



Customs and Excise Department

Departmental Review 2019

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Foreword

2019 marks the 110th Anniversary of the Customs and Excise Department (the Department). Looking back, the Department began as the Preventive Service comprising only 25 personnel in its early days with the responsibility of collecting duty on liquor, and has now evolved into a highly professional enforcement team with an establishment of about 7 300 officers. Today, the Department's duties have become greatly diversified and closely connected with people's livelihood. Apart from the prevention of smuggling and trafficking of drugs, protection of revenue and intellectual property rights, the Department has taken on the duties of protecting consumers' interests, implementing trade facilitation measures, maintaining Hong Kong's trading reputation and fulfilling international obligations.

The Department detected a total of 204 smuggling cases with 218 persons arrested in 2019, representing a drop of 6 per cent and an increase of 1 per cent respectively when compared with 2018. The seizure value increased by 14 per cent to \$476 million. Among the cases, around 96 per cent involved smuggling activities between the Mainland and Hong Kong. The seizure value of electrical and electronic goods recorded a 68 per cent decrease to HK\$56 million. The sea smuggling seizure value increased by 5 per cent to \$187 million. A total of 290 cases with a seizure value of around \$269 million were detected from the air cargo channel, representing increases of 9 per cent and 9.7-fold respectively.

In relation to anti-narcotics work, 827 drug cases were detected, representing a 10 per cent decrease compared with the 2018 figure. A total of 383 arrests were made and 2 152 kg of drugs were seized, representing a decrease of 3 per cent and an increase of 62 per cent respectively. Major seizures in order of quantity were cocaine (627.7 kg, an increase of 148 per cent), ketamine (351.6 kg, an 18-fold increase), cannabis (263 kg, an increase of 86 per cent), methamphetamine (251.3 kg, an increase of 71 per cent), while seizures of gamma-Butyrolactone and cathinone (bath salts) dropped by 46 per cent to 186.2 kg and 58 per cent to 79.1 kg respectively. Seizures at the airport jumped 31 per cent to 1 376 kg, accounting for about 64 per cent of the total drug seizures in the year. Of the airport seizures, 608.5 kg were made at the air cargo terminals, a 47 per cent increase when compared with the 2018 figure. Fifteen big cases, each with a seizure value of more than \$10 million, were detected in 2019. In one of the cases, which is the biggest ever in-town cocaine seizure by the Department, 250 kg of the drug with a market value of about \$240 million was intercepted. In

addition to fostering closer co-operation with the Mainland and overseas enforcement agencies to combat the source of drug supply by intelligence exchange and joint operations, the Department continued to work with the logistics industry through the established notification mechanism. A total of 180 drug cases were detected under the mechanism during the year, representing an increase of 26 per cent over 2018.

For revenue collection on dutiable commodities, duty collected by the Department in 2019 was close to HK\$10.86 billion, representing an increase of 1.69 per cent over 2018. Of the duty collected, 60 per cent was from tobacco products (HK\$6.52 billion), 34.61 per cent was from hydrocarbon oil (HK\$3.76 billion) and the rest was from alcoholic products.

Compared with 2018, the number of illicit cigarette cases rose 28 per cent to 17 368 cases. Illicit cigarettes seized increased by 4 per cent to 55.5 million sticks. Significant smuggling cases (cases involving 500 000 or more sticks) into the territory detected increased by 29 per cent to 18, resulting in the seizure of 30 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 combating illicit cigarette activities, and would also enhance partnership with housing estate management offices and telecommunication service providers to combat telephone ordering.

In 2019, HK\$8.26 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 30 vehicle companies and persons, involving 66 motor vehicles. In 2019, the Department continued to reach out to traders to increase their awareness of legal liabilities. This, coupled with enhanced market research of vehicle prices, strong enforcement and intensive on-site vehicle inspection, has effectively combated first registration tax evasion and protected the rights of vehicle buyers.

On intellectual property rights protection, a total of 888 infringement cases were detected in 2019, representing a decrease of 7 per cent when compared with 2018. Among these cases, 203 involved Internet crime. The value of infringing goods seized increased by 13 per cent to HK\$117 million. The Big Data Analytics System has been running well since its operation began in 2017. In 2019, the system detected 62 infringing cases, accounting for 31 per cent of the Internet infringing cases.

These cases contributed to the seizure valued at HK\$1.4 million, which was around 49 per cent of the total seizure value of Internet infringing cases.

For financial investigation, the Department continues to take an active role in tracing crime proceeds and combating related money laundering activities. In 2019, seven money laundering cases were detected in which 19 persons were arrested. Around HK\$5.6 million and HK\$20.9 million relevant assets were frozen and confiscated respectively by court orders. The predicate offences involved smuggling, drug trafficking, cross-boundary cash smuggling and infringement of intellectual property rights. The Department would keep on tracing any crime proceeds and source of funds of Customs-related offences to crack down on those crime syndicates, forfeit their crime proceeds and arrest the mastermind behind them.

