations of the Task Force on Youth Drug Abuse led by the Secretary for Justice, the Department has stepped up enforcement against cross-boundary drug abuse and trafficking. The Department also works closely with the Shenzhen Customs to exchange intelligence and mount regular parallel operations at boundary control points on both sides to deter cross-boundary drug abuse.

There was a decrease in the number of persons aged below 21 arrested in connection with drug offences at the land control points. In 2016, the number of arrests was 4 while that of 2015 was 19. The Department will continue to step up enforcement action against cross-boundary drug trafficking and increase the public awareness of the severe penalties of drug offences and harmful effects of drug abuse.

Confiscation of Drugs Proceeds

The Department took continuous efforts in tracing proceeds derived from drugs trafficking offences. In 2016, the Department confiscated HK\$8.55 million under the Mutual Legal Assistance in Criminal Matters Ordinance in connection with a joint investigation with a United States counterpart against a large-scale South American-based drug trafficking and money laundering syndicate.

Control of Chemicals

The Department maintains a licensing system under the Control of Chemicals Ordinance to regulate the trade of 27 chemicals commonly used for the illicit

manufacture of narcotic drugs and psychotropic substances.

To step up control, the Department participates in a global co-operation mechanism which monitors the movements of precursor chemicals to prevent illicit diversion. Pre-export Notifications (PENs) of controlled chemicals are issued to the importing countries or territories to confirm the legitimacy of the shipment before export approval is granted. 638 PENs were issued to 19 countries in 2016.

During the year, the Department has taken part in three international tracking programmes, namely "Project Cohesion", "Project Prism" and "Project ION" for monitoring the movements of potassium permanganate, acetic anhydride and chemicals that could be used for the illicit manufacture of amphetamine-type stimulants and preventing new psychoactive substances from reaching consumer markets. These initiatives, organized by the United Nations International Narcotics Control Board, are recognized as an effective multilateral mechanism to prevent the illicit diversion of precursor chemicals.

In the meantime, the Department has also participated in the operation "Zircon Pacific", jointly launched by the Department and the United States Drug Enforcement Administration, Hong Kong Country Office since August 2008, for tracking the movement of suspicious shipments of acetic anhydride, acetyl chloride, piperidine, potassium permanganate and phenylacetic acid via Hong Kong to high-risk countries.

International co-operation is particularly important in maintaining a global force against the illicit movements of chemical precursors. The Department has been proactively exchanging information and intelligence with overseas law enforcement agencies on suspicious shipments of precursor chemicals sourced in the region and shipped through Hong Kong to high-risk destinations.

6. Intellectual Property Rights (IPR) Protection

During the year, rigorous and sustained enforcement actions were maintained against copyright infringement and trademark counterfeiting activities in Hong Kong at both the manufacturing and retailing levels.

Anti-piracy Enforcement

The Department detected 124 piracy cases and arrested 158 persons in 2016. Seizure of pirated optical discs (PODs) amounted to 1.8 million. Together with other seizures in these cases, the total value of seizures was HK\$2.7 million.

Actions against Retail Sale of Pirated Goods

The Department maintained rigorous enforcement actions against retail outlets selling PODs, aiming to wipe out optical discs piracy activities totally. The Intellectual Property Investigation Bureau, the formation that organized all anti-piracy operations, was determined to go after the syndicates that ran optical discs piracy businesses in Hong Kong. The rigorous enforcement actions throughout the years have achieved significant results. The number of retail outlets selling PODs has died down in recent years.

Actions against Manufacture, Import and Export of Pirated Goods

Since the commencement of the Prevention of Copyright Piracy Ordinance in May 1998, all optical disc factories in Hong Kong are required to obtain a manufacturer licence and they are subject to inspection by the Department. Illicit manufacturing of optical discs is further suppressed when the Prevention of Copyright Piracy Ordinance (Amendment of Schedule 1) Order 2002 came into force on 19 July 2002, which requires manufacturers of stampers (the master disc) in Hong Kong to obtain a licence from the Department. In 2016, Customs officers conducted 27 inspections of licensed optical disc and stamper factories.

Actions against Internet Crime

To cope with the increasing trend of internet crime, the Department established the “Anti-Internet-Piracy Team” (AIPT) which was further expanded in 2014 with more

than 40 investigators dedicated to fight against internet crimes. Up to December 2016, the AIPT had detected 1 122 internet cases, arrested 1 326 persons and seized pirated articles and computer equipment worth HK\$22.35 million. The Department has been developing with the University of Hong Kong over the years different monitoring systems for online surveillance of illegal activities to cope with the rapid changes in the technology of online economy.

To cope with new enforcement challenges arising from advancement in cyber technologies, the Department set up an Electronic Crime Investigation Centre (ECIC) in February 2013. The ECIC aims to strengthen research into the latest operation of cybercrimes, formulate enforcement strategies and procedures on evidence collection for front-line enforcement officers, and conduct training courses on retrieval and preservation of digital evidence for front-line officers. It also conducts research on online investigation systems.

Actions against Corporate Use of Pirated Works in Business

The Intellectual Property (Miscellaneous Amendments) Ordinance 2000 has been expanded with new provisions to enhance copyright protection. In addition to the existing provision which prohibits the bringing of video-recording equipment into cinemas and places of public entertainment to prevent bootlegging, new provisions are made to criminalize the use of infringing copyright works, including computer software, movies, TV dramas or music and sound recordings, in business. Since the provisions became effective in 2001, the Department has detected a total of 366 cases of corporate use of pirated works, arrested 739 persons and seized items worth HK\$19.97 million.

Actions against Circumvention Devices or Services

The Copyright (Amendment) Ordinance 2007 has increased the criminal and civil liability for the circumvention of “technological measures to protect copyright works”. Any person who engages in the commercial dealing of circumvention devices or provides circumvention services for commercial purposes shall be subject to criminal sanction. The Department has so far detected a total of 101 circumvention cases and arrested 141 persons.

Actions against Counterfeit Goods

The Department has maintained a high enforcement pressure against the sale of counterfeit goods during the year and the sustained actions have placed trademark counterfeiting in Hong Kong firmly under control, with no sign of major counterfeit goods manufacturing activities emerging.

In 2016, the Department detected 810 forged trademark cases under the Trade Descriptions Ordinance. A total of 651 persons were arrested. With a value of HK\$158 million, the seized goods were mainly electrical and electronic products, watches and watches accessories, clothing and leather goods, accounting for about 70 per cent in terms of seizure values.

Actions against Wine Counterfeiting

To promote Hong Kong's wine trading and distribution businesses, the Government reduced the duty rate of wine to zero and lifted the related administrative controls in June 2008. Since then, wine imports into Hong Kong have increased significantly.

In combating wine counterfeits, the Department maintains a close partnership with the wine industries and enforcement agencies of major wine producing countries. Besides, a dedicated anti-wine counterfeit team was set up in August 2008 to carry out investigations and enforcement actions against cases of counterfeit wine.

Actions against Medicines Counterfeiting

With a view to enhancing the deterrent effects on the export of counterfeit medicines through postal channel, the Department is working closely with overseas enforcement agencies to backtrack the source of supply of the seized counterfeit medicines for follow-up investigation. The Department also cooperates with the Consumer Council to publish the names of the dispensaries convicted of selling counterfeit medicines. The first list of dispensaries was released in the February issue of the CHOICE magazine in 2011, which named dispensaries convicted for selling counterfeit medicines in 2010. The Consumer Council continued to update the list of dispensaries. Up to December 2016, a total of 106 dispensaries have been listed.

Restraint and Confiscation of Crime Proceeds of IPR Infringing Syndicates

The Department actively applies the Organized and Serious Crimes Ordinance (OSCO) in the investigations of IPR infringements in the fight against the organized syndicates engaged in piracy and counterfeiting activities. Since the first application of OSCO to a piracy case in 2004, the Department has applied this tool to a total of 12 IPR cases (eight copyright cases and four counterfeit cases), with some HK\$132 million worth of crime proceeds/assets restrained. This enforcement approach has effectively clamped down on syndicates engaged in copyright piracy and trademark counterfeiting activities.

Strategic Partnership

The Department has been working proactively to seek greater co-operation from the IPR industry to enhance the fight against piracy and trademark counterfeiting. The industry is now providing all sorts of support to the Department, including the provision of leads on IPR infringement activities, examination of seized goods to authenticate IPR, provision of testimony in court and training for Customs officers to enhance the skill on fake product identification. The Department has also been actively maintaining close liaison with the industry, local and overseas law enforcement agencies, academics, etc. to review the effectiveness of Customs enforcement, to re-examine IPR protection issues and exchange views from a multifarious perspective.

Since its establishment in early 2013, ECIC has been deploying resources to conduct insightful research on potential electronic crimes and seeking opportunities to organize training programmes and sharing sessions with overseas law enforcement agencies, business counterparts as well as academic institutes. In March 2016, the ECIC and the Cyber Crimes Center (C3) of Homeland Security Investigations (HSI) of the United States organized a five-day workshop on cybercrime investigation in Hong Kong to keep our investigators abreast of the latest tools and techniques in cyber investigation.

ECIC also organized a four-day training on cyber investigation skills for mainland officials from National Copyright Administration of the People's Republic of China (NCAC) in October 2016. The course content included techniques on cyber

investigation against IPR infringing activities, application of cyber investigation tools with hands-on exercises. The training also provided an excellent opportunity for both parties to share knowledge and exchange experience in application of new cyber technologies to combat online IPR crimes.

In 2016, the Department achieved good progress in its partnership with the IPR sector and collaboration was sustained in the following areas:

- The Intellectual Property Rights Protection Alliance (IPRPA) established by the Department and the industry since March 2004 provides a platform for both parties to enhance strategic partnership and strengthen intelligence exchange. At present, 79 organizations of the IPR sector have joined IPRPA. A working committee was established and tasked to organize IPR protection-related activities, including the launching of publicity and educational campaigns to raise social awareness of IPR protection. Also, the Department joined hands with the Mainland/overseas IPR enforcement agencies to organize a series of special seminars for IPRPA members. Specialists and professionals from different countries and jurisdictions were invited to share their knowledge and experience on IPR protection with IPRPA members.
- To counter the sale of infringing articles on the Internet, the “E-auctioning with Integrity Scheme” was jointly launched with the participation of a number of local auction site operators and IPR owners in November 2005 to promote the integrity of online trading. When IPR owners have sufficient reasons to suspect that goods put up for sale at auction were infringing goods, they will notify the auction site operators concerned to remove the listings of suspicious items.
- The “Fast Action Scheme” launched jointly with the Hong Kong Brands Protection Alliance in July 2006 remains an important measure to effectively protect the interest of IP owners participating in major exhibitions and trade fairs staged in Hong Kong. Under the scheme, the Department will take prompt enforcement action when reports on IPR infringement activities from the exhibitors are received. Publicity leaflets are distributed to exhibitors at the opening of exhibitions to publicize the penalties for IPR infringement offences and to encourage participants to report IPR infringement acts. Since the implementation of the scheme, the Department has activated the “Fast Action Scheme” at 94 major exhibitions and trade fairs, leading to the detection of 175 infringement cases and the arrest of 208 persons.

- Supporting Hong Kong's development into a regional wine trading and distribution centre, the Customs-Wine Industry Alliance was formed with 18 organizations of the local wine industry in October 2008. It provides a platform to further collaboration with the industry in order to gear up for the combat against offences involving counterfeit wine and false information on the place of origin. Hong Kong Customs has been establishing contacts with overseas law enforcement agencies and wine regulatory bodies to obtain information and source expertise in regard to the latest technologies applied to the identification of counterfeit wines.

Reward Schemes

The IPR industry and the Department are joining forces to step up intelligence collection to reinforce actions against IPR infringement offences. The industry is now sponsoring reward schemes which pay cash rewards to informers who provide Customs with information that leads to the seizure of infringing goods. The five existing reward schemes are:

- Anti-piracy (except retail level) Reward Scheme - sponsored by the copyright industry.
- Reward Scheme to Combat Illegal Use of Software in Business – sponsored by BSA | The Software Alliance.
- Reward Scheme to Combat Counterfeit and Trademark Infringed Pharmaceutical Products – sponsored by the Hong Kong Association of the Pharmaceutical Industry.
- Reward Scheme to Combat Illegal Photocopying of Books and Periodicals – sponsored by the Hong Kong Reprographic Rights Licensing Society.
- Reward Scheme to Combat Illegal Photocopying of Newspapers and Magazines sponsored by the Hong Kong Copyright Licensing Association.

In 2016, one case was effected upon receiving information by the informers recruited under these reward schemes, which highlighted the co-operation and commitment of the IPR industry to support the Department in the fight against infringement activities.

Publicity Programmes for IPR Protection

Suppressing IPR infringing activities cannot be done by enforcement alone. Illicit trade continues as long as demand for pirated and counterfeit goods exists.

Promotion of civic education to raise public awareness of and respect for IPR protection is equally important.

In collaboration with 13 local youth uniformed groups (YUGs) and the IPR sector, the Department ran the “Youth Ambassador Against Internet Piracy Scheme” (YAS) since its first launch in 2006. Over 250 000 members of the YUGs joined the scheme to promote a sense of respect for copyrighted works among young people.

During the year, the Department, together with the Intellectual Property Department, organized the following activities for the youngsters to raise their awareness of the importance of respect for and protection of IPR:

- IPR exchange visit between secondary school students of Hong Kong and Guangdong Province in March and June 2016 respectively



Hong Kong Youth Ambassadors visited Dongguang City in March.



Visit of Mainland officials and students to Hong Kong Customs in June.

- IPR Badge Programme for Youth Ambassadors

As the YAS reached the 10th anniversary, the Department had launched a new initiative, namely the IPR Badge Programme for Youth Ambassadors, in July 2016. The Department organised the IPR Badge Programme with a broad base of support from different government departments, education institutions and private sectors. It was a tailor-made, comprehensive and 3-level progressive youth programme to tie up with the latest social and technological development to reinforce the importance of respecting IPRs.

The No.1 Foundation Course of the Programme, which was a 6-day-5-night residential training held at the Customs and Excise Training School between 4 and 9 July 2016, was attended by some 100 Youth Ambassadors. A Passing-out Parade and Award Presentation Ceremony was conducted on 9 July 2016 to celebrate the outstanding performance and achievement of the participants.



Principal guests, leaders from 13 YUGs and Youth Ambassadors in the Passing-Out Parade.

7. Consumer Protection

The Department protects consumer interests through enforcement of the Toys and Children's Products Safety Ordinance, the Consumer Goods Safety Ordinance, the Weights and Measures Ordinance, and the Trade Descriptions Ordinance.

Weights and Measures Ordinance

To weed out dishonest sale of short-weighted items, the Department conducted 1 648 spot checks and 549 investigations in 2016 to detect and deter the use of inaccurate weighing and measuring equipment in trade and the supply of goods which were short of the purported weights. Retail sales which involved comparatively more complaints concerning short weight continued to be the targets of the Department's enforcement actions. In 2016, prosecution was taken in 24 cases and warning letters were issued in 35 cases involving contravention of the Weights and Measures Ordinance.



Customs officer checking the accuracy of a spring scale with a standard calibrated mass



Customs officer checking the accuracy of a diesel dispenser by pumping out a pre-determined volume of fuel into a fuel-testing container



A defective electronic platform scale showing a reading of "9 kg" when checked with a standard mass of 10 kg

Toys and Children's Products Safety Ordinance and Consumer Goods Safety Ordinance

The Department conducts spot checks and investigations to ensure toys, children's products and consumer goods supplied in the market are reasonably safe and affixed with bilingual warning labels. In 2016, 3 067 spot checks and 381 investigations were conducted and 14 prosecution cases were concluded. Besides, the Department issued eight Prohibition Notices prohibiting the supply of unsafe products, ranging from folding stool, wooden bed, laser pointer and folding cane seat.

Education-oriented Seminars

To promote traders' awareness of product safety and their obligations in complying with the related Ordinances, the Department conducted education-oriented seminars for department stores, chain shops, trade and industry associations and small and medium enterprises in the past years. Furthermore, the Department continues to work closely with the Consumer Council with a view to promoting public awareness of product safety and fair trading.

Educational seminars have also been organized for parents and teachers of nurseries and kindergartens to introduce to them the safety legislation, alert them of the potential risks of unsafe products and provide safety tips to help them choose suitable products for their children.

Trade Descriptions Ordinance

The Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 (the Amendment Ordinance) came into operation on 19 July 2013.

To provide reference for traders and consumers, the Department and the Office of Communications Authority as enforcement agencies had jointly issued a set of Enforcement Guidelines comprising the Compliance and Enforcement Policy Statement and General Guidelines. The Enforcement Guidelines state the manner in which the two enforcement agencies exercise their powers under the fair trading sections of the Trade Descriptions Ordinance (TDO) as amended by the Amendment Ordinance and provide guidance on the operation of the Government departments.

To protect consumer interests and honest traders, the Department had taken stringent enforcement in combating unscrupulous traders employing unfair practices. In order to maximize the enforcement effectiveness, the Department adopted a risk-based approach and set investigation priorities with regard to various factors including identified risks and intelligence, new and emerging trends as well as public concern. The Department also paid particular attention to repeated offenders and contraventions which significantly undermine consumer interests.

Enforcement

In 2016, the Department received 7 260 (3 472 on goods and 3 788 on services) unfair trade practices-related complaints, most of which involved foodstuff, medicine, regulated electronic products and fitness and beauty services. The number of investigations completed were 1 507 (1 474 on goods and 33 on services), including 1 347 preliminary investigations, 71 of which led to prosecution and 33 concluded with administrative action.

Significant cases in different commercial sectors were detected, including misleading pricing of goods at ginseng and dried seafood shops, sales of passing-off items at medicine shops, aggressive commercial practice at beauty parlors and fitness centres, false trade descriptions of service provided by educational centres, bait advertising by electronic products retailers, wrongly accepting payment of fees by mini storage operators and wedding service companies, etc. In 64 prosecution cases, 47 persons and 24 companies were convicted of unfair trade practices offences, with punishment including fines between HK\$1,000 and HK\$100,000; imprisonment between 14 days and 2 months; Community Service Order for 60 hours to 160 hours. In a few cases, the court ordered the convicted persons to pay the victims to compensate for their financial loss resulting from the offences. A total of 11 warning letters and 165 advisory letters were issued to remind the concerned traders about their obligations to comply with the fair trading sections under TDO.



Pseudo-ginseng powder seized in a false trade descriptions case



Mobile phones seized in a false trade descriptions case

In 2016, the Department carried out 4 060 spot checks against retail shops, including those frequented by overseas and Mainland visitors. During long holidays such as National Day Golden Week and Lunar New Year, Customs officers conducted high-profile patrols in popular tourist shopping areas to deter unfair trade practices and promote smart shopping tips to tourists. Meanwhile, Customs officers patrolled various trade fairs and exhibitions to deter dishonest sales and to ensure traders' compliance with the laws.



Officers distributing pamphlets to tourists



Officers conducting spot check at a pharmacy to enforce TDO

The Department has a mechanism of Quick Response Teams to handle urgent complaints lodged by short-haul visitors or local consumers. During the year, Quick Response Teams were summoned on 100 occasions to handle urgent complaints.

Publicity and Education

To help traders understand the fair trading sections of TDO and the consequences of non-compliance, 182 seminars/briefing sessions were delivered to retailers, exhibitors, employees of beauty/fitness industries, non-government organizations/associations, elderly centres and the public. In view of the recent upsurge in complaints against the beauty/fitness industries about adopting aggressive commercial practices, the Department took the initiative to invite the chairpersons of beauty associations and directors/company management of fitness centres for meetings. The purpose of the meetings is to encourage them to convey the important messages of complying the TDO and upholding the integrities of the trade to their members/staff. Besides, pamphlets were distributed to the public, retail shops, exhibitors and tourists so as to draw their heed to the Amendment Ordinance.

Moreover, a special session of Police Magazine (警訊) for C&ED and Consumer Council on common aggressive commercial practices deployed by unscrupulous beauty parlors has been broadcasted in late December 2016 with the aim of alerting consumers to beware of becoming the prey of dishonest traders.