As regards supervision of money service operators, the Department prosecuted nine cases of unlicensed operation of money service in 2019, leading to a total fine of HK\$124,000. Six defendants were disqualified from holding money service operator licences for specified periods ranging from two months to 12 months. One defendant was ordered to serve 100 hours of community service and another defendant was sentenced to two months' imprisonment suspended for 24 months. Generally speaking, the money service operator licensing system was operating smoothly.

Enforcement of the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance has been smooth and effective since its operation began on 16 July 2018. As of the end of December 2019, 36 314 declarations involving \$1 609 billion of currency and bearer negotiable instruments were received. In 2019, 144 cases of breaching the declaration or disclosure requirement under the Ordinance were detected from the passenger channels. Among the cases detected, 143 travellers made a fixed penalty payment of \$2,000 to discharge their legal liability while one traveller was prosecuted. During the same period, seven cases were detected from the cargo channels.

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 322 in 2019, proving the effectiveness of the measure. On smuggling of endangered species of animals and plants, 659 cases were detected and more than 375 000 kg of items was seized, representing a decrease of 12 per cent and an increase of 39 per cent respectively when compared with 2018. The Department will continue to strengthen intelligence exchange and co-operation

with the Mainland and overseas law enforcement agencies to combat smuggling at source.

On consumer protection, the Department in 2019 prosecuted 22 cases related to short weighing, of which six related to toys and children's products and two related to general consumer goods. For cases related to unfair trade practices, 148 enforcement cases were effected, 61 successful prosecutions were recorded and warning letters were issued in nine cases. On fitness and beauty industries which draw public concern, in addition to stepping up enforcement action, the Department held seminars and meetings for the relevant industries over the years to disseminate messages on fair trading. To combat unfair trade practices for protecting consumers, Customs officers patrolled at popular spots of tourist shopping areas on festive occasions. To combat violations by traders, the Department has deployed Quick Response Teams to handle and follow up promptly on complaints related to the Trade Descriptions Ordinance lodged by visitors who stay only for a short while in the territory. During the year, Quick Response Teams were summoned on 94 occasions to handle urgent complaints. In the first ever successful prosecution of a company for wrongly accepting payment in renovation industry, the company was fined \$30,000 while its male staff member was ordered to serve 80 hours of community service. In a case concerning the fitness industry, two salespersons of a fitness centre were sentenced to three weeks of immediate imprisonment owing to their aggressive commercial practice against a consumer, which was the first ever case of immediate imprisonment for such an offence.

The number of enterprises accredited as Authorized Economic Operators increased to 60 in 2019. Mutual Recognition Arrangements were signed with Israel and Canada in the year, adding up to a total of eleven following those with the Mainland, India, Korea, Singapore, Thailand, Malaysia, Japan, Australia and New Zealand Customs. In addition, the Free Trade Agreement Transshipment Facilitation Scheme launched at the end of 2015 was well received with 20 295 applications involving goods valued at US\$1.60 billion and an estimated tariff reduction of around US\$110 million by the end of 2019.

Under the Single E-lock Scheme (SELS) which started in March 2016 for speedy cargo clearance purposes, the Department's Intermodal Transshipment Facilitation Scheme is interconnected with the Speedy Customs Clearance of the customs administrations of Guangdong Province. The SELS now covers 52 clearance points in the Mainland. Together with the 12 clearance points in Hong Kong, the SELS provides more than 600 routes for the Scheme's participants to cope with the ever-increasing cargo

shipments between the Mainland and Hong Kong.

In retrospect, the Department detected a total of 26 781 cases in 2019, representing an increase of 19 per cent when compared with 2018. The value of seizures recorded an increase of 66 per cent to HK\$2.02 billion in 2019. Looking ahead, the Department will continue to uphold the century-old tradition of serving with “commitment and excellence” and will strengthen its capabilities in law-keeping and trade facilitation by formulating a smart customs blueprint under a four-pronged strategy covering application, research and development, analysis, and fortification. The Department will remain united, and initiate reform and transform its role under the blueprint of smart customs in order to provide excellent public services, enhance Hong Kong's competitiveness and facilitate the city's economic development.

Senior Management of the Customs and Excise Department in 2019



NG Kit-ching (Ms)
Assistant Commissioner
(Intelligence and Investigation)

LAI Lau-pak
Assistant Commissioner
(Administration and Human
Resource Development)

HO Pui-shan (Ms)
Deputy Commissioner

TANG Yi-hoi
Commissioner

TAM Yat-keung
Assistant Commissioner
(Excise and Strategic Support)

CHAN Tsz-tat
Assistant Commissioner
(Boundary and Ports)

FU Lai-ha (Ms)
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 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.