To raise public awareness of consumer rights and to remind retailers of their legal obligations, the Department launched publicity campaigns by distributing pamphlets with the salient points of TDO to local consumers and visitors at tourists areas, shops registered with the Travel Industry Council of Hong Kong as well as the passenger arrival halls of various control points. The Department also conducted joint operations with the Hong Kong Police Force, the Department of Health, the Food and Environmental Hygiene Department and exchanged information on unfair trade practices with the Consumer Council, the Travel Industry Council of Hong Kong, the Hong Kong Tourism Board, the Hong Kong Trade Development Council and other stakeholders to better protect consumer interests.



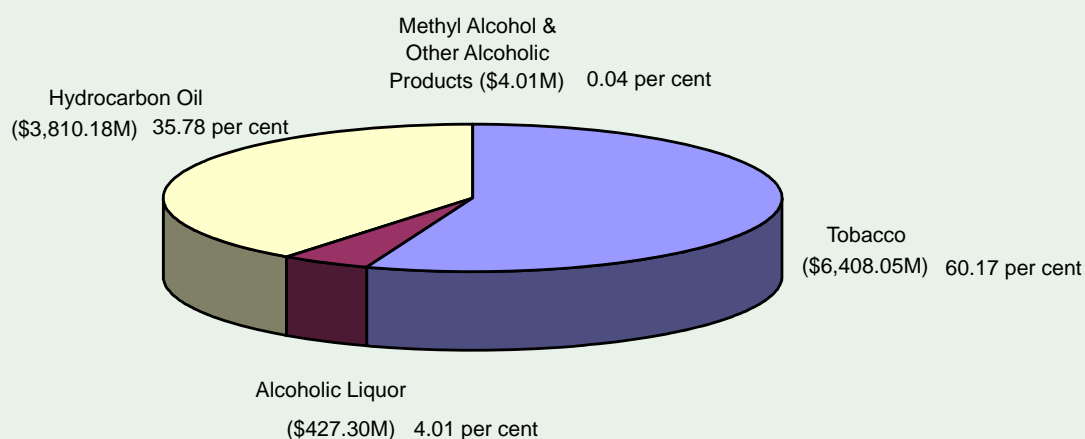
Officers delivering an education-oriented seminar to traders

8. Revenue Collection and Protection

Revenue

In 2016, excise duties collected amounted to HK\$10,649.54 million, including 60.17 per cent from tobacco, 35.78 per cent from hydrocarbon oil, 4.01 per cent from alcoholic liquor and 0.04 per cent from methyl alcohol and other alcoholic products. The revenue collected in 2016 increased by 2.22 per cent compared to 2015. The percentage distribution of duty collection by commodities is shown in the diagram.

Duty Collection in 2016



Open Bond System

All dutiable commodities bonded warehouses in Hong Kong are currently licensed under the Open Bond System (OBS), which was introduced on 1 April 2003 to facilitate legitimate business activities. Operating cost of the trade has been much lowered because of the facilitation. Under OBS, Customs controls are exercised through post-transaction auditing, compliance checks and surprise checks on the loading and unloading of dutiable goods. The number of bonded warehouses increased steadily over the years under OBS, from 38 in April 2003 to 83 in December 2016.



Compliance check at a bonded warehouse



Surprise check on devanning of dutiable goods

Vehicle Valuation

Ever since the Motor Vehicles (First Registration Tax) Ordinance was amended to change the taxable value of vehicles as the amount to be calculated on the basis of retail price in 1994, the Department undertook the duty of vehicle valuation by maintaining a registration scheme for motor vehicle traders and a value assessment system for motor vehicles. Application for vehicle valuation and filing of Import Return can be done by electronic submission via the First Registration Tax (FRT) System. Over the years, the number of vehicles imported into Hong Kong for use on the road has been on steady increase. With strengthened capability for value assessment and on-site inspection, progress had been made in tackling evasion of FRT. In 2016, the number of vehicles first registered by the Transport Department was 61 788 and the amount of FRT collected was HK\$7.87 billion with a drop of 18.2 per cent against last year.

In 2016, there were a total of 44 importers/distributors prosecuted for contravening the Motors Vehicles (First Registration Tax) Ordinance, including sole distributors and parallel-importers with 92 vehicles involved. Compared with 2015 where 55 importers/distributors were prosecuted with 171 vehicles involved, malpractices of the trade were brought under control and the number of cases of selling vehicles at a price higher than the approved price also greatly reduced. In 2016, the Department started reaching out to traders to promote their awareness of legal liabilities. This, coupled with the enhanced market research of vehicle prices and strong enforcement, effectively combated FRT evasion and protected the rights of vehicle buyers.

Illicit Fuel

Illicit fuel activities continued to reduce in magnitude. There had been fading trends of smuggling duty-not-paid light diesel oil from the Mainland for sale in the black market and illegal use of marked/detreated oil as vehicular fuel, following the reduction of the duty rate of Euro V diesel to zero since 14 July 2008. While the price difference still provided the necessary impetus for smuggling cheaper motor spirit from the Mainland to Hong Kong for sale, the appreciation of Renminbi over the past years led to shrinking profit margins, and hence a lesser incentive for such activities. Only small-scale “ants-moving-home” smuggling activities by cross-boundary vehicles remained while the illicit fueling stations just operated in a sporadic manner in remote areas of the New Territories. With the persistent enforcement actions of the Department, the illicit fuel activities were effectively contained. In 2016, 30 cases were detected with 6 300 litres of illicit fuel (excluding export cases) seized, representing a drop of 31 per cent in seizures over 2015.

Illicit Cigarettes

The Department effected 8 327 illicit cigarette cases with the seizures of 63 million cigarettes and the arrests of 8 380 persons in 2016. The total value of the seized illicit cigarettes was HK\$169 million and the duty potential was HK\$120 million. As compared with the preceding year, both the number of cases and arrests decreased by 19 per cent. Among the seizures, about 62 million sticks were related to local illicit cigarette activities, representing an increase of about 21 per cent as compared with 2015, as a result of the strategy of stepping up enforcement at source.



An illicit cigarette storage centre was smashed

Telephone ordering has taken over street peddling to become the predominant distribution channel of illicit cigarettes. To suppress such activities, two dedicated task units were formed in 2012 and 2013 to collect and analyze intelligence and mount special operations. The outcome achieved was impressive, with 428 cases involving 3.81 million illicit cigarettes seized and 441 persons arrested in 2016.



A delivery vehicle for telephone ordering of illicit cigarettes

9. Trade Controls

Upholding Hong Kong's Trading Integrity

Given the importance of trade and industry to the economy of Hong Kong, the Department enforces various trade controls systems including the Certification of Origin System, the Strategic Trade Control System, the Import and Export Declaration System and the Kimberley Process Certification Scheme to discharge its international obligations and comply with multilateral trade agreements. Through enforcement actions, the Department also protects the legitimate interests of traders and manufacturers. In addition, the Department mediates disputes between overseas traders and local suppliers to safeguard Hong Kong's trading reputation.

Certification of Origin System

Hong Kong maintains a comprehensive Certification of Origin System to establish the origin of goods produced in Hong Kong. To uphold the credibility and integrity of the System, the Department conducts pre-registration inspections on factories applying for Certificate of Origin (CO) to authenticate their production capacities. Also, periodic inspections were carried out on the factories to ensure their continuous compliance with registration conditions, and consignment checks on goods covered by CO applications. In this connection, the Department conducted 487 factory inspections and consignment checks in 2016.

Strategic Trade Control System

To maintain a free flow of high-tech commodities for legitimate commercial use and academic research while at the same time to prevent Hong Kong from being used as a conduit for the proliferation of controlled strategic goods, the Department, in collaboration with the Trade and Industry Department, vigorously enforce the Strategic Trade Control System to monitor the flow of strategic commodities and to detect services engaged in the development and production of weapons of mass destruction.

The Chemical Weapons (Convention) Ordinance, which aims to fully implement the Chemical Weapons Convention in Hong Kong, underlines Hong Kong's commitment to internationally agreed arrangements on the ban of chemical weapons and on the

monitoring of activities involving sensitive chemicals. Through enforcement of the Ordinance, the Department helps ensure Hong Kong's continued access to a full range of chemicals needed for local industrial, medical, research and trading purposes.

In combating illegal diversion of strategic commodities, the Department carries out licence checks to verify the authenticity of information given in import and export licence applications and carry out checks on the disposal of the consignment after importation (disposal checks) to ensure that articles imported are used as declared. In 2016, the Department conducted 928 import licence checks, 1 916 export licence checks and 553 disposal checks, investigated 192 cases, and prosecuted 53 persons / companies leading to a total fine of HK\$1.18 million and the forfeiture of offending goods in value of HK\$11 million. In these cases, the value of goods involved was HK\$36.3 million.

During 2016, the Department mounted two rounds of operations against the unlicensed shipments of dual-use controlled integrated circuits. 15 cases were effected from these two rounds of operations in which a total of 198 855 pieces of integrated circuits in value of HK\$11.5 million were intercepted.



152 460 pieces of integrated circuits intercepted in an outbound lorry at Lok Ma Chau Control Point during an operation mounted in January 2016

Import and Export Declarations and Cargo Manifests

The Department administers the Import and Export Declaration and Cargo Manifests System. Under the Import and Export (Registration) Regulations (Cap. 60E), cargo carriers are required to lodge with the Commissioner of Customs and Excise cargo manifests within 14 days after the arrival or departure of the cargoes imported into or exported out of Hong Kong. Moreover, any person who imports or exports/re-exports an article other than an exempted article is required by law to lodge an import or export/re-export declaration within 14 days after importation or exportation of the article and to pay a declaration charge. For exports of Hong Kong manufactured clothing items (including footwear) specified in the Schedule to the Industrial Training (Clothing Industry) Ordinance, an additional clothing industry training levy has to be paid. The Department conducts checks to ensure that accurate, full and completed cargo manifests, and import and export/re-export declarations are submitted within the statutory time frame. Late lodgment of cargo manifests/declarations or lodgment of inaccurate cargo manifests/declarations is liable to prosecution and penalties.

The Department received 20 million declarations and collected HK\$946 million import and export declaration charges / clothing industry training levies / late penalties in 2016. Short-paid declaration charges / clothing industry training levies recovered and late/administrative penalties imposed amounted to HK\$16.2 million. The Department also received around 7.9 million cargo manifests in respect of air, ocean, rail and road modes of transport.

Educational Seminars

In order to reduce the number of late and non-lodgment cases, since August 2008 the Department has organized regular educational seminars to remind traders and carriers/forwarders of their obligation and to improve their knowledge in lodging timely and accurate trade declarations and cargo manifests. The Department organized 12 educational seminars for 204 traders and carriers/forwarders in 2016. Furthermore, the Department will continue to work closely with the Census and Statistics Department with a view to promoting the awareness of timely lodgment of cargo manifests and import/export declarations.



Officer delivering an educational seminar to traders and carriers/forwarders

Assistance to Overseas Customs Administrations on Valuation Fraud Cases

Being a member of the World Customs Organization, the Department offers assistance to other customs administrations upon their requests for investigation of customs duty related frauds. In 2016, the Department received 15 requests, most of them involving under-valuation of goods.

Closer Economic Partnership Arrangement (CEPA) - Trade in Goods

Since the implementation of CEPA on 1 January 2004, 1 823 items of Hong Kong products currently enjoy zero tariff treatment upon importation into the Mainland if they are covered by a Certificate of Hong Kong Origin (CEPA) (CO(CEPA)). In 2016, a total of 11 718 applications for CO(CEPA) were received. Of these applications, 11 492 CO(CEPA)s at a total value of HK\$7 billion were issued. These applications covered a wide range of products, top five of which in terms of value were food and beverage, plastics and plastic articles, textiles and clothing, pharmaceutical products and chemical products.

Charged with the enforcement duties of the CEPA Certification System, the Department conducted consignment checks against 1 421 applications for CO(CEPA) and examined 94 CEPA consignments at various cargo exit points in 2016.

Kimberley Process Certification Scheme

The Kimberley Process (KP) Certification Scheme for rough diamonds has been developed by the KP, an international negotiating forum that seeks to stop the trade in "conflict diamonds" from fuelling armed conflicts, activities of rebel movements and illicit proliferation of armament. Some 80 economies including the People's Republic of China (PRC) have participated in the Certification Scheme. Hong Kong joined the Scheme as a designated importing and exporting authority of PRC in order to safeguard Hong Kong's interest as a trading hub of diamonds in this region. The Certification Scheme, which requires registration of rough diamond traders and comprises a certification system for the import and export of rough diamonds, has been implemented in Hong Kong since 2 January 2003. The Department conducted a total of 520 consignment inspections and nine investigations on rough diamonds during the year.



Officer conducting testing on rough diamonds with a diamond tester

Reserved Commodities Control

Through the enforcement of the Reserved Commodities Ordinance, the Department monitors the import and export of rice and ensures a stable supply of the commodity in Hong Kong. The Department conducted 4 456 inspections, investigated 24 cases, prosecuted 21 persons / companies, resulting in a fine of HK\$0.07 million and 42 days of imprisonment with suspended sentence in 2016. In these cases, the value of the rice and mixed grains involved was HK\$0.28 million.

Mainland Cereals and Grain Flours Control

To complement the measures imposed by the Mainland Customs to regulate on a quota basis the export of cereals and grain flours, including wheat flour, rice flour and rice which are export duty exempted, the Trade and Industry Department implemented a registration arrangement for local importers of cereals and grain flours from the Mainland in early 2008. To support the arrangement and to ensure the cereals and grain flours imported from the Mainland were solely for local consumption, in 2016 the Department conducted 168 inspections/verifications and five

investigations. The value of the goods involved in the investigation cases amounted to HK\$1.44 million.

Trade Mediation

To protect Hong Kong's trading reputation, the Department provides free mediation service to settle cases of trade dispute lodged by overseas trading firms against local companies. In 2016, the Department mediated in 35 cases and two of them were successfully settled.

Anti-money Laundering and Counter-financing of Terrorism

To better align Hong Kong's anti-money laundering and counter-financing of terrorism regime with the prevailing international standards, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO) came into operation on 1 April 2012. Under AMLO, the Commissioner of Customs and Excise is the relevant authority of the money service operators (MSOs), i.e., remittance agents and money changers, and the Postmaster General (PMG). In addition to administering the statutory licensing regime, the Department supervises the licensed MSOs and the PMG through ongoing supervision of their compliance with customer due diligence and record-keeping requirements. Any non-compliance with the statutory requirements may be liable to criminal and/or civil sanctions. The Department also spares no effort in detecting and investigating unlicensed MSOs and other licence-related offences.

As at 31 December 2016, there were 1 231 licensees on the Register of MSOs with 1 069 licences renewed since the commencement of the renewal exercise in February 2014. By way of a risk-based approach, 447 licensed MSOs had been selected for compliance inspection, with six of them found having failed to comply with the statutory requirements. Investigations on the six non-compliant cases were concluded. Among the six licensees, four of them were prosecuted in which three licensees were totally fined for HK\$0.25 million while one licensee was ordered a 200-hour Community Service Order by the court. As regards the remaining two cases, both were ended up with written warnings served. Regarding disciplinary actions against non-compliant licencees, one licensee was reprimanded by the Commissioner of Customs and Excise in 2015, four disciplinary cases were in progress, among them, two non-compliant licensees had been served with a notice to take disciplinary action. In 2016, the Department prosecuted four cases of

unlicensed operation of money service, leading to a total fine of HK\$75,000.

In preparation for the Financial Action Task Force (FATF) mutual evaluation of Hong Kong scheduled for the fourth quarter of 2018, a money laundering and terrorist financing risk assessment of the MSO sector has been underway.

The Department will continue to organize seminars, small group meetings and training courses to enhance the MSOs' knowledge of AML and CFT and arouse their awareness of compliance with the statutory responsibilities.



Officers of the Money Service Supervision Bureau conducting a seminar about the legal obligation and statutory requirements as an MSO under AMLO

10. Customs Co-operation

World Customs Organization (WCO)

In 2016, the Department continued its active participation in the WCO fora, including the Council Sessions and meetings organized by the WCO working bodies including the following:

- Permanent Technical Committee
- Enforcement Committee
- Secure and Facilitate Global Trade (SAFE) Working Group
- Technical Experts Group on Air Cargo Security
- Integrity Sub-Committee
- Information Management Sub-Committee
- Capacity Building Committee
- Working Group on Revenue Compliance and Fraud
- Counterfeiting and Piracy Group

The Department rendered full support to WCO's activities, and took part in the seminars and workshops relating to the promotion of customs capacity building, customs integrity, trade facilitation, anti-piracy, environmental issue and global supply chain security. For enforcement activities, the Department actively participated in various operations coordinated by the WCO.

To extend our staunch support to the WCO, the Department has deployed an officer to the WCO Compliance and Facilitation Directorate to work as Technical Attaché since September 2012.

In June 2016, the Department, in collaboration with the WCO, the Korea Customs Service and the WCO Regional Intelligence Liaison Office for Asia and the Pacific, organized a Post-operational Workshop under Project Customs Anti-drug Strategy (CADS) in Hong Kong. The workshop was one of the wide array activities under Project CADS in which Customs officials of the Asia Pacific region were pooled together to bolster multilateral cooperation and evaluate the effectiveness of regional anti-drug operations under the project.



Post-operational Workshop under Project CADS held at the Customs Headquarters Building in June 2016

WCO Regional Intelligence Liaison Office for Asia and the Pacific (RILO A/P)

In 2016, the Department continued to provide strenuous support to RILO A/P by seconding an officer to work as Intelligence Analyst. The Department and RILO A/P were the joint coordinator of the Focus Area “Compliance and Enforcement” of the WCO A/P Regional Strategic Plan (RSP) 2014-16 and continue to take up the same role for RSP 2016-18. Under the coordination of RILO A/P, the Department exchanged intelligence with customs counterparts for investigation into suspected cases of customs crimes.

The Department has also taken part in major projects of RILO A/P, namely “Project Crocodile”, “Project Sky-Hole-Patching”, “Operation IRENE” as well as “Drugs Seizures Immediate Notification System (DSINS)” respectively against cigarette smuggling, environmental waste smuggling, small arms trafficking via postal and express courier channel and dangerous drugs trafficking by air and sea transport. In 2016, the Department kept on supporting international cooperation and taking a proactive role in regional enforcement initiatives such as Project CADS to fight against drug trafficking in the region.

WCO Asia Pacific Regional Office for Capacity Building (ROCB A/P)

The Department has been working closely with ROCB A/P and supportive to their initiatives. The Department has deployed an officer to ROCB A/P in Bangkok as Technical Attaché since 2011.

In the capacity building domain, the Customs and Excise Training School has been accredited as one of the seven WCO Regional Training Centers (RTCs) in the A/P region since 2004. In December 2016, the Department hosted the 14th Meeting of Heads of the WCO A/P RTCs in which Heads of the seven RTCs, representatives from the WCO Secretariat, the A/P Regional Vice-Chair's Secretariat as well as the ROCB A/P had fruitful discussions on capacity building strategies and tactics. The two-day meeting provided a very effective platform for the heads of the RTCs to exchange valuable customs training strategies, experience and methods. It also devised directions for planning and organizing forthcoming capacity building activities within the AP region. In addition, the Department arranged a guided tour for delegates to learn more about the specialized training facilities including the shooting range, mock court, simulation train room for house search, passenger examination cubicle and container and vehicle inspection modules. RTC Hong Kong will continue to provide staunch support to the WCO and the ROCB A/P for the capacity building efforts in the region.



The 14th Meeting of Heads of the WCO A/P RTCs held at the Customs Headquarters Building in December 2016

Asia Pacific Economic Co-operation (APEC)

In 2016, the Department participated actively in various APEC meetings and events in Peru.

At the 1st and 2nd APEC Sub-Committee on Customs Procedures Meetings held respectively in February and August 2016, the Department shared with member economies the best practices and key features of Hong Kong Authorized Economic Operators (AEO) Programme. In the meetings, member economies also exchanged views and experiences on the development of international interoperability of Single Window Systems, AEO Programmes, implementation of Passenger Name Record and collaboration in border enforcement on intellectual property rights.