The Customs Headquarters Building in North Point

2. Organization of the Department

The Commissioner of Customs and Excise is the head of the Customs and Excise Department. 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 by 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 Cross-boundary Bridge 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, the Office of Trade Single Window Operation 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, consumer protection and supervision of money service operators. The Branch is made up of the CEPA and Trade Inspection Bureau, the Consumer Protection Bureau, the Money Service Supervision Bureau, the Trade Declaration and Systems Bureau, the Trade Descriptions Investigation Bureau and the Trade Investigation 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 Quality Management and the Internal Audit Division.

At the end of 2019, the Department had an establishment of 7 286 posts. Of these, nine were directorate posts, 6 096 were posts of the C&E Service, 511 were posts of the Trade Controls Officer Grade and 670 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-value 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 control points.



Customs dog handler and his detector dog searching for dangerous drugs

The Department detected 204 unmanifested cargo cases in 2019, a decrease of 6 per cent when compared with 2018. Among the cases, 196 of them involved items smuggled between Hong Kong and the Mainland, including two by air, 85 by sea and 109 by land. 218 persons were arrested and the seizures amounted to HK\$476 million.

Smuggling of general merchandise between Hong Kong and the Mainland is a matter of concern for both sides. Commodities including mobile phones and accessories, digital cameras and accessories, computers and accessories, dried seafood and frozen meat are the popular items smuggled into the Mainland. Items smuggled to Hong Kong include precious metals, dutiable cigarettes, counterfeit and copyright infringing articles.

Concealment remains a common tactic adopted by smugglers to evade Customs detection. Common concealment methods include 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. Another common concealment method includes the use of void spaces in cross-boundary conveyances to hide small and high-value merchandise such as diamonds, gold slabs and computer processing units. Smugglers also send high-value merchandise into the Mainland by high-powered speedboats moving at breakneck speeds, exploiting the long coast line of Hong Kong and frequently changing loading places to evade detection. Some smuggling syndicates resort to using containerized sea cargo to smuggle hot items to the Mainland.



Frozen meat seized from fishing vessels in an operation against sea smuggling

Smugglers also took advantage of the high vehicular traffic of cross-boundary private cars by deploying "ants moving home" tactics, in which high-value items were smuggled through the land boundary in secret compartments of vehicles.



Mobile phones seized inside the false compartment of a cross-boundary private car

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 regulation came into effect on 1 March 2013 and prohibits the unlicensed export of powdered formula for infants and children under 36 months. People 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 regulation, the Department has stepped up the enforcement work at various land boundary control points. The Department will continue to enhance intelligence collection and keep close contact with the Mainland Customs for joint operations if necessary to detect the illegal export of powdered formula from Hong Kong. Up to 31 December 2019, a total of about 292 500 kg of powdered formula was seized.

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 tend to mix the cigarettes with general cargoes and falsely declared the consignment, or concealed them inside imitated goods as camouflage. In addition to routine checking, intelligence exchange and parallel operations with the Mainland Customs at land boundary control points have proven to be effective measures to suppress smuggling activities. In 2019, a total of 39 million sticks of smuggled cigarettes were seized, with the majority found on board cross-boundary vehicles arriving from the Mainland.



Illicit cigarettes were concealed inside imitated goods.



Illicit cigarettes were found mix-loaded with general cargoes on board an incoming container truck.

Illicit Fuel

Rigorous enforcement through increased checks on incoming vehicles and vessels has contained the problem of illicit fuel smuggling from the Mainland. In 2019, eight importation cases, one by land and seven by sea, were detected, with 1 800 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. The Department actively reports suspicious shipments, contributing to some 53 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 sticks of cigarettes and 8 178 kg of manufactured tobacco in total, were seized as a result of information provided by the Department.

Dangerous Drugs

Cannabis, cocaine, heroin, ketamine and methamphetamine are popular dangerous drugs smuggled into Hong Kong. In 2019, the Department detected 827 cases with 2 152 kg of assorted drugs (not including khat) seized. Drug syndicates smuggle 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, the Department will continue to take rigorous enforcement actions, step up inspection and deploy Customs detector dogs to various control points.

Precious Metal

In 2019, one case involving seizure of 480 g of precious metals was detected and the total seizure value was HK\$120,000.

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 2019, 69 cases of firearms and weapons were detected at the Airport with seven persons arrested and the total seizure value was HK\$0.88 million.

At land boundary control points, five cases were detected in 2019 with five persons arrested and the total seizure value was about HK\$500.