The 2016 1st APEC Sub-Committee on Customs Procedures Meeting held in Peru

Co-operation with other Customs Administrations

Overseas Customs Administrations

- **The 9th Customs-to-Customs Talks with Australian Border Force**

On 15 November 2016, the Commissioner of Australian Border Force, Mr Roman Quaedvlieg, led a four-member delegation to attend the 9th Customs-to-Customs Talks between Hong Kong Customs and Australian Border Force in Hong Kong. At the meeting, both administrations updated each other with their latest development in areas of supply chain security, anti-drug enforcement and intelligence exchange, as well as information technology and strategic human resource management; and reaffirmed the target to sign and implement the Mutual Recognition Arrangement on Authorized Economic Operators in 2017.



Commissioner of Customs and Excise, Mr Roy Tang (right), and Commissioner of Australian Border Force, Mr Roman Quaedvlieg (left), signed the joint communiqué for closer customs co-operation at the 9th Customs-to-Customs Talks between Hong Kong Customs and Australian Border Force in Hong Kong.

- **Enhanced co-operation between Hong Kong Customs and Tax Administration Service of United Mexican States**

On 31 March 2016, Hong Kong Customs exchanged a signed Memorandum of Understanding (MoU) regarding Co-operation and Mutual Administrative Assistance with the Tax Administration Service of the United Mexican States in Hong Kong to pledge further collaboration in combating transnational Customs offences.

The MoU, signed by the Commissioner of Customs and Excise of Hong Kong, Mr Roy Tang, and the General Administrator for Foreign Trade Audit of the United Mexican States, Mr Luis Eduardo Lara Gutiérrez, signifies the mutual commitment and determination of both Customs administrations to co-operate more closely through mutual administrative assistance on information exchange and enforcement of Customs laws.



The Commissioner of Customs and Excise, Mr Roy Tang (right), and the Consul-General of Mexico in Hong Kong and Macao, Mrs Alicia Buenrostro Massieu (left), exchanged the signed MoU regarding Co-operation and Mutual Administrative Assistance in Hong Kong.

Mainland and Macao Customs

- **The 2016 Review Meeting with the General Administration of Customs of the People's Republic of China (GACC) in Hong Kong**

On 24 May 2016, the 2016 Review Meeting between the GACC and Hong Kong Customs was held in Hong Kong. The meeting reviewed the co-operation between the two Customs administrations on trade facilitation, information technology development, anti-smuggling, anti-narcotics, intellectual property rights protection and staff training over the past two years. To facilitate the implementation of the country's Belt and Road Initiative and to promote economic development, the two administrations also mapped out and endorsed the Co-operation Plan for the coming two years.



Commissioner of Customs and Excise, Mr Roy Tang (front row, fifth right) and the Minister of the GACC, Mr Yu Guangzhou (front row, sixth right) pictured with both delegations in Hong Kong on 24 May 2016.

- **The 33rd Annual Meeting with Macao Customs Service/Macao Economic Services in Macao**

On 26 October 2016, the Commissioner of Customs and Excise, Mr Roy Tang, led an 8-member delegation to attend the 33rd Annual Meeting between the Macao Customs Service/Macao Economic Services and Hong Kong Customs in Macao. During the meeting, the two administrations discussed a series of cooperation items including protection of intellectual property rights, combating cross-boundary drug trafficking and smuggling activities, and development progress of Hong Kong-Zhuhai-Macao Bridge.



Commissioner of Customs and Excise, Mr Roy Tang (front row, third right) and the Director-General of Macao Customs Service, Mr Vong Iao Lek (front row, third left) pictured with both delegations in Macao on 26 October 2016.

11. Information Technology

Since the early 1980s, the Department has been adopting information technology (IT) in different areas to enhance operational efficiency and service quality.



Data Centre staff conducting system maintenance checking on computer servers in Customs Headquarters Building

Electronic Systems in Trade Facilitation

The Department is committed to promoting e-business via development of platforms to facilitate electronic submission of selected trade documents. In this regard, the Road Cargo System and the Money Service Operators Licensing System were fully launched in 2011 and 2012 respectively to facilitate traders' compliance with the legal requirements.

The first mobile application of the Department, namely, "Hong Kong Car Tax", was successfully launched on 30 May 2014. The mobile application is one of the enhanced features of the Motor Vehicles First Registration Tax (FRT) System. Among other things, it provides both traders and purchasers with basic information of published retail price (PRP), calculation of FRT and online function for checking the approved PRPs.

The Finance Committee of the Legislative Council approved the funding application of HK\$33 million in July 2014 to implement a Dutiable Commodities System (DCS) by replacing the obsolete computer system and to provide better functions in relation to dutiable commodities administration. The DCS internal system (the first phase), which includes the permit and duty/ compounding fines collection modules, was successfully launched on 26 November 2016, whereas the e-licensing website (the

second phase) would be rolled out in January 2017 to facilitate traders in submitting licence applications in electronic mode.

Development of a New Electronic System for Intelligence and Risk Management

In May 2016, the Finance Committee of the Legislative Council approved funding application of HK\$38 million to implement a Customs and Excise Information and Risk Management System (CEIRMS), featuring a centralised repository of investigation findings, intelligence, risk management products and trader records with analytical tools. The CEIRMS will replace the obsolete Customs and Excise Intelligence System and Single Trader Database. It will facilitate the Department's core business of crime investigation and enhance the risk management capability in cargo clearance. The system is scheduled for implementation in March 2018.

Computer Facilities for New Control Points and Customs Facilities

Computer facilities and IT equipment will be provided to support future Customs operations at Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macao Bridge, Liantang/Heung Yuen Wai Boundary Control Point, Midfield Concourse, Ocean Terminal, Tuen Mun Customs Marine Base and Intermodal Transfer Terminal scheduled for commissioning from 2017 to 2022.

Computer Forensic Laboratory (CFL)

Rapid IT development enhances operational efficiency but also provides an opportunity for those who exploit technology for the perpetration of crimes. Thus, preservation and collection of digital evidence become indispensable parts of investigation on computer-related offences. In 2000, CFL and the Computer Analysis and Response Team were set up to assist frontline investigators in analysis of digital evidence and subsequent prosecution in court.

CFL was the first government computer forensic laboratory accredited with international management standards. Since 2006, CFL has been accredited with ISO 9001 on Quality Management and ISO 27001 on Information Security and successfully established a set of standards on integrity and professionalism so that the recognition for the expert advice given by its forensic staff and credibility of the Department's computer forensic service in court were considerably enhanced.



CFL staff conducting data recovery on a physical hard disk

Since its establishment, CFL has processed 1 040 cases involving 1 045 servers / computers, 3 565 hard disk drives, 827 optical disc replicating machines, 1 051 mobile phones and various kinds of digital data storage media such as memory cards, USB flash drives and SIM cards (the total data size is approximately 988 TB) that involved intellectual property rights infringement, internet piracy, money laundering, drug trafficking, smuggling, false trade descriptions and revenue frauds.

12. Planning and Development

New Control Points and Infrastructural Projects under Planning

A number of infrastructural projects are in the pipeline to support Hong Kong's continued economic development and cope with the flow of cross-boundary traffic:

- Guangzhou-Shenzhen-Hong Kong Express Rail Link
- Hong Kong-Zhuhai-Macao Bridge
- Liantang/Heung Yuen Wai Boundary Control Point
- Three-Runway System
- Ocean Terminal

Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL)

Construction of XRL, which commenced in January 2010 and due for completion in the third quarter of 2018, will provide intercity connection from West Kowloon in Hong Kong to Futian and Shenzhen North in Shenzhen, Humen in Dongguan and Guangzhou South in Guangzhou as well as high speed long-haul train services destined for major cities in the Mainland.

Proposed alignment for the Hong Kong section of XRL runs along a 26-km underground tunnel from West Kowloon Terminus to join the Mainland section at Huanggang. The total journey will take 48 minutes to arrive at Guangzhou South and 14 minutes to reach Futian.

Hong Kong-Zhuhai-Macao Bridge (HZMB)

Construction of HZMB commenced in December 2009 while that of the Hong Kong Boundary Crossing Facilities and Hong Kong Link Road in December 2011 and May 2012 respectively. The targeted completion date will be at the end of 2017.

HZMB is of strategic importance to regional economic integration by bringing Hong Kong, Macao and the Western Pearl River Delta within a reachable 3-hour commuting radius. It comprises a 29.6 km bridge-cum-tunnel structure in the form of dual-3-lane carriageway starting from the artificial islands off Gongbei and Macao to the artificial island west of Hong Kong. Boundary crossing facilities will be set up by each government within its own respective territory.

Liantang/Heung Yuen Wai Boundary Control Point

The new boundary control point expected to become operational by end of 2018 will help to redistribute cross-boundary traffic amongst other existing crossings and alleviate congestion. It adopts “separate-location model” and “2-storey concept” design with a footprint of about 23 hectares on the Hong Kong side. Facilities for goods vehicles and a public transport interchange are located on the ground level, while the upper level will cater for passengers as well as private cars and coaches. The distance between immigration kiosks and customs checkpoints of the two sides will be minimized through an integrated passenger hall across the Shenzhen River.

Three-Runway System (3RS)

To meet future air traffic growth and maintain Hong Kong's competitiveness as an international aviation hub, the Airport Authority will expand Hong Kong International Airport (HKIA) into a 3RS. Construction of 3RS commenced in August 2016. The target completion date will be at the end of 2024.

Development of the 3RS mainly includes building of a new runway, taxiways and apron with 57 new parking positions, building of a Third Runway Concourse, expansion of the existing Terminal 2 to provide arrivals and departures, building of a new high-speed Baggage Handling System and a new Automated People Mover system connecting Terminal 2 with the new passenger building. Upon the completion of the 3RS, HKIA will be able to serve 30 million additional passengers annually.

Ocean Terminal

The Government re-granted the lease of Ocean Terminal to Wharf Holdings Limited for another term of 21 years on 12 June 2012, under which permanent Customs clearance facilities will be set up for cruise passengers by July 2017.

13. Administration

Human Resource Management

The Department's human resources management aims at strengthening the capabilities of staff in achieving the Department's mission and in delivering business results in an efficient and effective manner. The Department maintains a good and stable governance through the implementation of various established best practices in recruitment, performance management, promotion, reward, discipline and posting. Inspectorate, Customs Officer and Trade Controls Officer Grade officers will be exposed to core Customs functions at the early stage of their career with a view to enabling the development of professionalism. Through structured training, job rotation and career development opportunities, the Department has been able to develop a knowledgeable and responsive workforce to meet the organizational objectives and cope with the ever-changing operating environment.

Promotion of Staff Integrity and "Healthy Lifestyle"

The Department is committed to maintaining a responsible and reliable workforce. To cultivate a strong culture of professional ethic and probity among staff, the Department launched a series of educational and publicity campaigns on staff integrity and healthy lifestyle in the past year.



Professor Stanley HUI Sai-chuen was invited as guest speaker for Departmental Seminar.

On the publicity front, the departmental newsletter on promoting healthy lifestyle and staff integrity, “*The Pine*”, continued to instill the concept of healthy lifestyle into staff by widely covering stories of the following areas:

- Experience sharing of celebrities on positive and balanced work-life attitude
- Participation in volunteer work and community services
- Balanced diet
- Care and love to family members, colleagues and community

“*The Pine*” also had a caricature section to promote staff’s application of integrity and professional ethics principles as promulgated in the Code on Conduct and Discipline under different real-life circumstances.

On the education front, the Department worked hand-in-hand with professional institutions with a view to arousing staff’s concern on mental health. Three series of Mental Health related courses and one workshop on Handling of Problem Gambling were organized in 2016.

Welfare, Sports and Recreation

In 2016, the Departmental Sports and Recreation Club organized over 250 sports and recreational events including charitable activities, training classes, performances and inter-command competitions for staff and their families.



Sports Day 2016

To give a closer attention to staff welfare needs and to promote a caring culture among our colleagues, the Department fine-tuned the health and welfare management system. In 2016, there were 84 officers appointed as Health and Welfare Managers in various offices. These officers were provided with job related training and access to welfare-related information system to perform their job effectively. In addition to conducting periodic welfare visits, they acted as contact points for officers seeking assistance in matters related to welfare, health and work.

Apart from in-house assistance, the Department also commissioned the Christian Family Service Centre to provide counselling services for individual officers and their family members, including a 24-hour telephone hotline for instant counselling and face-to-face counselling by professional social workers. The agency and other non-governmental social welfare organizations also provided training sessions to Health and Welfare Managers as well as colleagues in different Formations in mental health first aid, handling of pathological gamblers, counselling skills and knowledge, etc.

14. Training and Development

To sustain the professionalism and expertise of its staff and to develop them throughout their careers, the Department took significant efforts on staff training and development. It basically pursues a competency-based strategy which is supplemented by personal development programmes for individual staff.

Office of Training and Development

The Office of Training and Development (OTD) of the Administration and Human Resource Development Branch is responsible for organizing or coordinating training and development programmes for members of the Customs and Excise Service as well as the Trade Controls Officer Grade officers. It also implements training policies determined by the Department's Training Steering Committee, which is chaired by the Deputy Commissioner. While OTD is responsible for cross-formation training and development, individual major formations are responsible for organizing formation-specific training.



The Customs and Excise Training School

Training and Development Activities

The Department formulates its human resources development strategies on the basis of the competency requirements of its staff who are tasked to fulfill specific departmental functions. OTD organized a wide range of training programmes throughout the year to enhance the core competencies and functional competencies of officers (Appendix 13). Training and development activities were principally designed in accordance with the training roadmap for officers at individual grades and ranks.

For benchmarking international best practices and providing officers with exposure opportunities, the Department sent 151 officers to attend different training and attachment programmes hosted by academic institutions, customs organizations and law enforcement administrations in the Mainland and overseas in 2016.



Customs Command Course

Foundation Learning and Development

A good foundation can help an organization grow stronger and healthier. To equip new recruits with better and practical job knowledge and skills, Customs and Excise Training School (CETS) has always taken proactive actions to provide high quality foundation training – induction and continuation – by upgrading its instructors' quality, instructional facilities and materials, and course syllabuses.

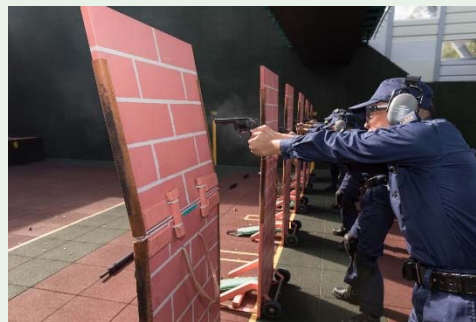


Foot Drill

Besides discipline, virtues, integrity and healthy lifestyles, a diverse mix of knowledge (e.g. Laws of Hong Kong, import and export trade practices, leadership, foot drill, use of force, practical training and Putonghua) are incorporated into the induction training for both Inspector and Customs Officer recruits. To familiarize them with the workplace environment, more simulated and interactive exercises were introduced. Moreover, relevant personalities will be invited to share vision and experience with the trainees.



Physical Fitness Training



Firearms Training

Personal Development of Staff

The Department advocates a schematic approach whereby senior and middle managers are nurtured through a designated roadmap. In 2016, four senior officers attended advanced leadership / management development programmes at renowned overseas institutes and 35 officers attended executive training or study visits in the Mainland.

Continuous Learning and Development

The Department embarks on a multi-pronged approach in promoting continuous learning and development in order to meet the ever-changing enforcement environment and rising public expectations. In addition to conventional classroom-type training, the departmental Corporate Portal paves way for individual officers to achieve self-learning through studying the e-Learning programmes at his/her own paces.

The Department also collaborates with the Civil Service Training and Development Institute to deliver e-Learning through the Cyber Learning Centre Plus, with 23 programmes encompassing topics related to operational skills, communication, legal knowledge as well as integrity.

As a driving force for continuous development, the Department also holds annual Promotion Qualifying Examinations for Inspectors and Customs Officers to sustain professionalism.



Training on e-Learning

Mutual Training Assistance

Interaction among counterparts in the global customs community is a key to successful enforcement outcomes. In 2016, the Department sent 132 officers to receive training from or undergo attachment to other customs organizations and law enforcement administrations and provided training to 15 visiting officials.

Occupational Safety and Health

Our Department is committed to providing a safe and healthy working environment for our staff and adopting a holistic framework on safety management system. In 2016, a number of tailor-made courses such as “Basic Risk Assessment”, “Competence in Manual Handling”, “Safety Inspection” as well as “Accident Investigation and Prevention” were provided to our officers so as to equip them with the knowledge to identify and reduce potential risks at work and to run the safety management system of the Department.

Specialized Training

Customs officers encounter different levels of resistance or violence in their daily execution of duty. To safeguard officers’ safety, a number of specialized trainings were provided to frontline officers to enhance their capability in responding to various threats and the proper use of force in ever-changing enforcement situations. Other specialized trainings on investigations were also organized to strengthen officers’ ability in analyzing intelligence and in planning in-depth investigations against organized crimes. Overseas trainings on tactical safety and crime scene investigations were offered to officers to heighten their awareness of safety in raiding operations and the proper handling of evidence collected at crime scene.



Raiding, Apprehension and Escort Course



Case Management Course for Inspectorate Officers

The Department deploys specialized equipment such as X-ray screeners and trace contraband detectors to help frontline officers to detect contrabands. A number of train-the-trainer courses were organized to develop professional trainers to train up the frontline operators to use the specialized equipment professionally.



Train-the-trainer Course on X-ray Screener



Train-the-trainer Course on Mobile X-ray Vehicle Scanning System

Prosecution-related training

Fundamental legal knowledge such as court procedures for criminal proceedings, preparation of case bundles, handling of exhibits and evidence, etc. are essential for Customs officers in preparing a criminal case for prosecution. A number of prosecution-related training activities were thus organized for frontline officers in 2016, including advanced legal training on criminal evidence and trial preparation, workshops on handling cases in court and disciplinary proceedings, tailor-made outreach programmes for different formations, lectures on prosecution and forfeiture procedures, and mock trials, etc. with a view to keeping our officers abreast of the latest legal knowledge and courts' requirements.

15. Financial Administration

Revenue

The Department collected HK\$11,316 million of revenue in 2016-17, representing a decrease of 3.5 per cent over that for 2015-16. The decrease was mainly attributable to the decrease in revenue collection from cigarettes which was partly offset by the increase in revenue collection from hydrocarbon oils, alcoholic beverages and trade declaration charges.

A summary of the revenue collected in 2015-16 and 2016-17 is at Appendix 8.

Expenditure

The total expenditure of the Department in 2016-17 amounted to HK\$3,498 million, of which 75.4 per cent was on Personal Emoluments, 22.5 per cent on Departmental Expenses and 2.1 per cent on Capital Account Expenditure. The increase in expenditure of 6.2 per cent over that for 2015-16 was mainly due to the impact of the 2016 civil service pay rise and the increase in operating expenses and cash flow requirements for capital account items.

A summary of the total expenditure in 2015-16 and 2016-17 is at Appendix 9.

The Department's actual expenditure by programme area is distributed as follows:

	2015-16	2016-17
	HK\$M	HK\$M
(a) Control and Enforcement	2,417	2,563
(b) Anti-narcotics Investigation	201	209
(c) Intellectual Property Rights and Consumer Protection	302	331
(d) Revenue Protection and Collection	186	194
(e) Trade Controls	186	201

Seizure Management

The provision of service for the storage and disposal of seized goods is one of the major tasks of the Department. In 2016-17, the total average storage space available for accommodating seized goods and vehicles in government storehouses was 65 334 sq. metres while that for private godowns was 2 048 cu. metres.

After forfeiture, the seized goods are disposed of by auction or destruction. The Department disposed of about 51 000 items of confiscated goods in 2016-17, which included cigarettes, optical discs, drugs, fuel oil, computer equipment, vessels and vehicles. The proceeds from the sale of the forfeited goods during the period amounted to about HK\$12.5 million.