Counterfeit and Pirated Articles

The Department has continued to accord high priority to the protection of intellectual property rights (IPR). Rigorous operations are mounted to suppress counterfeiting and pirating activities. Major seizures include 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 are on the rise. To tackle the problem, co-operation with overseas law enforcement agencies, express courier companies and the Hong Kong Post is enhanced. In 2019, 375 and 19 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 the detection of a total of 56 cases with seizures valued at HK\$7.1 million.

At the Hong Kong International Airport (HKIA), 30 IPR cases were detected with seizures valued at HK\$2 million. At land boundary control points, 14 importation cases were detected with 18 persons arrested and seizures valued at HK\$11.6 million. Besides, 16 cases of IPR infringing goods were detected from shipments via sea mode and the seizure value was HK\$17.3 million.

Electrical and Electronic Goods

Smuggling of high-value electrical and electronic goods to the Mainland continued in 2019. The value of electrical and electronic goods seized decreased by 68 per cent in 2019 to HK\$56 million.

Meat and Poultry

To safeguard public health, joint operations are regularly mounted by the Department with the Food and Environmental Hygiene Department (FEHD) at land boundary and cross-boundary bridge control points. In 2019, 538 joint operations with FEHD were conducted. Enforcement actions taken throughout the years have successfully deterred smuggling of meat and slaughtered poultry by cross-boundary cargoes and passengers.

Endangered Species

In 2019, Customs officers detected 659 cases of endangered species of animals and plants. The items involved woodlogs, ivory tusks, and pangolin and its scales, etc.

In 2019, Customs officers detected 27 sea smuggling cases of endangered species of animals and plants. Among the seizures, Customs detected 331 000 kg of controlled wood logs with a market value of nearly HK\$14 million. Other than controlled wood logs, Customs officers also seized 8 300 kg of pangolin scales valued at nearly HK\$41 million. The total seizure value of endangered species in sea smuggling cases was about HK\$84 million.



Raw ivory tusks seized in cargo examination



Pangolin scales seized in cargo examination

Marked Oil

Since May 2005, the Department has launched a scheme to suppress sea 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 2019, 11 cases of smuggling of marked oil were detected with 23 persons arrested and the total seizure value amounted to HK\$0.8 million.

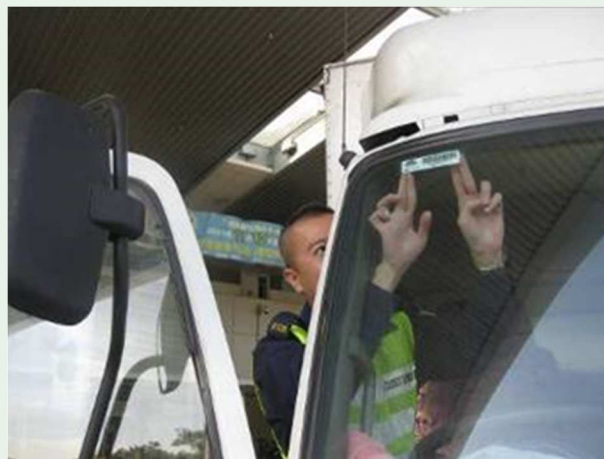
In 2019, eight joint operations with China Coast Guard against cross-boundary sea smuggling of marked oil were mounted to contain dubious bunkering activities.

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 logistics 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 land boundary control points.

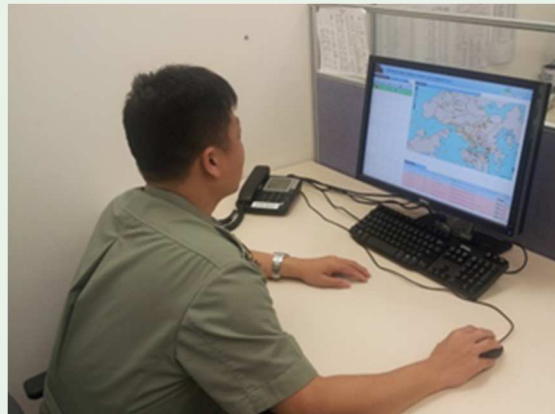


Customs Officer sticking an RFID tag on the windshield of a cross-boundary truck

Intermodal Transshipment Facilitation Scheme (ITFS)

The Department is constantly developing initiatives to increase the speed and lower the cost of movement of cargoes across the boundary with the Mainland to enhance the competitiveness of businesses in Hong Kong. To facilitate the movement of transshipment cargoes, the Department officially launched the 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 the 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 E-locks and tracking the movement of goods vehicles to ensure the security of cargoes while they are being conveyed within the Hong Kong territory.



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

To provide further clearance facilitation, the Department and the Mainland Customs joined hands to launch the Single E-lock Scheme (“SELS”) in March 2016 by connecting the ITFS with the Mainland Customs’ Speedy Customs Clearance System. Under the SELS, the two customs administrations conduct monitoring of the cargo based on the principle of “across the boundary with one single e-lock under separate monitoring”. For cargoes which have undergone inspection with no irregularity identified, the customs administration concerned will switch on the green light on the e-lock for reference by the other party. Inspection of the same shipment by both customs administrations at the busy land boundary control point would be reduced, resulting in savings in time and cost for the trade. In 2019, the SELS covers 52 clearance points in the Mainland, including 43 clearance points located in all of the nine Mainland municipalities within the Greater Bay Area and nine clearance points in other parts of Guangdong. Together with the 12 clearance points in Hong Kong, the SELS provides more than 600 routes to the participants to cope with the rapid development of the cross-boundary commerce.

Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme)

On 20 December 2015, to further enrich the facilitation services provided under the Economic Cooperation Framework Agreement (ECFA) and to allow more transshipment cargoes in Hong Kong to enjoy preferential tariff under the Free Trade Agreements (FTAs) signed between the Mainland and other economies, Hong Kong Customs launched the voluntary Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme). The FTA Scheme provides for Customs supervision service and issuance of Certificates of Non-manipulation to certify transshipment cargoes that have not undergone any further processing during their stay in Hong Kong. The FTA Scheme covers transshipment cargoes in Hong Kong heading for the Mainland from Taiwan under the ECFA, and from 62 countries under their respective FTAs¹ with the Mainland, as well as transshipment cargoes heading for Australia, Korea and Taiwan from the Mainland. In May 2016, the Department and the Mainland Customs signed a Co-operation Arrangement to signify the arrangements under the FTA Scheme provided for transshipment cargoes heading for the Mainland.

The Department has been collaborating progressively with the Mainland and overseas counterparts in a bid to extend the coverage of the FTA Scheme that facilitates more qualified cargoes transhipped through Hong Kong to enjoy preferential tariff under the FTAs signed between the Mainland and other economies. On 2 July 2019, after convening a review meeting with Korea Customs Service, the FTA Scheme was extended to cover cargoes from the Mainland transhipped through Hong Kong to Korea under the Asia-Pacific Trade Agreement; and on 1 August 2019, through negotiation with the Mainland Customs, the FTA Scheme was further extended to cover cargoes from Georgia and the Least Developed Countries (LDCs) transhipped through Hong Kong to the Mainland under the China-Georgia FTA and the Special Preferential Tariff Treatment to the LDCs, significantly increasing the coverage of the FTA Scheme from 23 to 63 economies.

¹ *The ECFA and the 14 FTAs cover the following economies: Association of Southeast Asian Nations (commonly referred to as ASEAN, including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam), Afghanistan, Angola, Australia, Bangladesh, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Chile, Comoros, Congo, Costa Rica, Djibouti, East Timor, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Georgia, Guinea, Guinea-Bissau, Iceland, India, Korea, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, New Zealand, Niger, Pakistan, Peru, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, South Sudan, Sri Lanka, Sudan, Switzerland, Taiwan, Tanzania, Togo, Uganda, Vanuatu, Yemen and Zambia.*

The FTA Scheme has been running smoothly since its launch in 2015. In 2019, Hong Kong Customs received 5 360 applications for cargoes with a total trade value of US\$435 million and tariff savings of around US\$29 million. The FTA Scheme allows goods passing through Hong Kong to enjoy preferential tariff, 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 Department will continue to promote the Scheme so that it could be extended to cover more transshipment cargoes heading for other economies having signed an FTA with the Mainland.



Customs officers checking a container seal



Customs officers affixing Customs seals onto FTA consignments

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 the ports in Beijing, Shanghai, Tianjin, Shenzhen and Guangzhou Customs Districts. In November 2017, the Scheme was further extended to all the ports in all 42 Customs Districts of the Mainland. Hong Kong’s registered wine exporters can submit wine consignment information online in advance to enjoy immediate customs clearance upon their consignments’ arrival at Mainland ports.

To seize the new opportunities arising from the development of the Greater Bay Area, the Department will continue to strengthen the promotion of the Scheme in the relevant Customs Districts, and explore with the Mainland Customs for further enhancement of the facilitation measures.

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) Programme² 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 2019, the Department has accredited 60 AEOs (including 12 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)³ 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, the Customs Department of the Kingdom of Thailand, the Royal Malaysian Customs Department, the Customs Administration of Japan, the Australian Border Force and the New Zealand Customs Service from 2013 to 2018, the Department signed the 10th and 11th MRAs with the Israel Tax Authority and Canada Border General Services Agency in June 2019. At the same time, the Department also signed an MRA Action Plan with the Directorate General of Customs and Excise of the Ministry of Finance of the Republic of Indonesia to mark the commencement of formal negotiation for mutual recognition of the Hong Kong AEO Programme and the Indonesia AEO Programme. Discussions with customs counterparts of Mexico, Bahrain and the European Union for establishing MRAs are underway.