16. Criminal Prosecution

While a large proportion of Customs resources are engaged in operations and investigations into illegal activities on various fronts, the Department takes criminal prosecution equally seriously, as it aims to bring offenders to account. Essentially, successful prosecution can be seen as the finishing touch, which makes all painstaking efforts of frontline officers worthwhile.

In 2016, the number of prosecution cases amounted to 6 485, of which 3 955 (61 per cent) were related to the Import and Export Ordinance, 1 617 (25 per cent) related to the Dutiable Commodities Ordinance, 510 (7.9 per cent) related to the Trade Descriptions Ordinance, 259 (4 per cent) related to the Dangerous Drugs Ordinance and 104 (1.6 per cent) related to the Copyright Ordinance. A total of 6 624 persons and 315 companies were prosecuted, which resulted in total fines of HK\$27.9 million and the imposition of immediate imprisonment in 1 252 cases.

Major Legislation Amendments

Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2016

The Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2016 came into operation on 1 October 2016. The Notice amended the Schedules 1 and 2 to the Ordinance to apply the updates to four safety standards for toys and some safety standards for four classes of Schedule 2 products, namely "babies dummies", "carry cots and similar handled products and stands", "children's high chairs and multi-purpose high chairs for domestic use" and "children's paints" under the Ordinance.

Prosecution Summary

The past year was an eventful one with the successful prosecution and conviction of 6 174 persons and 307 companies. Details of the prosecution related figures are set out in Appendices 14-16.

Liaison with the Department of Justice

To further enhance communication and foster closer co-operation with the Department of Justice (DoJ), representatives of the DoJ paid liaison visits to various offices of the Department at Customs Headquarters Building for their better understanding of Customs' duties and latest enforcement strategies.

Chronicle

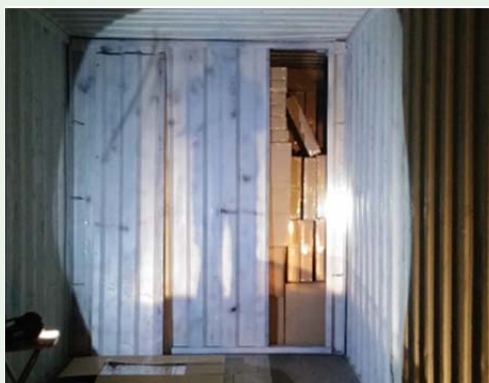
January 2016

- Passing-out Parade for officers of No. 107 to 108 Inspector Induction Courses and No. 366 to 371 Customs Officer Induction Courses, with Mr Yu Koon-hing, Richard, CDSM, CMSM, Deputy Commissioner of Customs & Excise, as the Inspecting Officer.



Passing-out Parade on 15 January 2016

- Seized 1.3 million sticks of illicit cigarettes with a retail value of HK\$3.6 million from a cross-boundary container truck at Tsing Yi. The cigarettes were concealed in the false compartment of a container.



Illicit cigarettes were found concealed in the false compartment of the container

- Seized 48 kg of cocaine from a container said to contain cocoa beans arriving from Panama with a retail value of HK\$51.6 million and further seized a batch of drug manufacturing paraphernalia with the arrest of four persons in a controlled delivery operation.



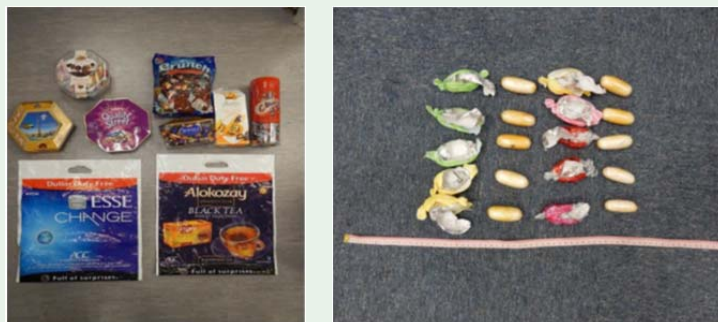
48 kg of cocaine seized

- Seized 2.4 kg of cocaine with a retail value of HK\$2.6 million from a passenger arriving from Brazil via Ethiopia at the Airport. The cocaine was smuggled by way of concealment inside the false compartments of a handbag and two bottles of whisky placed inside a suitcase.



Pellets of cocaine concealed inside a handbag and two bottles of whisky

- Seized 1.4 kg of cocaine with a retail value of HK\$1.5 million from a passenger arriving from South Africa via the United Arab Emirates at the Airport. The cocaine camouflaged as chocolate was smuggled by way of concealment inside chocolate tin boxes.



Pellets of cocaine camouflaged as chocolate

- Seized 1.6 kg of cocaine with a retail value of HK\$1.7 million from a passenger arriving from Brazil via Ethiopia at the Airport. The cocaine was smuggled by way of internal concealment.
- Seized 18 kg of ketamine in three cases with a retail value of HK\$2.3 million camouflaged as food products in three postal parcels destined for the US at the Airport.



Ketamine camouflaged as food products

- Seized a total of 3.5 kg of methamphetamine with a retail value of HK\$1.1 million camouflaged as toothpastes in two transshipment postal articles from China to Australia at the Airport.



Methamphetamine camouflaged as toothpastes

- Seized 152 460 integrated circuits worth HK\$9.9 million from an outgoing cross-boundary lorry at Lok Ma Chau Control Point.



Integrated circuits seized at Lok Ma Chau Control Point

- Seized 4.3 kg of methamphetamine with a retail value of HK\$1.4 million concealed inside 24 chargers in a Philippines-bound parcel in Tsuen Wan.



4.3 kg of methamphetamine (part of the seizure) found in a charger

- Mounted a joint operation with Canada Border Services Agency resulting in the seizure of 26.3 kg of cannabis buds with a retail value of HK\$3.7 million from three parcels arriving from Canada at the Airport.



26.3 kg of cannabis buds (part of the seizure) found in three parcels

- Mounted a joint operation with Anti-Smuggling Bureau of Shenzhen Customs resulting in the seizure of 5 kg of methamphetamine with an arrestee in Huanggang.
- Mounted a joint operation with Anti-Smuggling Bureau of Shenzhen Customs resulting in the seizure of 1 kg of ketamine with an arrestee in Hong Kong and a further seizure of 2 kg of methamphetamine in Shenzhen.
- Conducted an operation codenamed "Torpedo" and successfully neutralized an organized syndicate active at Tung Choi Street in Mong Kok. Six fixed hawker pitches, six storage areas and a showroom offering for sale counterfeit goods were raided and three residential flats were searched. Seized about 10 000 items of counterfeit products including watches, handbags, leather goods and sunglasses, with a retail value of HK\$5 million. Nine persons were arrested and cash equivalent to about \$200 000 in different currencies were involved and seized.



Counterfeit goods seized during the operation

February 2016

- Seized 508 mobile phones and 1 700 random access memory with a retail value of HK\$2.4 million from an outbound lorry at the Lok Ma Chau Control Point.



Mobile phones and random access memory concealed inside the false compartment of the lorry

- Mounted a joint operation with the U.S. Drug Enforcement Administration resulting in the seizure of 3.7 kg of cocaine with a retail value of HK\$3.9 million from three chocolate boxes carried by a passenger arriving from Sweden via the United Arab Emirates at the Airport.



Pellets of cocaine camouflaged as chocolate

- Seized 4.5 kg of cocaine with a retail value of HK\$4.8 million from a passenger arriving from the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside the chocolate tin boxes in a Dubai duty-free shopping bag.



Pellets of cocaine camouflaged as chocolate

- Seized 1 kg of liquid cocaine with a retail value of HK\$1.1 million from a passenger arriving from Peru via Brazil and Qatar at the Airport. The cocaine was smuggled by way of internal concealment.



Packs of liquid cocaine swallowed by the passenger

- Mounted a joint operation with the Macao Judiciary Police resulting in the seizure of 5.3 kg of cocaine with a retail value of HK\$5.7 million from the personal belongings of a passenger arriving from the Philippines at the Airport.



Cocaine concealed inside the false compartments of four bags and two pairs of sandals placed inside a suitcase

- Seized 3.2 kg of liquid cocaine with a retail value of HK\$3.4 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside three bottles of liquor placed inside a suitcase.



Cocaine concealed inside three bottles of liquor

- Seized 1.5 kg of cocaine with a retail value of HK\$1.6 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside canned food placed inside a suitcase.



Cocaine concealed inside five cans of food

- Seized 1 kg of liquid cocaine with a retail value of HK\$1 million from a passenger arriving from Peru via the Netherlands at the Airport. The cocaine was smuggled by way of internal concealment.



Packs of cocaine swallowed by the passenger

- Seized 1.8 kg of cocaine with a retail value of HK\$1.9 million from a passenger arriving from South Africa at the Airport. The cocaine was smuggled by way of concealment inside the false compartment of a briefcase.



Cocaine concealed inside the false compartment of the briefcase

- Seized 1.1 kg of liquid cocaine with a retail value of HK\$1.2 million from a passenger arriving from Peru via the Netherlands at the Airport. The cocaine was smuggled by way of internal concealment.



Packs of cocaine swallowed by the passenger

- Seized 1 kg of cocaine with a retail value of HK\$1.1 million from a passenger arriving from South Africa at the Airport. The cocaine was smuggled by way of body packing and internal concealment.



Pellets of cocaine swallowed by the passenger



Pellet of cocaine concealed in underpants worn by the passenger

- Seized 1.8 kg of cocaine with a retail value of HK\$1.9 million from a passenger arriving from South Africa via the United Arab Emirates at the Airport. The cocaine was smuggled by way of body packing.



Cocaine concealed inside the girdle worn by the passenger

- Seized 2.7 kg of cocaine with a retail value of HK\$2.9 million from a passenger arriving from South Africa via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside two biscuit tin boxes and four tea tin boxes.



Pellets of cocaine camouflaged as tea and biscuits

- Seized 2.5 kg of cocaine with a retail value of HK\$2.7 million from a passenger arriving from Belgium via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside four packs of biscuits and chocolate.



Pellets of cocaine camouflaged as biscuits and chocolate

- Seized 1.2 kg of cocaine with a retail value of HK\$1.3 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 1.3 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from South Africa via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside a sock found in a plastic candy container and internal concealment inside the passenger's vagina and anal part.



Pellets of cocaine camouflaged as candy



Pellets of cocaine internally concealed by the passenger

- Mounted a joint operation with U.S. Immigration and Customs Enforcement resulting in the seizure of 1.2 kg of gamma-butyrolactone with two arrestees in the U.S.A.
- Mounted a joint operation with Macao Judiciary Police resulting in the seizure of 301 gm of cannabis with five arrestees in Macao.

March 2016

- The Commissioner of Customs and Excise signed a Mutual Recognition Arrangement for the Authorized Economic Operator Programmes with the Royal Malaysian Customs Department in Kuala Lumpur, Malaysia.



Commissioner of Customs and Excise, Mr. Roy Tang (2nd left), signed an MRA for the AEO Programme with the Royal Malaysian Customs Department in Kuala Lumpur, Malaysia on 17 March 2016.

- Hong Kong Customs participated in the 17th World Customs Organization (WCO) Asia Pacific Regional Heads of Customs Administration Conference and Private Sector Engagement Forum in Kuala Lumpur, Malaysia.



Participants of the 17th WCO Asia Pacific Regional Heads of Customs Administration Conference in Kuala Lumpur, Malaysia.

- Co-hosted the 5-day “Workshop on Cyber Crime Investigation” with the Cyber Crime Centre (C3), Homeland Security Investigations (HSI), U.S. Immigration and Customs Enforcement (ICE). C3 was a state-of-the-art centre renowned in cyber crime investigations which offers supports and training to law enforcement agencies in the United States and worldwide. The co-hosted “Workshop on Cyber Crime Investigation” was a sound testimony to the international standard of the Department in terms of technical competence and management qualification.



Group photo with the delegation of HSI/ICE

- Seized a large batch of edible bird’s nests, pangolin scale, animal fur and raw jade stones valued at HK\$ 6.8 million in a joint operation with the Marine Police against sea smuggling in Ap Lei Chau.



Edible bird's nests and animal fur seized in the operation

- Seized 25 000 kg of dried sea shells and 7 000 kg of giant clams (endangered species) declared as “metal scrap” with a retail value of HK\$1.4 million from a container arriving from Vietnam.



Dried sea shells and giant clams seized

- Seized 1.2 kg of cocaine with a retail value of HK\$1.3 million from a passenger arriving from Nigeria via Kenya at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 1 kg of liquid cocaine with a retail value of HK\$1 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.

- Seized 3.6 kg of cocaine with a retail value of HK\$3.8 million from a passenger arriving from the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside five chocolate boxes and two candy plastic containers.



Pellets of cocaine camouflaged as chocolate and candy

- Seized 1.8 kg of cocaine with a retail value of HK\$1.9 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of body pack and internal concealment.



Pellets of cocaine concealed in underpants worn by the passenger and internally concealed by the passenger inside her vagina

- Seized 2.1 kg of cocaine with a retail value of HK\$2.3 million from a passenger arriving from South Africa via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside six candy plastic boxes.



Pellets of cocaine camouflaged as candy

- Seized 963 mobile phones and 238 mobile phone LCD panels with a retail value of HK\$3.9 million from an outgoing coach at Shenzhen Bay Control Point. The seizures were concealed underneath the tool box compartment next to the driver panel.



Mobile phones and LCD panels seized from the coach

- Seized 25.5 kg of ketamine with a retail value of HK\$3.5 million and arrested three persons in Tiu Keng Leng.



25.5 kg of ketamine seized in Tiu Keng Leng.

- Mounted a joint operation with New Zealand Customs Service resulting in the seizure of 42 kg of methamphetamine with three arrestees in New Zealand.
- Mounted a joint operation with U.S. Immigration and Customs Enforcement resulting in the seizure of 5.5 kg of gamma-butyrolactone with an arrestee in the U.S.A.

- Mounted a joint operation with Japan Customs resulting in the seizure of 1 kg of methamphetamine with two arrestees in Japan.
- Operation with stepped-up enforcement actions against infringing activities at the land boundary control points, air express cargo centre, shops and the Internet platforms during Easter time resulted in a total seizure of about 126 000 pieces of counterfeit goods with retail value at HK\$8.6 million. Nine persons were arrested.



Infringing goods of various kinds were seized

April 2016

- Following the establishment of a Single Window Project Management Office within the Commerce and Economic Development Bureau in April 2016, a three-month public consultation exercise was conducted to collect views from stakeholders and the general public on the development of a Trade Single Window (SW) in Hong Kong.



Public consultation on SW held at the Auditorium, Customs Headquarters Building

- Seized 1.2 million sticks of illicit cigarettes with a retail value of HK\$3.3 million from a cross-boundary lorry. The cigarettes were concealed in tiles.



Illicit cigarettes were concealed in tiles while being smuggled into Hong Kong.

- Seized a total of 11 992 kg of frozen beef with a retail value of HK\$6 million from two inbound 40-foot refrigerated containers originating from Moji, Japan.



Frozen beef seized from one of the refrigerated containers

- Seized 1 688 kg of live lobsters with a retail value of HK\$ 2 million in a joint operation with the Marine Police against sea smuggling in Mai Po.



Live lobsters seized in the operation

- Seized 1.2 kg of cocaine with a retail value of HK\$1.2 million from a passenger arriving from Germany via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside chocolate tin boxes.



Pellets of cocaine camouflaged as chocolate

- Seized 7.7 kg of cocaine with a retail value of HK\$8.2 million from a passenger arriving from Spain via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside four chocolate tin boxes and six candy boxes.



Pellets of cocaine camouflaged as chocolate and candy

- Seized 3.7 kg of liquid cocaine with a retail value of HK\$3.9 million from a passenger arriving from Brazil via United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Packs of cocaine swallowed by the passenger

- Seized 1.4 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from Kenya via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside two packets found in a whisky cylinder.



Pellets of cocaine concealed inside the whisky cylinder

- Seized 1.1 kg of cocaine with a retail value of HK\$1.1 million from a passenger arriving from Tanzania via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 13.2 kg of cannabis buds with a retail value of HK\$1.8 million found from two parcels arriving from Canada at the Airport and further arrested four persons in Ngau Chi Wan.



Cannabis buds found inside wooden boxes as parcels from Canada

- Seized 4.1 kg of methamphetamine with a retail value of HK\$1.2 million from the suitcase of an outgoing passenger at the Airport.



4.1 kg of methamphetamine found from the check-in suitcase

- Mounted a joint operation with U.S. Immigration and Customs Enforcement resulting in the seizure of 4 kg of gamma-butyrolactone in the U.S.A.
- Mounted a joint operation with U.S. Drug Enforcement Administration and Egyptian authorities resulting in the seizure of 9 million tablets of Tramadol (a Part I Poison) in Egypt.

May 2016

- The Commissioner of Customs and Excise signed a Co-operation Arrangement on Origin of Transshipment Cargo in Hong Kong under Free Trade Agreements with the General Administration of Customs of the People Republic of China.



Commissioner of Customs and Excise, Mr Roy Tang (left), and the Minister of the General Administration of Customs of the PRC, Mr Yu Guangzhou (right), signed a Co-operation Arrangement on Origin of Transshipment Cargo in Hong Kong under Free Trade Agreements on 24 May 2016

- The Commissioner of Customs and Excise led a delegation to attend the 2016 Review Meeting with the General Administration of Customs of the People's Republic of China (GACC) in Hong Kong.



The 2016 Review Meeting with the GACC in Hong Kong

- Two new Customs Shallow Water Craft came into operation. These new Shallow Water Craft can reach maximum navigating speed of 50 knots and enhance the overall capability of the Customs fleet on pursuing high speed vessels, patrolling at shallow water areas and supporting the work of diving team. Their Commissioning Ceremony officiated by the Commissioner was held on 19 May 2016.



New Customs Shallow Water Craft (CE 12 & CE 13)

- Seized 8.8 million illicit cigarettes declared as “towels” with a retail value of HK\$24 million from a transshipment container destined for Greece from Sri Lanka via Hong Kong.



Illicit cigarettes of seized

- Seized 6.3 kg of cocaine with a retail value of HK\$6.8 million from a passenger arriving from India via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside the chocolate tin boxes in a Dubai duty-free shopping bag.



Pellets of cocaine camouflaged as chocolate packets

- Seized 3.2 kg of cocaine with a retail value of HK\$3.4 million from a passenger arriving from Italy via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside the false compartments of a suitcase.



Cocaine concealed inside the false compartments of a suitcase

- Seized 1.8 kg of cocaine with a retail value of HK\$1.9 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside the daily necessities placed inside the suitcase.



Cocaine concealed inside hair brushes and personal hygiene products

- Seized 1.2 kg of cocaine with a retail value of HK\$1.3 million from a passenger arriving from Kenya via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Mounted a joint operation with U.S. Drug Enforcement Administration resulting in the seizure of 3.5 kg of cocaine with a retail value of HK\$3.8 million concealed inside a plastic ice bucket carried by a passenger arriving from Denmark via the United Arab Emirates at the Airport.



Cocaine concealed inside the ice bucket

- Seized 1.4 kg of liquid cocaine with a retail value of HK\$1.5 million from a passenger arriving from Peru via Brazil and the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside the false compartment of a suitcase.



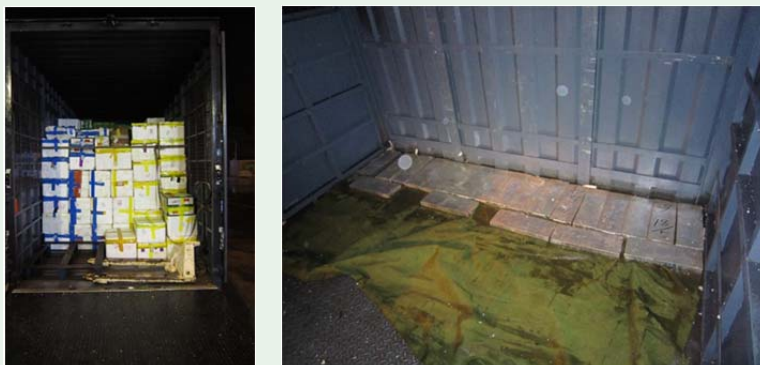
Pellets of cocaine concealed inside the false compartment of a suitcase

- Seized 10 kg of ketamine in two cases with a retail value of HK\$1.3 million camouflaged as food products in two postal parcels destined for the US at the Airport.