² *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.*

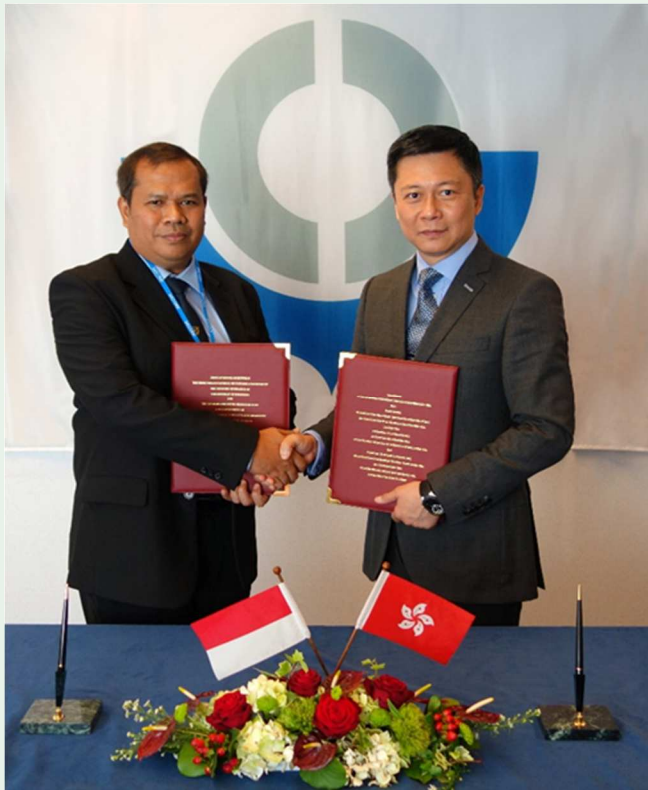
³ *Mutual recognition of AEO programmes is one of the principal goals of WCO SAFE FoS to better secure and facilitate global trade. It is a formal recognition of an AEO programme by other customs administrations. Through this arrangement, customs facilitation provided by other customs administrations may be extended to the accredited companies.*



Commissioner of Customs and Excise, Mr Hermes Tang (right), signed an MRA for the AEO Programme with the Director General of the Israel Tax Authority in Brussels, Belgium on 26 June 2019.



Commissioner of Customs and Excise, Mr Hermes Tang (right), signed an MRA for the AEO Programme with the President of the Canada Border General Services Agency in Brussels, Belgium on 27 June 2019.



Assistant Commissioner of Customs and Excise (Excise and Strategic Support), Mr Jimmy Tam (right), signed an MRA Action Plan for the AEO Programme with the Director of International Customs and Public Affairs of the Directorate General of Customs and Excise of the Ministry of Finance of the Republic of Indonesia in Brussels, Belgium on 29 June 2019.

Smart and Secure Trade Lanes (SSTL) Pilot Project

The Smart and Secure Trade Lanes (SSTL) Pilot Project⁴ has been running on a proper course since its implementation in Hong Kong in November 2013. In 2019, the Department continued its active participation in the Project. Through attending the working group meetings held in Chengdu, the Mainland of China in February and Budapest, Hungary in December, the Department has been working closely with the General Administration of Customs of the People's Republic of China (GACC) and the Directorate General for Taxation and Customs Union (DG TAXUD) of the European Commission to take forward the Project in coping with the e-Commerce trading, with the aim of strengthening Hong Kong's role as an international and regional logistics hub.



The 32nd SSTL Working Group Meeting was held in Chengdu, the Mainland of China from 27 to 28 February 2019.

⁴ *The GACC and the respective customs administrations of European Union have been operating the SSTL Pilot Project since November 2007. Riding on the WCO SAFE FoS, the SSTL Pilot Project aims at testing and refining the Framework's principles in a realistic and operational environment. The Department formally joined the SSTL Pilot Project in June 2013.*



The 33rd SSTL Working Group Meeting was held in Budapest, Hungary from 10 to 11 December 2019.

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 announced in 2016 to set up a Trade Single Window (TSW) in Hong Kong for one-stop lodging of all B2G documents to facilitate trade declaration and customs clearance. The Commerce and Economic Development Bureau has established a Project Management Office (PMO) since April 2016 to take forward the initiative with the Department and other participating Government agencies.

The TSW is implemented in three phases. Phase 1 was launched on 28 December 2018, which provided a voluntary e-option for the trade to lodge the relevant types of import and export trade documents. To tie in with the launch of Phase 1 of the TSW, the Office of Trade Single Window Operation was established to oversee the system's operation and provide support to TSW users through training, help-desk and hotline services.