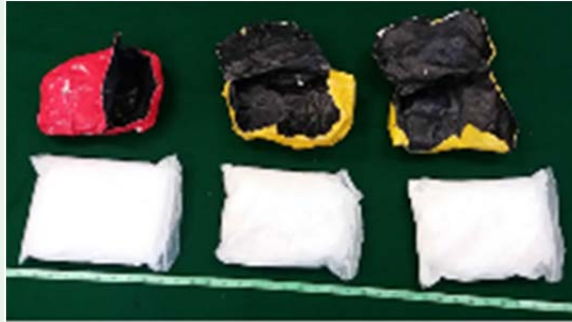
Ketamine camouflaged as food products

- Seized a total of 995 kg of silver slabs with retail value of HK\$4 million from three cross-boundary lorries at Man Kam To Control Point. The silver slabs were found concealed underneath the vegetable foam boxes.



Silver slabs concealed underneath the vegetable foam boxes

- Mounted a joint operation with Anti-Smuggling Bureau of Shenzhen Customs resulting in the seizure of 6.3 kg of methamphetamine with a retail value of HK\$2 million and the arrest of a person in Hung Hom.



6.3 kg of methamphetamine seized in Hung Hom

- Mounted a joint operation with U.S. Immigration and Customs Enforcement resulting in the seizure of 2.8 kg of gamma-butyrolactone with an arrestee in the U.S.A.

June 2016

- Passing-out Parade for officers of No. 372 to 379 Customs Officer Induction Courses, with Mr Roy Tang, JP, Commissioner of Customs and Excise, as the Inspecting Officer.



Passing-out Parade on 3 June 2016

- Hong Kong Customs, in collaboration with the World Customs Organization (WCO), the Korea Customs Service and the WCO Regional Intelligence Liaison Office for Asia and the Pacific, organized a 3-day Post-operational Workshop under Project Customs Anti-drug Strategy in Hong Kong.



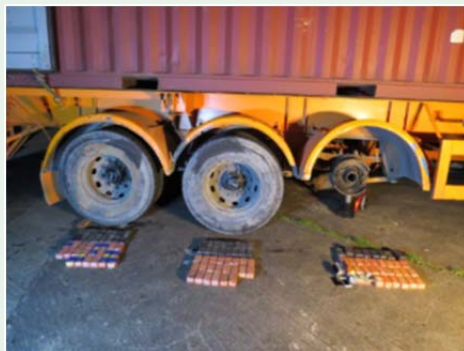
Officiating officials and participants at the opening ceremony of the Post-operational Workshop under Project Customs Anti-drug Strategy in Hong Kong

- Organised a seminar “IPR Protection on the Internet – Sharing Best Practices” with the European Chamber of Commerce (Eurocham) at the Customs Headquarters Building. Over 70 participants from more than 40 groups, including brand owners, legal professionals, organisations in the intellectual property rights (IPR) industry and Eurocham members took part in the seminar.



The “IPR Protection on the Internet – Sharing Best Practices” Seminar held in the Customs Headquarters Building

- Seized a total of 600 kg of silver brick, 95 kg of silver bead, 4 710 central processing units, 243 mobile phones, 64 tablets with a retail value of HK\$6.7 million from an outbound container truck at the Man Kam To Control Point, a loading yard in Yuen Long and a repacking centre in Kwun Tong. Five syndicate members were arrested for conspiracy to export unmanifested cargoes.



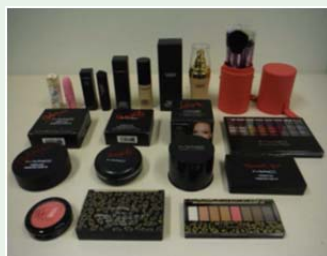
Central processing units and silver bricks seized from the loading yard in Yuen Long

- Seized 6 400 kg of red sandalwood, which was concealed in a distillation kettle, with a retail value of HK\$4 million from a transshipment container destined for the Mainland from Malaysia via Hong Kong.



Seized red sandalwood concealed in a distillation kettle

- Seized 70 200 numbers of cosmetics, watches, caps, sunglasses and shirts, etc. bearing suspected forged trademarks with a retail value of HK\$14 million from a transshipment container destined for Honduras from the Mainland via Hong Kong.



Assorted counterfeit goods seized

- Seized a large batch of cameras, lens, animal fur and dried coral reef valued at HK\$ 2 million in a joint operation with the Marine Police against sea smuggling in Sai Kung.



High-valued goods seized

- Seized 1.3 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from Benin via Kenya and Thailand at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 1.1 kg of cocaine with a retail value of HK\$1.2 million from a passenger arriving from Madagascar via Kenya and Ethiopia at the Airport. The cocaine was smuggled by way of concealment inside the shoes worn by the passenger and a wallet.



Cocaine concealed inside shoes worn by the passenger and a wallet

- Seized 1.2 kg of liquid cocaine with a retail value of HK\$1.2 million from a passenger arriving from Brazil via Qatar at the Airport. The cocaine was smuggled by way of internal concealment.
- Seized 33.2 kg of methamphetamine with a retail value of HK\$ 10.5 million concealed inside 168 tin cans in an express courier transshipment consignment from Taiwan to Japan via Hong Kong at the Airport.



Methamphetamine camouflaged as canned fruit

- Seized 3.3 kg of methamphetamine and 6.3 kg of cannabis with a retail value of HK\$1.8 million wrapped by spices in a postal parcel originating from Nigeria at the Airport.



Methamphetamine and cannabis wrapped by spices

- Seized a total of 8.6 kg of methamphetamine with a retail value of HK\$2.9 million soaked in 498 nos of face masks in three transshipment postal articles from China to Australia at the Airport.



Methamphetamine camouflaged as facial mask

- Seized 22.5 kg of MDPV with a retail value of HK\$4.5 million from two Taiwan-bound consignments in an incoming lorry with the arrest of the driver at Shenzhen Bay Control Point.



MDPV found concealed in plastic bags inside two consignment bags

- Seized 3.4 kg of methamphetamine and 3.9 kg of herbal cannabis with a total retail value of HK\$1.5 million concealed in 11 packs of dried food from a parcel arriving from Nigeria at the Airport.



3.4 kg of methamphetamine and 3.9 kg of herbal cannabis concealed in dried food

- Mounted a joint operation with U.S. Drug Enforcement Administration, resulting in the seizure of 6 kg of cocaine with a retail value of HK\$6.4 million concealed in fax paper, document holders and false compartments of a suitcase and the arrest of three persons in Tuen Mun.



6 kg of cocaine (part of the seizure) concealed in fax paper

- Mounted a joint operation with Australian Federal Police, resulting in the seizure of 24.9 kg of liquid methamphetamine with a retail value of HK\$7.6 million soaked in facial masks at the Airport and the arrest of two persons in Australia in a transnational controlled delivery operation.



24.9 kg of methamphetamine (part of the seizure) soaked in facial masks

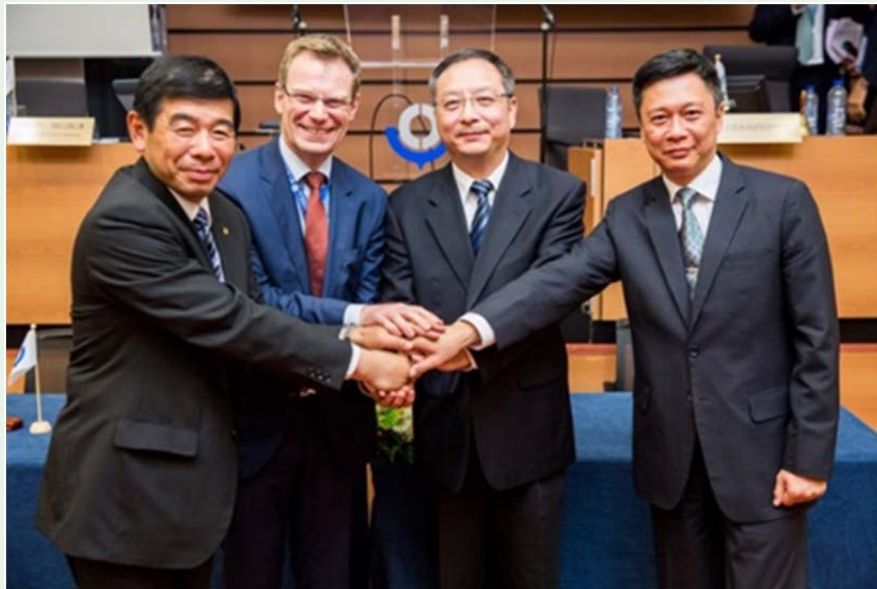
- Mounted a joint operation with U.S. Immigration and Customs Enforcement resulting in the seizure of 4.1 kg of gamma-butyrolactone in the U.S.A.
- Conducted an operation to raid an exhibition booth selling counterfeit jewellery at a fair held in the Hong Kong Convention and Exhibition Centre. Seized 5 counterfeit bracelets and 1 counterfeit key holder displayed as a sample at the booth. One person was arrested.



Counterfeit bracelets seized in the operation

July 2016

- The Assistant Commissioner (Excise and Strategic Support) signed the Joint Administrative Arrangement on the Smart and Secure Trade Lanes Pilot Project Phase 3 with the General Administration of Customs of the People's Republic of China, the Directorate General for Taxation and Customs Union of the European Commission and the Customs administrations of 15 European Union member states during the World Customs Organization (WCO) 127th / 128th Council Sessions in Brussels, Belgium.



On 15 July 2016 in Brussels, Belgium, the Assistant Commissioner of Customs and Excise, Mr Jimmy Tam (first right), the Vice Minister of the General Administration of Customs of the People's Republic of China, Mr Hu Wei (second right), the Director-General for Taxation and Customs Union of the European Commission, Mr Stephen Quest (second left), and the Secretary-General of the World Customs Organization, Mr Kunio Mikuriya (first left) join hands to take forward the Smart and Secure Trade Lanes Pilot Project to Phase 3.

- Seized a total of 5 864 central processing units with a retail value of HK\$10.4 million from an outbound lorry at the Lok Ma Chau Control Point, a loading area and two repacking centres in Tuen Mun. Four syndicate members were arrested for conspiracy to export unmanifested cargoes.



Central processing units seized from one of the repacking centres

- Seized 7 300 kg of pangolin scales declared as “recycled plastic particles” with a retail value of HK\$14 million from a container arriving from Nigeria.



Pangolin scales seized

- Seized 2.1 kg of cocaine with a retail value of HK\$2.2 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside the false compartments of a backpack and a suitcase.



Cocaine concealed inside the false compartments of a backpack and a suitcase

- Seized 1 kg of cocaine with a retail value of HK\$1 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 2.1 kg of cocaine with a retail value of HK\$2.2 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside the false compartment of a suitcase.



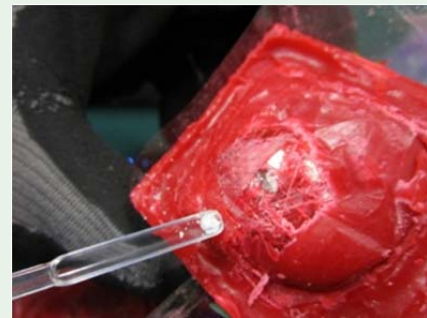
Cocaine concealed inside the false compartment of the suitcase

- Seized 11.7 kg of liquid cocaine with a retail value of HK\$ 12.2 million concealed inside kirin fruits as perishable cargoes from Colombia at the Airport.



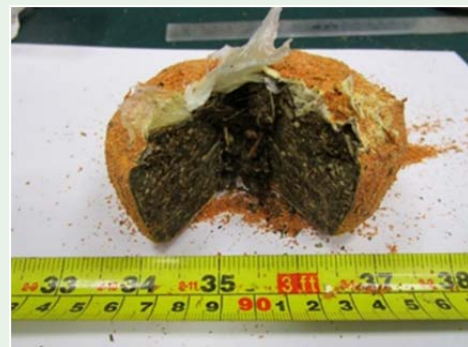
Liquid cocaine concealed inside kirin fruits as perishable cargoes

- Seized 1.3 kg of cocaine with a retail value of HK\$1.4 million concealed inside candles in a postal parcel originating from Brazil at the Airport.



Cocaine concealed inside candles

- Seized 9.7 kg of cannabis with a retail value of HK\$1.1 million wrapped by spices in a postal parcel originating from Nigeria at the Airport.



Cannabis wrapped by spices

- Seized 8 kg of methamphetamine with a retail value of HK\$2.5 million concealed in tea packets in an incoming lorry with the arrest of the driver at Sha Tau Kok Control Point.



Eight aluminum foil bags with marking of tea placed behind the passenger's seat

- Seized 15 kg of liquid cocaine with a retail value of HK\$15.7 million concealed inside dragon fruits arriving from Colombia via the U.K. and arrested a person at the Airport.



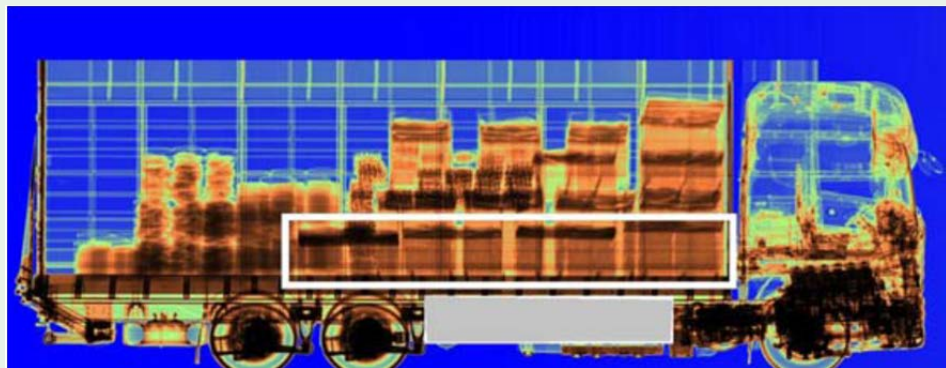
15 kg of cocaine (part of the seizure) concealed inside a dragon fruit.

- Seized 11.2 kg of herbal cannabis and 0.11 kg of khat with a total retail value of HK\$1.3 million camouflaged as dried food from a parcel arriving from Nigeria via the Netherlands at the Airport.



11.2 kg of herbal cannabis and 0.11 kg of khat (part of the seizure) camouflaged as dried food

- Seized a total of 1.35 million illicit cigarettes with a retail value of HK\$3.7 million from a cross-boundary lorry at Lok Ma Chau Control Point. The cigarettes were placed in the inner part of the cargo compartment.



Illicit cigarettes seized at Lok Ma Chau Control Point

August 2016

- The Commissioner of Customs and Excise signed a Mutual Recognition Arrangement for the Authorized Economic Operator Programmes with the Customs Administration of Japan in Hong Kong.



Commissioner of Customs and Excise, Mr. Roy Tang (right), signed an MRA for the AEO Programme with the Customs Administration of Japan in Hong Kong on 23 August 2016.

- The Customs and Excise Department held the award certificate presentation ceremony of the “Sea Cargo Pre-shipment Declaration Scheme 2016” (the Scheme) to present Gold or Silver Award Certificates to 40 sea cargo carriers / companies in recognition of their distinguished participation in the Scheme with exceptionally high or very high submission rate.



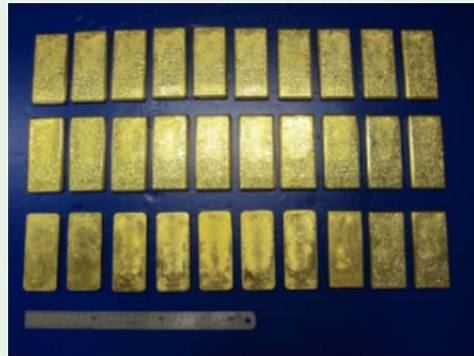
Assistant Commissioner (Boundary and Ports) of Customs and Excise, Mr Ellis Lai (first row, centre), with Customs officers and representatives of the winning sea cargo carriers/companies

- Seized 2.7 million sticks of illicit cigarettes with a retail value of HK\$7.3 million from a cross-boundary container truck at Man Kam To Control Point. The cigarettes were mixed-loaded with general cargoes onboard the incoming vehicle with false declaration.



Illicit cigarettes were mixed-loaded with general cargoes onboard the incoming container truck.

- Seized 30 kg of gold slab with a retail value of HK\$10.9 million from an inbound private vehicle at a car park in Yuen Long.



Gold slabs concealed inside the false compartment of the private vehicle

- Seized 4 kg of cocaine (in powder form) with a retail value of HK\$4.2 million from a passenger arriving from Brazil via Ethiopia and Malaysia at the Airport. The cocaine was smuggled by way of concealment inside the false compartments of a suitcase.



Cocaine concealed inside the false compartment of a suitcase

- Seized 1.2 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



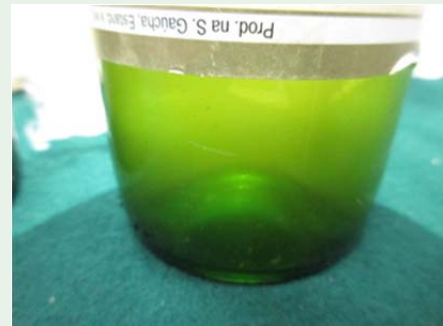
Pellets of cocaine swallowed by the passenger

- Seized 10 kg of cannabis buds with a retail value of HK\$1.2 million concealed inside hops and packed in vacuum-sealed plastic bags in an express courier consignment arriving from Canada at the Airport.



Cannabis buds concealed inside hops and packed in vacuum-sealed plastic bags

- Seized 1.5 kg of liquid cocaine with a retail value of HK\$1.6 million camouflaged as white wine in a postal parcel originating from Brazil at the Airport.



Liquid cocaine concealed inside two white wine bottles

- Smashed a counterfeiting syndicate in Mong Kok and seized 2 600 pieces of suspected counterfeit goods including watches, handbags and leather goods, with retail value of HK\$2.6 million. Two tablets for displaying photos of suspected counterfeit goods were also seized. Three persons were arrested.



Suspected counterfeit handbags seized in the operation



Upstairs storage of the syndicate

- Mounted a joint operation with Thailand Office of the Narcotics Control Board resulting in the seizure of 2.2 kg of cocaine with a retail value of HK\$2.3 million concealed inside food packets carried by a passenger arriving from Peru via Qatar in Tsim Sha Tsui.



2.2 kg of cocaine concealed inside food packets

- Seized 10.4 kg of cannabis buds with a retail value of HK\$1.3 million from two parcels arriving from Canada at the Airport and arrested 4 persons in Tin Shui Wai.



10.4 kg of cannabis buds found from two incoming parcels

- Mounted a joint operation with Qatar, Vietnam and Cambodia authorities resulting in the seizure of 5 kg of cocaine with an arrestee in Cambodia.
- Mounted a joint operation with U.S. Immigration and Customs Enforcement resulting in the seizure of 4.2 kg of gamma-butyrolactone in the U.S.A.

September 2016

- Seized 20 million sticks of illicit cigarettes with a retail value of HK\$54 million from two 40-foot containers at Tsing Yi Cargo Examination Compound.



Illicit cigarettes were found inside two 40-foot containers.

- Seized 0.9 kg of cocaine with a retail value of HK\$1 million from a passenger arriving from Brazil via Ethiopia at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 2.3 kg of liquid cocaine with a retail value of HK\$2.7 million from two passengers arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Packs of cocaine swallowed by the passengers

- Seized 3.3 kg of cocaine with a retail value of HK\$3.9 million from a passenger arriving from the Philippines at the Airport. The cocaine was smuggled by way of concealment inside 37 packets of hair dyeing product.