By the end of 2019, 12 types of trade documents were available in the TSW for application and the system take-up rate was on the rise. As the operator of the TSW, the Department will fully support the PMO and other participating Government agencies for the implementation of Phase 1 and the ongoing development of future phases.

5. Narcotics Interdiction

Anti-narcotics Strategy

One of the major responsibilities of the Department 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 is imposed at all control points to prevent the inflow of drugs and their transit through Hong Kong, the Customs Drug Investigation Bureau 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, the Department strives to inhibit the illicit diversion of such chemicals at the global level through an international liaison network.

Enforcement

Frontline Customs officers take robust actions against illicit drugs by a combined use 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, the officers also target smuggling of drugs by express parcels and mails, and drug traffickers who try to sneak in the drugs through control points by wrapping them around the body, stuffing inside their body cavities or concealing them in false compartments of baggages. The high level of professionalism of the officers has resulted in encouraging findings.

Cocaine originating from South America is gaining popularity worldwide and has always been a high priority on the Department's anti-drug programme. In 2019, the Department seized 627.7 kg of cocaine and arrested 145 persons, representing respective increases of 148 per cent and 1 per cent when compared with 2018. Among the seizures, 398 kg was intercepted with 17 persons arrested in inland areas.



250 kg of cocaine with an estimated market value of about HK\$240 million was seized.



Close-up of cocaine with package cut-opened

Methamphetamine is a popular drug among young people. 251.3 kg of the drug was seized and 69 persons were arrested in 2019. Among the seizures, 210.7 kg was intercepted at the HKIA whilst en route mainly to other countries in the Asia Pacific region.

In 2019, the Department seized 263 kg of cannabis and arrested 80 persons. Among the seizures, 249.2 kg was intercepted at the HKIA. Of these, 217 kg of cannabis was seized from air cargoes and 32.2 kg seized from incoming air passengers.

Ketamine is another popular drug among young people. The Department arrested 102 persons and seized 351.6 kg of the drug in 2019. The amount of seizure increases 18 times when compared with 2018. In 2019, 326.3 kg was intercepted with 57 persons arrested at the HKIA. Of these 57 arrestees, seven were teenagers aged under 21. The recent ketamine trafficking trend denotes a change of major smuggling conduit by the syndicates. With rigorous enforcement by the Mainland counterparts since 2017, mass production of ketamine in the Mainland was almost extinct. Information revealed that most of the drugs manufacturing factories had been relocated to "Golden Triangle" and "Golden Crescent", and drug syndicates had to rely more heavily on importation from the European countries by air traffic.

In 2019, the Department seized 79.1 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 Australia, France and the United Kingdom.

Co-operation with Overseas and Mainland Authorities

The Department has maintained close ties with law enforcement agencies in the Mainland and overseas to enhance the effectiveness of enforcement against transnational drug trafficking. In 2019, as a result of co-operation with other jurisdictions, 2 125 kg of drugs and precursor chemicals was seized and 24 persons were arrested outside Hong Kong. Of significance, a multilateral transnational operation code-named “FAMILIA” was mounted by the Drug Enforcement Administration of the United States, the European Union Agency for Law Enforcement Cooperation and the Department. Law enforcement agencies from across the globe teamed up against a Balkan criminal syndicate engaged in large-scale cocaine trafficking. The operation turned overt with an overall seizure of more than one tonne of cocaine and the arrest of 16 persons. Among the seizure, 600 kg of cocaine was seized overseas with the arrest of 11 persons, whereas about 400 kg of cocaine was seized in Hong Kong with the arrest of five persons.

Cross Boundary Drug 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 slight increase in the number of persons aged below 21 arrested in connection with drug offences at land control points. In 2019, the number of arrests was seven while that of 2018 was six. The Department will continue to step up enforcement action against cross-boundary drug trafficking and increase public awareness of the severe penalties of drug offences and harmful effects of drug abuse.

Control of Chemicals

The Department maintains a licensing system under the Control of Chemicals Ordinance (CCO) to regulate the trade of 29 chemicals commonly used for the illicit manufacture of narcotic drugs and psychotropic substances. (Three more substances will come under the control of the CCO in July 2020.)

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 importing countries or territories to confirm the legitimacy of the shipment before export approval is granted. 331 PENs were issued to 19 countries in 2019.

During the year, the Department took 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 Hong Kong Country Office of US DEA 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 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 101 piracy cases and arrested 118 persons in 2019. Seizure of pirated optical discs (PODs) amounted to 2.4 million pieces.