Cocaine camouflaged as hair dyeing product

- Seized 1.2 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 4.2 kg of cocaine with a retail value of HK\$5 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of concealment inside the false compartments of a suitcase.



Cocaine moulded as the frame of a suitcase

- Seized 7.6 kg of cocaine with a retail value of HK\$8.9 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was found soaked in the lining of the hip belt of a backpack, and the lining of a computer bag, a vest and a sleeping bag found inside the backpack.



Cocaine concealed inside a backpack and computer bag



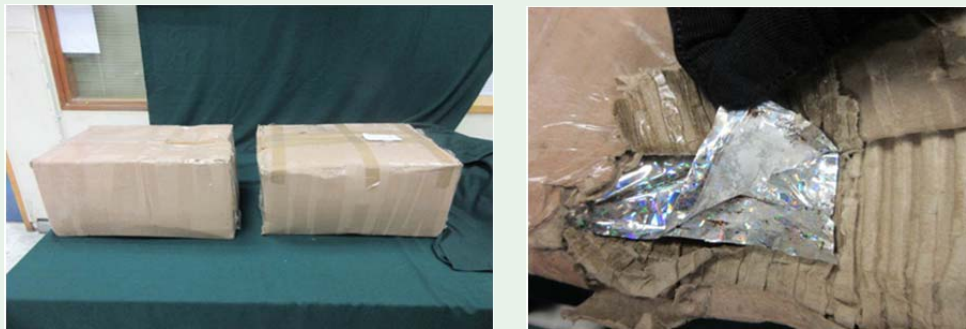
Cocaine concealed inside a vest and a sleeping bag

- Seized 2 kg of cocaine with a retail value of HK\$2.1 million sandwiched between computer motherboards in a transshipment postal parcel from Brazil to Laos at the Airport.



Two slabs of cocaine sandwiched between computer motherboards

- Seized 2.1 kg of cocaine with a retail value of HK\$2.4 million concealed inside carton box covers in two postal parcels originating from Peru at the Airport.



Cocaine concealed inside the covers of two carton boxes

- Seized 1 kg of methamphetamine from the shoulder bag of an incoming passenger and further seized 2 kg of methamphetamine from the rucksack of another person at Lok Ma Chau Control Point with a total retail value of HK\$1 million.



3 kg of methamphetamine (part of the seizure) found from a rucksack

- Seized 26 kg of cannabis buds and 2 gm of methamphetamine with a total retail value of HK\$5.7 million and arrested two persons in Kowloon Tong and Sham Tseng.



26 kg of cannabis buds (part of the seizure) seized in Kowloon Tong and Sham Tseng

- Mounted a joint operation with U.S. Immigration and Customs Enforcement and Australian Federal Police, resulting in the seizure of 7.5 kg of liquid cocaine with a retail value of HK\$8.5 million found inside false compartments of barrels and the arrest of a person at the Airport and two persons in Fanling.



7.5 kg of liquid cocaine (part of the seizure) found inside false compartments of barrels

- Mounted a joint operation with U.S. Immigration and Customs Enforcement resulting in the seizure of 11.2 kg of gamma-butyrolactone in the U.S.A.

- Conducted joint operation with the Mainland Customs and seized 194 000 items of infringing goods destined for the United States, Africa, Europe and Latin America, with a retail value of HK\$26 million.



Intellectual property rights infringing goods seized from express parcels and transshipment cargoes

- Conducted an operation to raid an exhibition booth selling suspected counterfeit watch parts in the Hong Kong Convention and Exhibition Centre, and seized 3 000 pieces of suspected counterfeit watch parts. Two persons were arrested.



Suspected counterfeit watch parts seized in the operation

October 2016

- Organized a 4-day tailor-made training course for the delegation of National Copyright Administration of the People's Republic of China (NCAC), which was one of the major counterparts of the Department in combating transnational copyright infringement activities in the Mainland. Apart from sharing the skills in investigation, handling and even prosecution of online intellectual property rights crimes, the course was also a valuable platform for establishing a closer working relationship with NCAC.



Group photos with the delegation of NCAC

- Seized 1.8 kg of cocaine with a retail value of HK\$2 million from a passenger arriving from Kenya via Ethiopia at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 3.9 kg of cocaine with a retail value of HK\$4.4 million from a passenger arriving from the Philippines at the Airport. The cocaine was smuggled by way of concealment inside the false compartment of a suitcase.



Cocaine concealed inside the false compartment of the suitcase

- Seized 1.2 kg of cocaine with a retail value of HK\$1.3 million concealed inside a display frame of toy cars in a postal parcel originating from Brazil at the Airport.



Cocaine concealed inside a display frame of toy cars

- Seized 3.2 kg of cocaine with a retail value of HK\$3.6 million concealed in a false compartment of a suitcase carried by an incoming passenger at HK-Macau Ferry Terminal.



Cocaine concealed inside the false compartment of the suitcase

- Seized 6 kg of cannabis buds and 1 gm of methamphetamine with a total retail value of HK\$1.3 million and arrested a person in Tuen Mun.



6 kg of cannabis buds and 1 gm of methamphetamine seized in Tuen Mun

- Mounted a joint operation with New Zealand Customs Service and Anti-Smuggling Bureau of Huangpu Customs resulting in the seizure of 176 kg of methamphetamine with the arrest of two persons in New Zealand.

November 2016

- Passing-out Parade for officers of No. 380 to 385 Customs Officer Induction Courses, with Mr Roy Tang, JP, Commissioner of Customs and Excise, as the Inspecting Officer.



Passing-out Parade on 16 November 2016

- First phase of the Dutiable Commodities System (DCS) was launched on 26 November 2016. It replaced the obsolete Customs Control System for processing permit applications and collection of duty/ compounding fines. Rollout of the \$33 million worth new system is a milestone of the Department's on-going efforts to facilitate legitimate trade and to protect government revenue.



Training on the use of DSC for frontline duty collectors

- Seized a total of 9 854 mobile phones with a retail value of HK\$28.1 million from three inbound container trucks at the Man Kam To Control Point, a loading yard in Yuen Long and a repacking centre in Sheung Shui. 14 syndicate members were arrested for conspiracy to export unmanifested cargoes.



Mobile phones concealed inside the false compartment of one of the container trucks

- Seized 9 armoured vehicles and 3 containers of strategic commodity items onboard an ocean going vessel destined for Singapore from Taiwan via Hong Kong.



Armoured vehicles seized

- Seized 34 000 numbers of wallets and handbags bearing suspected forged trademarks with a retail value of HK\$10 million from a transshipment container destined for Belize from the Mainland via Hong Kong.



Counterfeit wallets and handbags seized

- Seized 1.3 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from Kenya via Ethiopia at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 4 kg of cocaine with a retail value of HK\$4.5 million from a passenger arriving from Brazil via Ethiopia at the Airport. The cocaine was smuggled by way of concealment inside the false compartment of a suitcase.



Cocaine concealed inside the false compartment of a suitcase

- Seized 1.2 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passengers

- Mounted a joint operation with the U.S. Immigration and Customs Enforcement resulting in the seizure of 9.3 kg of cocaine with a retail value of HK\$11.2 million camouflaged as inner frames of two suitcases of a passenger arriving from Brazil via Ethiopia at the Airport.



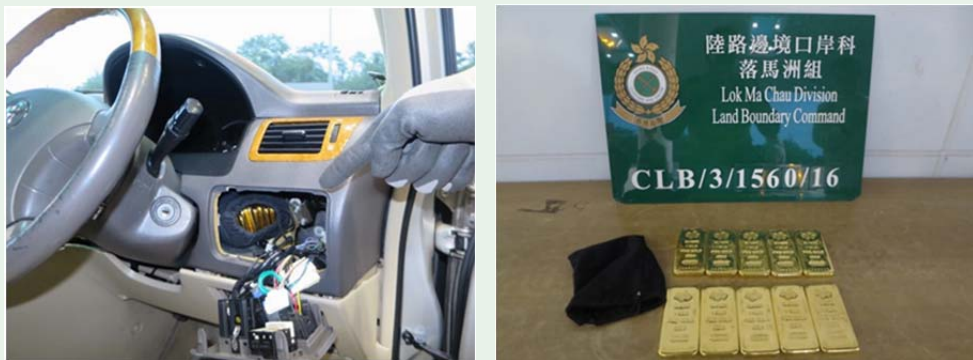
Cocaine moulded as the frame of suitcases

- Seized 6.8 kg of ketamine with a retail value of HK\$1.6 million camouflaged as cereal in a postal parcel destined for the US at the Airport.



Ketamine camouflaged as cereal

- Seized 20 kg of gold slabs worth HK\$6.1 million from two cross-boundary incoming private cars at Lok Ma Chau Control Point.



Seized gold slabs concealed inside the front panels of the private cars

- Seized 2.1 kg of cocaine with a retail value of HK\$2.4 million from an incoming passenger at Lo Wu Control Point.



Cocaine concealed inside the pockets of the wearing trousers and vest

- Mounted a joint operation with the U.S. Drug Enforcement Administration resulting in the seizure of 8 kg of cocaine with a retail value of HK\$9.1 million concealed in steel rods with the arrest of a person in Tai Po.



8 kg of cocaine concealed in steel rods

- Conducted a joint operation with the Mainland Customs and seized 33 000 numbers of intellectual property rights infringing goods destined for Latin America with retail value of HK\$10 million.



Seizure of counterfeit branded handbags and wallets

December 2016

- Hong Kong Customs hosted the 14th Meeting of Heads of the World Customs Organization Asia and the Pacific Regional Training Centers (RTCs) in Hong Kong.



Delegates visited the RTC at the Customs and Excise Training School in Hong Kong to learn more about the specialized training facilities.

- Seized a total of 902 304 integrated circuits, 3 811 random access memory, 1 633 mobile phones, 861 central processing units, 247 camera parts, 151 cameras and 50 computer hard disks with a retail value of HK\$13.6 million from two outbound lorries at the Man Kam To Control Point.



Unmanifested electronic goods seized from one of the lorries

- Seized 649 kg of geoduck clams and 1 400 kg of abalones with a retail value of HK\$ 2 million in a series of joint operations with the Marine Police against sea smuggling in Lau Fau Shan.



Live geoduck clams and abalones seized in the operations

- Seized 1 kg of cocaine with a retail value of HK\$1 million from a passenger arriving from Guinea via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Seized 3.3 kg of cocaine (in powder form) with a retail value of HK\$3.5 million from a passenger arriving from Brazil via Ethiopia at the Airport. The cocaine was smuggled by way of concealment inside the false compartments of two suitcases.



Cocaine concealed inside the false compartment of a suitcase

- Seized 0.9 kg of cocaine with a retail value of HK\$1 million from a passenger arriving from Brazil via the United Arab Emirates at the Airport. The cocaine was smuggled by way of internal concealment.



Pellets of cocaine swallowed by the passenger

- Mounted a joint operation with the U.S. Immigration and Customs Enforcement resulting in the seizure of 3.3 kg of cocaine with a retail value of HK\$3.5 million from a false compartment of a suitcase of a passenger arriving from Brazil via Ethiopia at the Airport and the arrest of a person in Tsim Sha Tsui.



Cocaine concealed inside the false compartment of the suitcase

- Seized 6 kg of cannabis with a retail value of HK\$ 2 million covered by several bags of dried fish in an express courier consignment arriving from Mozambique at the Airport.



Cannabis covered by several bags of dried fish

- Mounted a joint operation with Anti-Smuggling Bureau of Shenzhen Customs resulting in the seizure of 5.6 kg of ketamine with a retail value of HK\$1.5 million from a tool box in the rear boot compartment of an incoming private vehicle with the arrest of a person at Shenzhen Bay Control Point.



5.6 kg of ketamine found from a tool box on board an incoming private vehicle

- Smashed a counterfeiting syndicate in Mong Kok and seized 10 000 pieces of suspected counterfeit goods including watches, handbags and leather goods, with retail value of HK\$10 million. Four tablets for displaying photos of suspected counterfeit goods were also seized. Ten persons were arrested.



Suspected counterfeit handbags seized in the operation

Appendices



CUSTOMS AND EXCISE DEPARTMENT

Organization Chart of the Customs and Excise Department

As at 31 December 2016

Commissioner



Roy TANG Yun-kwong

Deputy Commissioner



TANG Yi-hoi

Office of Service Quality and Management Audit
Establishment = 11

Internal Audit Division
Establishment = 5

Assistant Commissioner (Administration and Human Resource Development)



LIN Shun-yin

Assistant Commissioner (Boundary and Ports)



LAI Lau-pak

Assistant Commissioner (Excise and Strategic Support)



TAM Yat-keung

Assistant Commissioner (Intelligence and Investigation)



HO Pui-shan (Ms)

Head of Trade Controls



LAM Po-chuen

Office of Prosecution and Management Support
Establishment = 60

Office of Service Administration
Establishment = 107

Office of Training and Development
Establishment = 101

Office of Departmental Administration
Establishment = 106

Office of Financial Administration
Establishment = 90

Complaints Investigation Group
Establishment = 6

Airport Command
Establishment = 983

Land Boundary Command
Establishment = 1,213

Ports and Maritime Command
Establishment = 754

Rail and Ferry Command
Establishment = 595

Office of Customs Affairs and Co-operation
Establishment = 29

Office of Dutiable Commodities Administration
Establishment = 150

Office of Information Technology
Establishment = 100

Office of Project Planning and Development
Establishment = 16

Office of Supply Chain Security Management
Establishment = 14

Information Unit
Establishment = 1*

Customs Drug Investigation Bureau
Establishment = 262

Intellectual Property Investigation Bureau
Establishment = 253

Intelligence Bureau
Establishment = 188

Revenue and General Investigation Bureau
Establishment = 212

Syndicate Crimes Investigation Bureau
Establishment = 203

Consumer Protection Bureau
Establishment = 90

Trade Descriptions Investigation Bureau
Establishment = 92

Trade Declaration and Systems Bureau
Establishment = 80

CEPA and Trade Inspection Bureau
Establishment = 141

Trade Investigation Bureau
Establishment = 62

Money Service Supervision Bureau
Establishment = 39

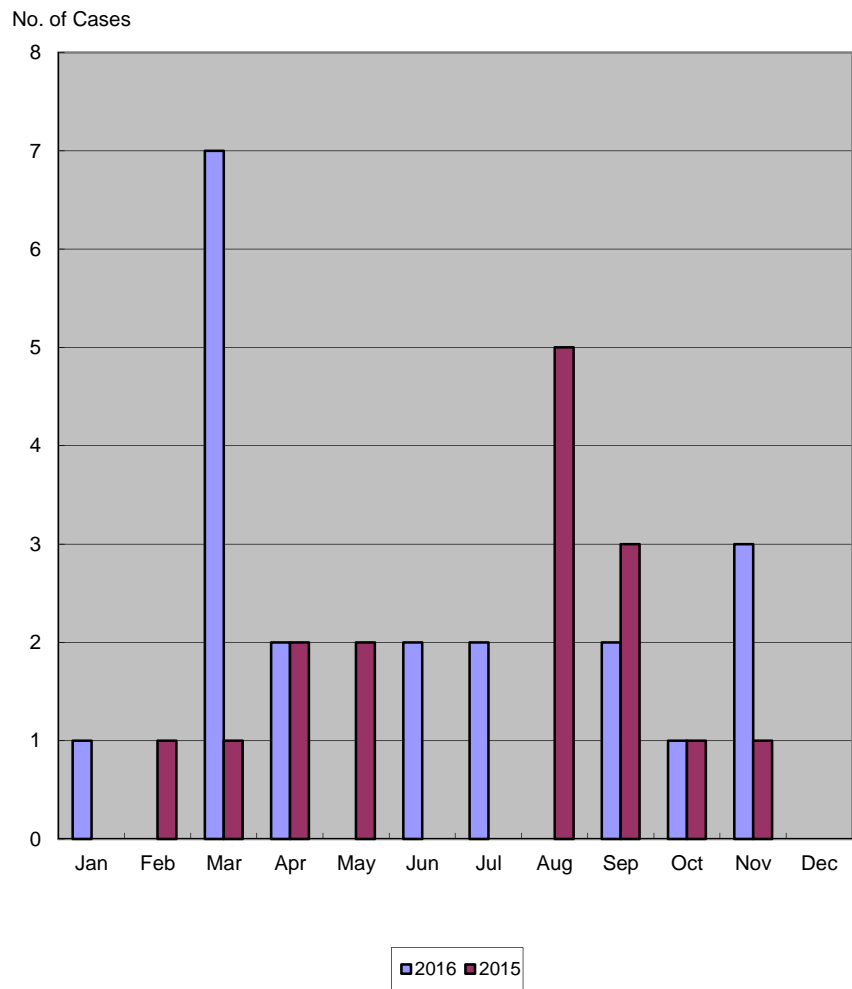
*Excluding 3 posts on loan from Information Services Department

Establishment and Strength Position

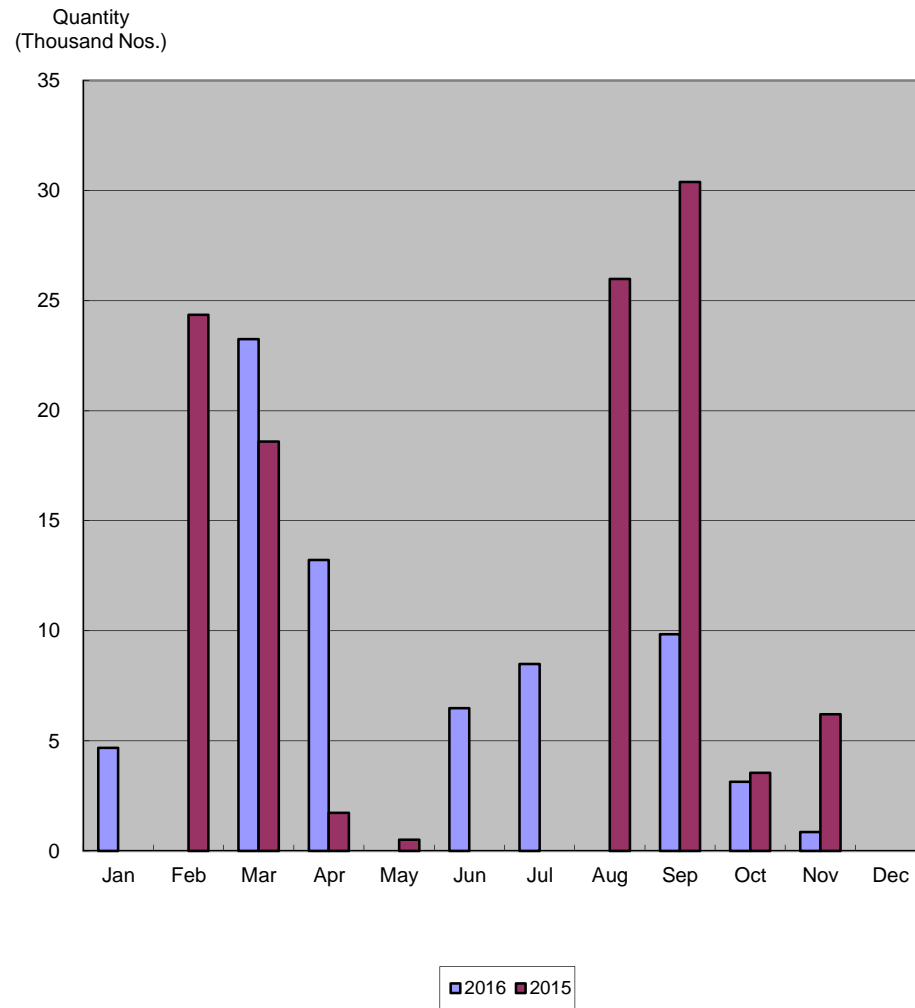
Category/Grade	2015		2016	
	(as at 31 December 2015)		(as at 31 December 2016)	
	Establishment (No.)	Strength (No.)	Establishment (No.)	Strength (No.)
Directorate Posts	9	8	9	5
Sub-total	9	8	9	5
Departmental Grades				
Superintendent/Inspector of Customs and Excise Grades	937	938	966	976
Customs Officer Grade	3,906	3,791	3,904	3,916
Trade Controls Officer Grade	476	465	470	446
Sub-total	5,319	5,194	5,340	5,338
General and Common Grades				
Executive Officer/Training Officer Grades	29	29	29	29
Treasury Accountant/Accounting Officer Grades	14	15	14	14
Official Languages Officer/Calligraphist Grades	19	18	19	19
Statistician/Statistical Officer Grades	5	5	5	5
Secretarial Grades	42	41	39	38
Clerical Grades	288	283	284	264
Supplies Grades	55	58	55	57
Others	187	170	181	169
Sub-total	639	619	626	595
Total	5,967	5,821	5,975	5,938

Statistics on Infringing Optical Disc Cases

No. of Infringing Optical Disc Cases (2016 vs 2015)

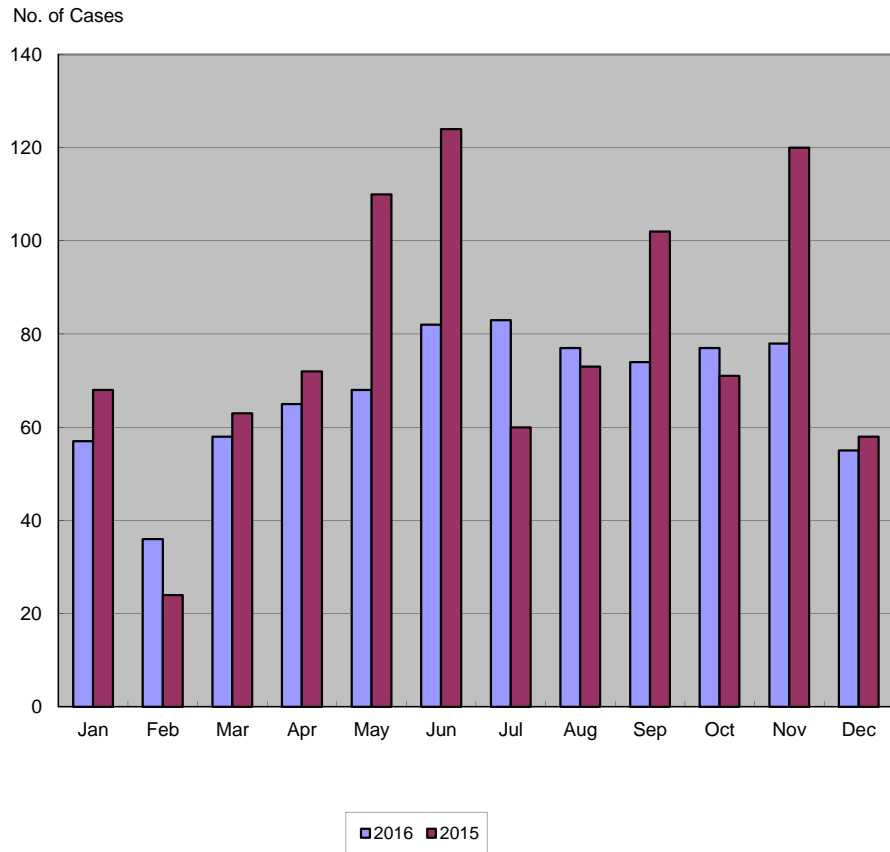


Quantity of Infringing Optical Disc Seized (2016 vs 2015)

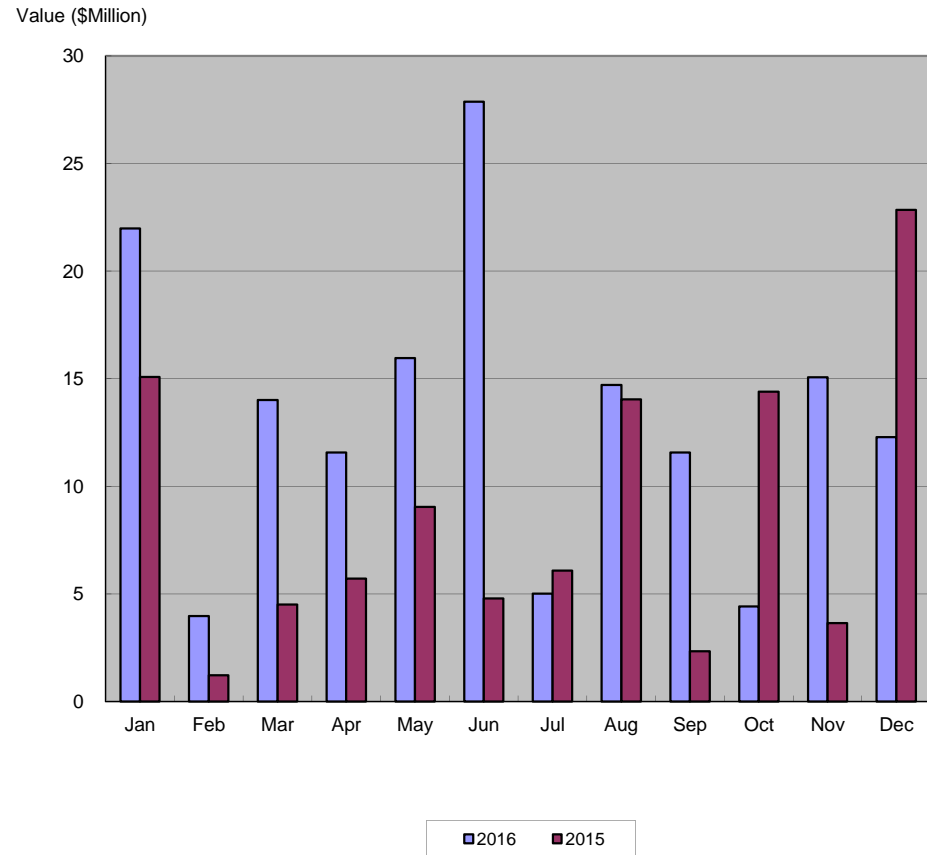


Statistics on Forged Trademark Cases

No. of Forged Trademark Cases (2016 vs 2015)

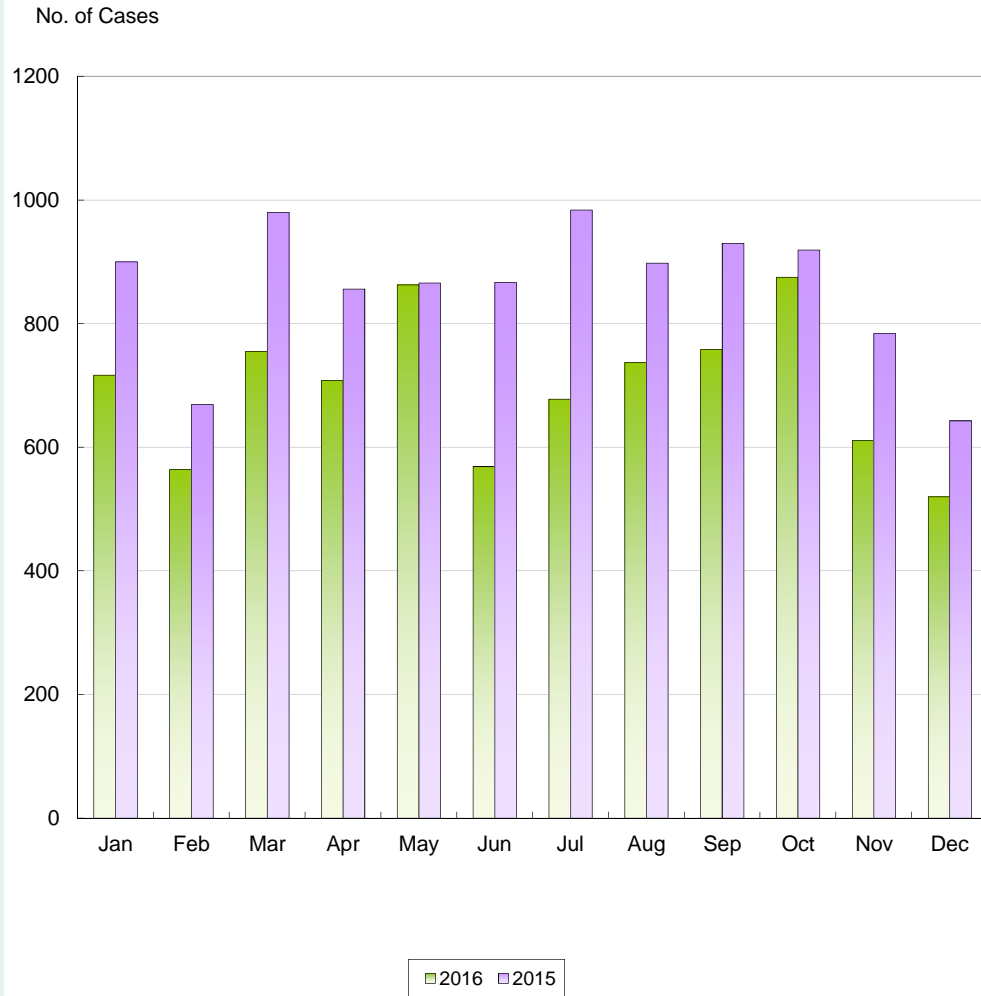


Value of Forged Trademark Goods Seized (2016 vs 2015)

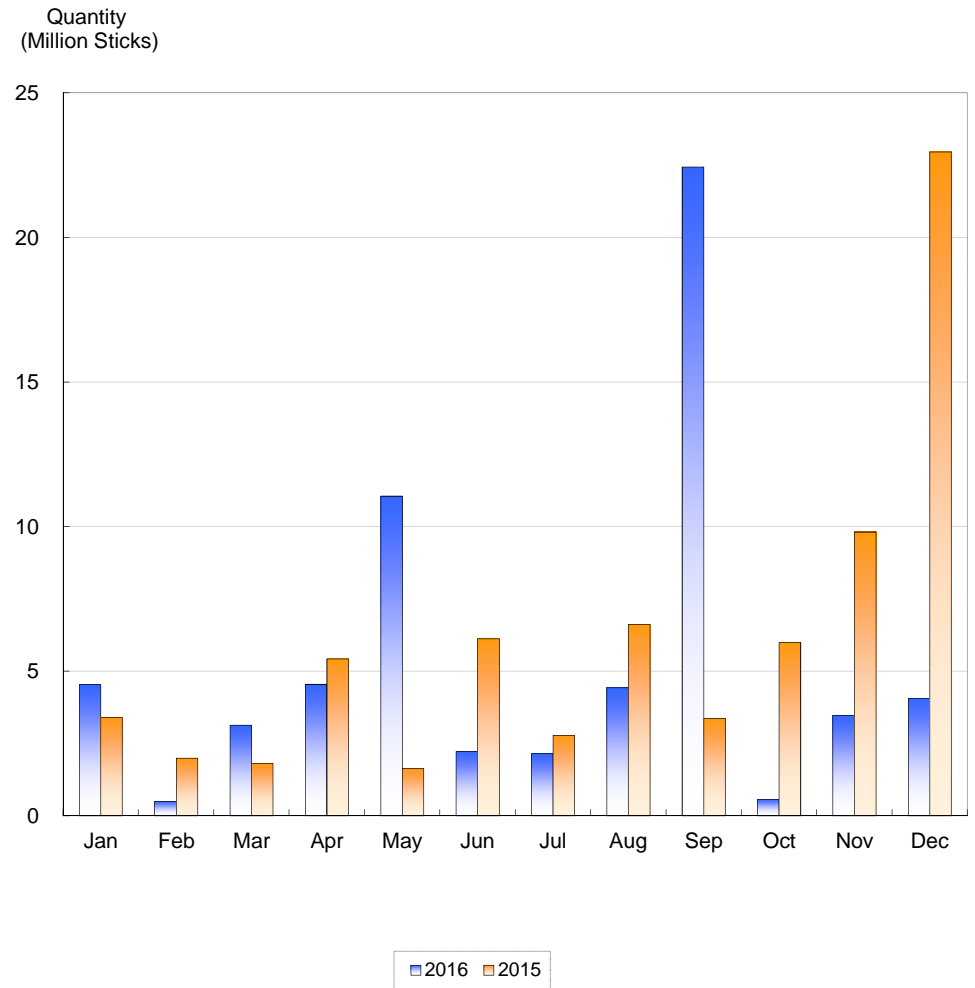


Result of Anti-cigarette Smuggling Operations

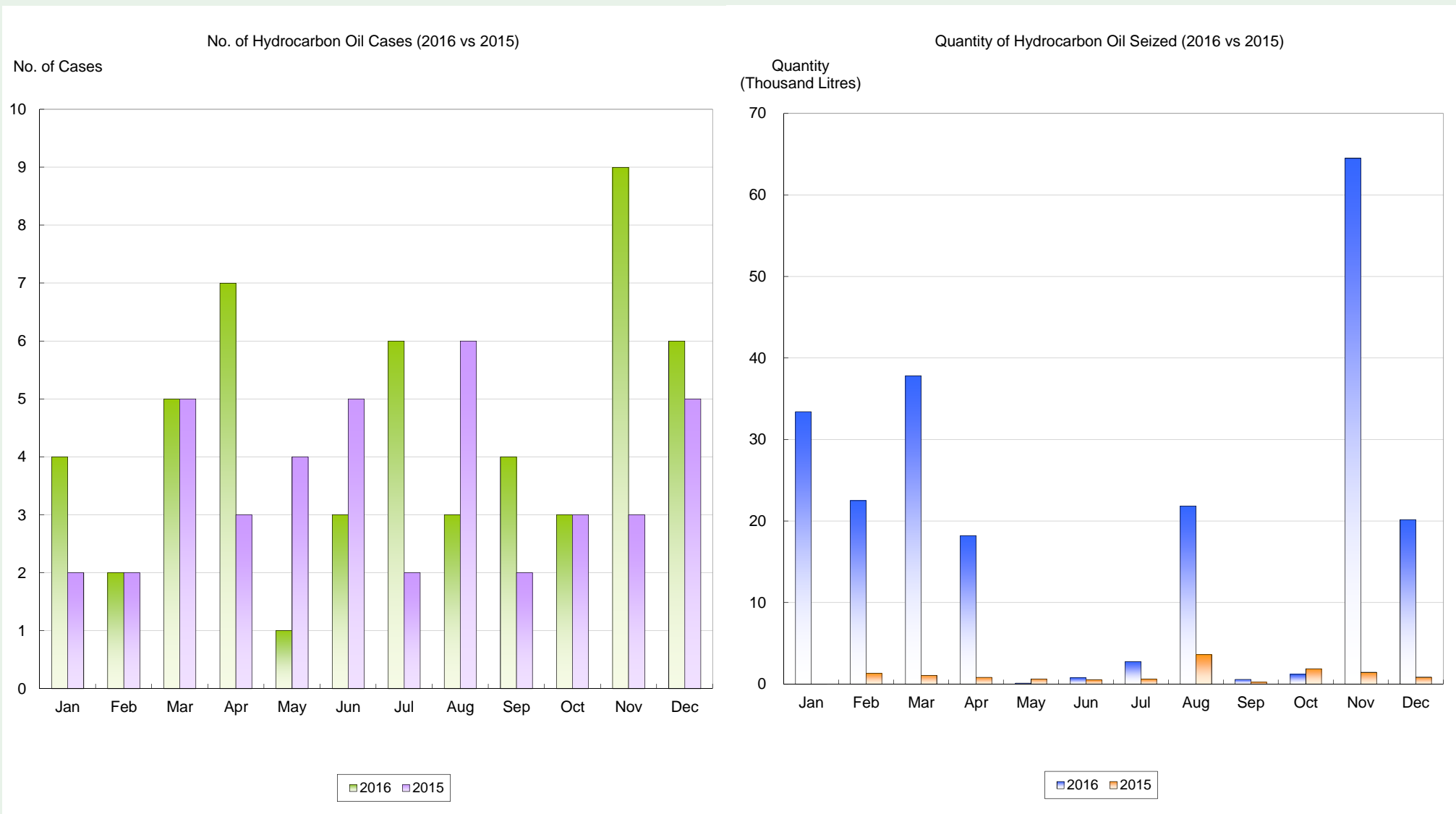
No. of Cigarette Smuggling Cases (2016 vs 2015)



Quantity of Smuggled Cigarettes Seized (2016 vs 2015)



Result of Hydrocarbon Oil Enforcement Operations



Legislation under which Customs staff can act

1	Interpretation and General Clauses Ordinance	Cap. 1
2	Import and Export Ordinance	Cap. 60
3	Weights and Measures Ordinance	Cap. 68
4	Post Office Ordinance	Cap. 98
5	Telecommunications Ordinance	Cap. 106
6	Dutiable Commodities Ordinance	Cap. 109
7	Immigration Ordinance	Cap. 115
8	Public Revenue Protection Ordinance	Cap. 120
9	Public Health and Municipal Services Ordinance	Cap. 132
10	Pesticides Ordinance	Cap. 133
11	Dangerous Drugs Ordinance	Cap. 134
12	Antibiotics Ordinance	Cap. 137
13	Pharmacy and Poisons Ordinance	Cap. 138
14	Public Health (Animals and Birds) Ordinance	Cap. 139
15	Control of Chemicals Ordinance	Cap. 145
16	Crimes Ordinance	Cap. 200
17	Plant (Importation and Pest Control) Ordinance	Cap. 207
18	Weapons Ordinance	Cap. 217
19	Magistrates Ordinance	Cap. 227
20	Police Force Ordinance	Cap. 232
21	Firearms and Ammunition Ordinance	Cap. 238
22	Marine Fish (Marketing and Exportation) Regulations	Cap. 291A
23	Dangerous Goods Ordinance	Cap. 295
24	Reserved Commodities Ordinance	Cap. 296
25	Air Pollution Control Ordinance	Cap. 311
26	Shipping and Port Control Ordinance	Cap. 313
27	Industrial Training (Clothing Industry) Ordinance	Cap. 318
28	Protection of Non-Government Certificates of Origin Ordinance	Cap. 324
29	Motor Vehicles (First Registration Tax) Ordinance	Cap. 330
30	Customs and Excise Service Ordinance	Cap. 342
31	Waste Disposal Ordinance	Cap. 354
32	Trade Descriptions Ordinance	Cap. 362
33	Smoking (Public Health) Ordinance	Cap. 371
34	Control of Obscene and Indecent Articles Ordinance	Cap. 390
35	Ozone Layer Protection Ordinance	Cap. 403
36	Drug Trafficking (Recovery of Proceeds) Ordinance	Cap. 405
37	Rabies Ordinance	Cap. 421
38	Toys and Children's Products Safety Ordinance	Cap. 424
39	Organized and Serious Crimes Ordinance	Cap. 455
40	Consumer Goods Safety Ordinance	Cap. 456
41	Fugitive Offenders Ordinance	Cap. 503
42	Mutual Legal Assistance in Criminal Matters Ordinance	Cap. 525
43	Weapons of Mass Destruction (Control of Provision of Services) Ordinance	Cap. 526
44	Copyright Ordinance	Cap. 528
45	United Nations Sanctions Ordinance	Cap. 537
46	Prevention of Copyright Piracy Ordinance	Cap. 544
47	Merchant Shipping (Local Vessels) Ordinance	Cap. 548
48	Chinese Medicine Ordinance	Cap. 549
49	Broadcasting Ordinance	Cap. 562
50	United Nations (Anti-Terrorism Measures) Ordinance	Cap. 575
51	Chemical Weapons (Convention) Ordinance	Cap. 578
52	Prevention of Child Pornography Ordinance	Cap. 579
53	Protection of Endangered Species of Animals and Plants Ordinance	Cap. 586
54	Interception of Communications and Surveillance Ordinance	Cap. 589
55	Food Safety Ordinance	Cap. 612
56	Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance	Cap. 615

Actual revenue for 2015-16 and 2016-17

	Actual Revenue	
	2015-16	2016-17
	HK\$'000	HK\$'000
Duties		
Hydrocarbon Oils	3,744,192	3,820,445
Tobacco	6,532,783	5,981,024
Alcoholic Beverages	430,578	448,613
Other Alcoholic Products	4,038	4,277
Sub-total	10,711,591	10,254,359
Fees charged under Dutiable Commodities Ordinance		
Licence Fees	5,059	4,866
Attendance Fees	479	480
Denaturing Fees	299	297
Storage Fees	0	1
Sub-total	5,837	5,644
Trade Declaration Charges		
Imports and Exports Declaration Charges	866,297	893,383
Clothing Levy Service Charges (see Note)	53	56
Penalties	76,098	79,963
Sub-total	942,448	973,402
Miscellaneous	69,328	82,584
Total	11,729,204	11,315,989
Note : Clothing Industry Training Levy collected on behalf of the Clothing Industry Training Authority	249	149

Actual expenditure for 2015-16 and 2016-17

	Actual Expenditure	
	2015-16	2016-17
	HK\$'000	HK\$'000
Operating Account		
Personal Emoluments		
Salaries	2,447,504	2,561,557
Allowances	62,720	63,164
Job-related allowances	10,362	10,893
Sub-total	2,520,586	2,635,614
Other Expenses		
Personnel related expenses	105,746	130,285
Rewards and special services	12,876	11,123
General departmental expenses	582,635	591,302
Land usage cost	3,910	3,682
Grant to the Customs and Excise Service Welfare Fund	287	290
Seizure management	44,456	50,714
Sub-total	749,910	787,396
Capital Account		
Plant, vehicles and equipment	11,490	52,059
Minor plant, vehicles and equipment	10,396	22,928
Sub-total	21,886	74,987
Total	3,292,382	3,497,997

Case Statistics (2015)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Air Pollution Control	2	-	2
Antibiotics	21	-	4,844
Consumer Goods Safety	66	6	429
Control of Chemicals	10	1	77
Copyright / Prevention of Copyright Piracy	118	159	4,157
Criminal Procedure	2	-	53
Customs & Excise Service	15	14	3
Dangerous Drugs	752	364	465,287
Dangerous Goods	9	7	262
Dutiable Commodities	17 291	10 679	76,460
Firearms & Ammunition	68	12	2,494
Immigration	72	106	4,792
Import & Export	4 972	4 603	501,136
Merchant Shipping (local vessels)	10	25	18
Organized & Serious Crimes	3	22	10,994
Ozone Layer Protection	1	1	2
Pesticides	4	3	210
Pharmacy & Poisons	82	43	43,046
Plant (Importation & Pest Control)	8	1	16
Protection of ES of Animals & Plants	395	233	136,969
Protection of Non-Govt. Cert. of Origin	1	-	162
Public Health & Municipal Services	406	326	703
Public Health (Animals & Birds)	9	5	5
Public Order	4	3	1
Rabies	12	11	40
Reserved Commodities	50	15	397
Telecommunication	22	6	593
Toys & Children's Products Safety	42	-	25
Trade Descriptions	1 098	906	111,937
Waste Disposal	40	-	6,131
Weapons	21	10	938
Weights & Measures	80	-	60
Other Ordinances	107	75	4
All Ordinances *	25 403	17 278	1,232,254

Case Statistics (2016)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Air Pollution Control	1	-	3
Anti-Money Laundering & Counter-Terrorist Financing (Financial Institutions)	50	3	2
Antibiotics	1	-	2
Consumer Goods Safety	53	1	116
Control Over Bunkering Activities	1	-	4
Control of Chemicals	9	1	2,568
Copyright / Prevention of Copyright Piracy	124	158	2,737
Crimes	7	6	139
Criminal Procedure	26	-	3,090
Dangerous Drugs	762	328	439,390
Dangerous Goods	10	8	264
Dutiable Commodities	15 303	8 696	68,690
Firearms & Ammunition	55	8	1,062
Immigration	50	75	725
Import & Export	4 859	4 202	655,943
Organized & Serious Crimes	14	33	190
Pesticides	2	1	91
Pharmacy & Poisons	135	27	10,245
Plant (Importation & Pest Control)	7	1	2
Protection of ES of Animals & Plants	309	174	97,222
Public Health & Municipal Services	591	511	177
Public Health (Animals & Birds)	7	4	78
Public Order	2	-	18
Rabies	17	17	28
Reserved Commodities	39	19	141
Telecommunication	28	1	1,020
Toys & Children's Products Safety	71	-	16
Trade Descriptions	975	749	161,237
Waste Disposal	63	1	10,575
Weapons	24	5	211
Weights & Measures	75	2	200
Other Ordinances	103	116	1
All Ordinances *	23 171	14 811	1,380,442

* Actual total. A case may involve more than one ordinance. Hence, the total of all ordinances cannot add up to the actual total.

Major Seized Items

Ordinance Major Seized Item	2015		2016	
	Quantity	Estimated Value of Seized Items (HK\$'000)	Quantity	Estimated Value of Seized Items (HK\$'000)
Dangerous Drugs ⁽¹⁾				
Heroin (kg)	10.8	8,239	4.2	3,445
Opium (kg)	2.2	648	0.8	190
Cannabis (kg)	72.0	10,126	143.3	28,507
Ketamine (kg)	272.1	36,330	99.3	14,091
Cocaine (kg)	228.3	244,864	244.6	268,895
Methamphetamine (kg)	275.0	109,680	164.6	52,895
MDMA (tablet)	14	143	117	23
Synthetic Cathinones (bath salts) (kg)	123.5	24,368	175.7	40,147
Other psychotropic drugs (tablet)	100 007	13,228	42 209	18,073
Dutiable Commodities ⁽²⁾				
Cigarette (mille)	73 314	195,482	64 323	172,260
Other tobacco (kg)	1 570	1,951	8 143	25,658
Hydrocarbon oil ('000 litre)	13	154	224	880
Liquor ('000 litre)	10	3,041	9	2,123
Import & Export				
Mobile phone (no.)	94 393	72,286	40 413	63,472
Motor vehicle (no.) ⁽³⁾	55	15,407	68	12,794
Vessel / speedboat (no.)	23	704	26	2,520
Copyright				
Optical disc ('000 no.)	111	2,732	70	1,753
Book and printing material (no.)	9	1	85	2
Forged Trademark (FTM)				
Garment and accessories ('000 pc)	215	19,316	425	11,390
Leather goods ('000 pc)	47	12,630	110	34,365
Watch and parts ('000 no.)	17	4,200	130	36,294
Footwear ('000 pairs)	68	10,434	184	33,809
Pharmaceutical products ('000 no.)	164	13,271	102	3,070
Electronic, electrical & computer goods ('000 no.)	617	37,401	212	22,162
Others				
Ivory & related products (kg)	1 588	15,297	531	5,315
Fireworks (kg)	39	2	29	2
Firearms and parts (no.)	60	70	48	111

(1) The estimated value of seized items includes dangerous drugs measured in different units of measurement.

(2) Include all ordinances

(3) Exclude dismantled/compressed vehicles and bicycles.

Stop & Search of Persons / Vehicles and Road Block Operations

		2015	2016
1. At Control Points			
(i)	No. of persons stopped and searched	100 720	105 760
(ii)	No. of vehicles checked	448 470	443 720
2. Road Block and Road Check Operations			
(i)	No. of operations	-	-
(ii)	No. of vehicles checked	-	-

Training and Development Activities

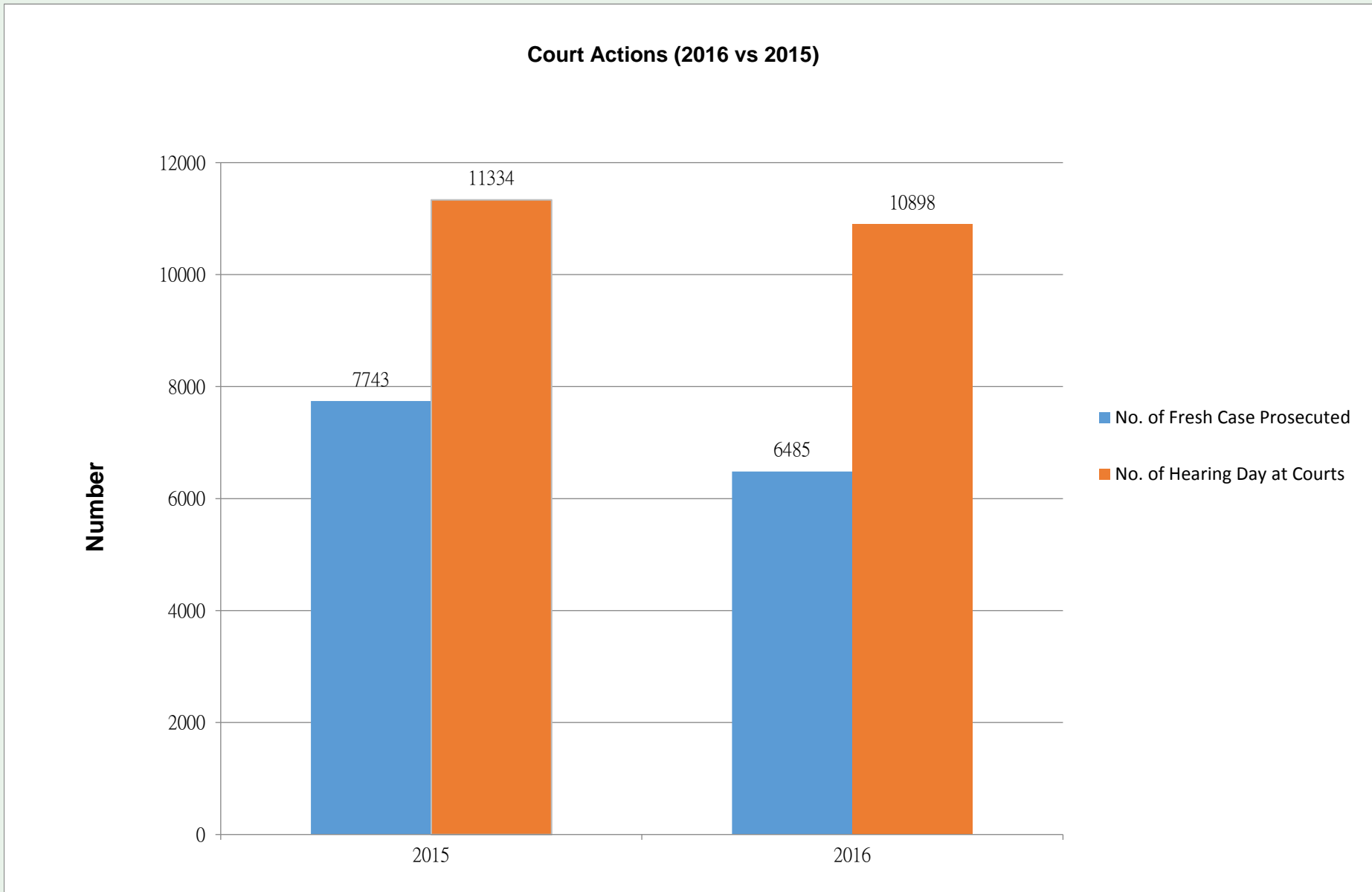
Programme	No. of classes	
	2015	2016
Induction and Continuation		
Induction Course:		
<i>For probationary Inspectors</i>	5	5
<i>For probationary Customs Officers</i>	11	19
<i>For probationary Assistant Trade Controls Officers</i>	1	
Continuation Course:		
<i>For probationary Inspectors</i>	3	5
Functional Competency		
<i>For C&E Service Members</i>		
Raiding Techniques Course	2	1
Criminal Intelligence Analysis Training	2	1
Standard Criminal Investigation Course	4	1
Commercial Crime Investigation Course	3	2
Accident Investigation & Prevention Course	2	2
Basic Safety Management Course	1	1
Raiding, Apprehension and Escort (RAE) Course for Frontline Officers	7	4
Safe Handling of Chemicals Course	1	
Certificate of Competence in Manual Handling Course	2	1
Seafreight Operation Course	1	1
Import and Export Trade Practices Course	1	1
Dog Bite Safety Course	1	
Office Safety Course	1	
Prevention of Heat Stroke at Work in a Hot Environment Course	1	1
Mental Health First Aid Course	1	1
i2 Analysts Notebook and iBridge User Training Course	2	
Information Security Essentials: Trends & Latest Updates	1	1
Mental Health First Aid Standard Course Extension - Peer Counseling & Skills	1	1
Workshop on Handling of Problem Gambling	1	1
General Training Course on Occupational Safety and Health	1	
Crisis Incident Stress Management		1
Safety Inspection Course	1	2
Basic Risk Assessment Course	1	1
Intelligence & Investigation Course	3	4
Training Course for Health and Welfare Managers	1	1
Conflict Management Course	2	1
Prevention of Upper and Lower Limb Disorders Seminar		2
Advanced Legal Training Course for Prosecution Liaison Officers / OC Cases		1
Advanced Legal Training Course on Handling Cases in Courts		1
Advanced Legal Training Course on Administrative Law and Judiciary Review		1
Case Management Course for Inspectorate Officers		1
Train-the-Trainer Course on Video Interview System	1	
Train-the-Trainer Course on X-ray Screener	2	1
Train-the-Trainer Course on Trace Contraband Detector	1	2
Train-the-trainer Course on Passive Millimetre Wave Screening System		1
Train-the-Trainer Course on Mobile X-ray Vehicle Scanning System		1
Train-the-Trainer Course on Conflict of Interest		1
Cargo Processing Course	12	7
Passenger Processing Course	9	10
Foot Drill Instructor Course	1	2
Use of Force Instructors' Course	1	1
Use of Force Instructors' Update Course	1	

Training and Development Activities

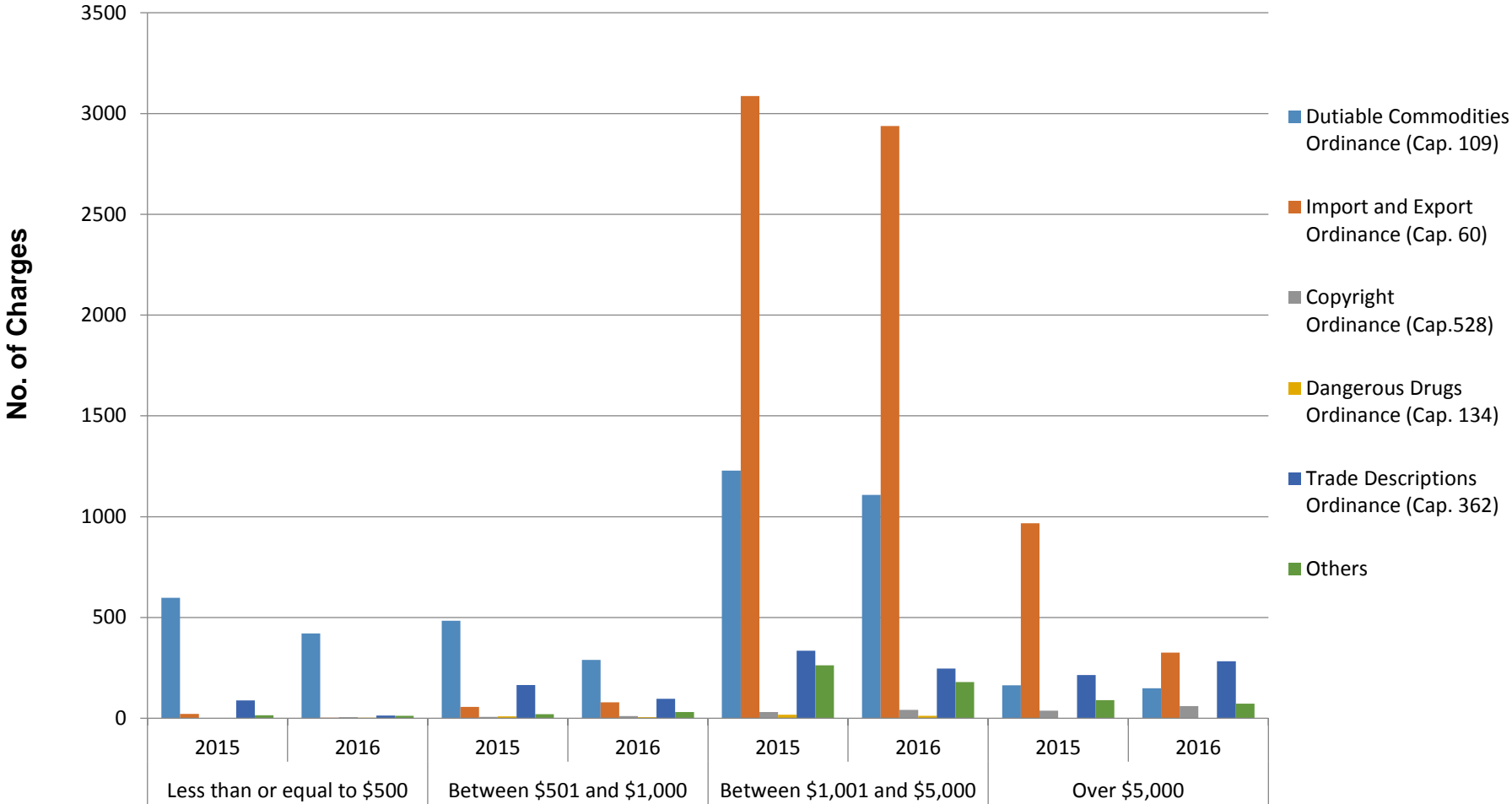
Programme	No. of classes	
	2015	2016
Firearms and Special Equipment Training Courses		
Range Management Course		2
Arms Cleaning Course	2	1
HK MP5 Sub-machine Gun Training Course		1
Annual HK MP5 Sub-machine Gun Refresher Course	4	4
Shotgun Training Course		2
Annual Shotgun Refresher Course	16	16
Shotgun Instructor Course	1	
HK 53 Sub-machine Gun Training Course	2	
Annual HK 53 Sub-machine Refresher Course		1
Thigh Draw Holster Training Course	1	1
Bus (under 30 seats) Driving Instructor Course		1
Bus (under 30 seats) Driving Course	3	4
Light Goods Vehicle Driving Course	1	12
<i>For Both C&E Service Members and TCOG Officers</i>		
Enhanced Intelligence and Investigation Course	1	
<i>For TCOG Officers</i>		
Mock Court Training	1	1
Legal Writing for Civil Sanction	1	2
Basic Control Tactics (RAE) Course	1	1
Criminal Investigation Techniques Workshop	2	3
Basic First Aid and Use of Automated External Defibrillator Course		6
Train-the-Trainer (Facilitation Skills for Managers)	1	
ROCARS Training Course	1	
Import and Export Practices and China Cargo Customs Clearance Procedure	1	1
Workshop on Preparation of Prosecution Papers	3	3
Investigation Techniques in Handling Internet Crime	3	3
Conducting Selection Interview Workshop		1
Legal Training Workshop		1

Training and Development Activities

Programme	No. of classes	
	2015	2016
Management Development		
<i>For C&E Service Members</i>		
COG Supervisory Course	2	2
Customs Officer Development Course	2	1
Integrity Awareness Seminar	4	1
<i>For Both C&E Service Members and TCOG Officers</i>		
Customs Management Development Course	1	1
Customs Command Course	1	1
<i>For TCOG Officers</i>		
Managing Self Integrity	2	2
Positive Psychology & Customer Service Influencing Skills / Positive Psychology and	1	1
TCO Management & Development Programme / Course (Part I)	1	1
TCO Management & Development Programme / Course (Part II)		1
Course on Mental Health & Building of Caring Colleagues Culture	1	1
Team Building and Leadership	1	
Communication		
<i>For TCOG Officers</i>		
Presentation Skills Workshop	1	
Replies to Enquiries / Complaints	1	
Practical Putonghua / Customs Putonghua Thematic Course	2	
Media Skills Workshop	1	
Job-related Putonghua Workshop		2
Advanced Workshop on Customer Service Skills		1
Training for Visiting Customs Officials		
Customs Management Course for Mainland Customs	1	
Customs Practices Training Course for Mainland Customs	1	1



Range of Fines (2016 vs 2015)



Range of Sentences (2016 vs 2015)