Actions against Retail Sale of Pirated Goods

The Department maintains 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 organizes all anti-piracy operations, is determined to go after the syndicates that run optical discs piracy businesses in Hong Kong. The rigorous enforcement actions throughout the years have achieved significant results. The retail outlets selling PODs have almost been wiped out 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 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, under which manufacturers of stampers (the master disc) in Hong Kong are required to obtain a licence from the Department. In 2019, Customs officers conducted 12 inspections of licensed optical disc and stamper factories.

Actions against Internet Crime

To cope with the increasing trend of Internet crimes, the Department established the “Anti-Internet-Piracy Team” (AIPT), which was further expanded in 2014 with more than 40 investigators dedicated to fighting against Internet crimes. Up to December 2019, the AIPT detected 1 735 Internet cases, arrested 2 053 persons and seized infringing articles and computer equipment worth HK\$31.37 million. The Department has developed 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. In December 2017, the Department launched a new system named the Big Data Analytics System to perform automatic cross-platform cyber patrol, analyse mass information on different Internet platforms and identify prevailing and emerging trends of online IPR crimes.

To cope with new enforcement challenges arising from advancement in cyber technologies, the Department set up the Electronic Crime Investigation Centre (ECIC) in February 2013. The ECIC aims to strengthen research on the latest modus operandi of cybercrimes, formulate enforcement strategies and procedures on evidence collection for front-line enforcement officers, conduct training courses on retrieval and preservation of digital evidence for front-line officers and conduct research on online investigation systems. The ECIC obtained the ISO 9001:2015 Quality Management System Accreditation in February 2017, demonstrating its commitment to quality and compliance with the international standard.

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 117 circumvention cases and arrested 164 persons.

Actions against Counterfeit Goods

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

In 2019, the Department detected 846 forged trademark cases under the Trade Descriptions Ordinance. A total of 554 persons were arrested. With a value of HK\$114 million, the seized goods were mainly electrical and electronic products, leather goods, watches, parts and accessories, clothing and pharmaceutical products, accounting for about 62 per cent of the total value of seizures.

Actions against Counterfeit Wine

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

Actions against Counterfeit Medicines

With a view to enhancing the deterrent effects on the cross-border traffic 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 continues to update the list of dispensaries regularly. Up to December 2019, a total of 147 dispensaries were 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 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 17 IPR cases (11 copyright cases and six counterfeit cases), with some HK\$139 million worth of crime proceeds/assets restrained. This enforcement approach has effectively clamped down on syndicates engaged in copyright piracy and trademark counterfeiting activities.

Cross-boundary Enforcement Co-operation

The first Guangdong-Hong Kong-Macao Customs Intellectual Property Enforcement Cooperation Meeting was held in Hong Kong on 29 July 2019. The General Administration of Customs of the People's Republic of China (GACC) and Macao Customs Service (MCS) led a delegation respectively to attend the meeting.

Customs administrations of the three places exchanged views and shared experience on the enforcement of IPR protection during the meeting. The parties pledged themselves to further enhance mutual cooperation as per the existing cooperation practices, and to strengthen the tripartite partnership in combating cross-boundary infringing activities.



The then Assistant Commissioner of Customs and Excise (Intelligence and Investigation), Ms Ida Ng (front row, centre) ; the Deputy Director-General of GACC, Ms Liu Hong (front row, fourth left) and the Assistant Director-General of MCS, Ms Chau Kin-oi (front row, fourth right), are pictured with members of the delegations from the three customs administrations.

Strategic Partnership

The Department has been working proactively to seek greater cooperation 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 infringing activities, examination of seized goods to authenticate IPR, provision of testimony in court and training for Customs officers to enhance the skills 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 multifarious perspectives.

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 and October 2019, the ECIC delivered two sessions of training to Macao Customs on cyber investigation skills. The course content included techniques on cyber investigation against IPR infringing activities and 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 2019, 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 in March 2004 provides a platform for both parties to enhance strategic partnership and strengthen intelligence exchange. By the end of 2019, 79 organizations of the IPR sector have joined the 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 IPR industry to organize a series of special seminars to expand knowledge of IPRPA members on IPR protection.



Dr Xuming WANG, Director of Brand Protection of the Alibaba Group, was invited as the guest speaker of an IPRPA seminar in April 2019.

- 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. In September 2019, the Department together with an online marketplace operator rolled out an educational campaign. The educational campaign aimed at raising public awareness of criminal liability for selling infringing goods on the Internet. In this educational campaign, e-banners were displayed on the platform to appeal

to the platform users to report suspicious infringing product listings to the Department and not to sell infringing goods online.

- 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 infringing 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 infringing acts. Since the implementation of the scheme, the Department has activated the “Fast Action Scheme” at 132 major exhibitions and trade fairs, leading to the detection of 188 infringement cases and the arrest of 224 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 collaborate with the industry in the combat against offences involving counterfeit wine and false information on the place of origin. The Department 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 used in 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 the Department with information that leads to the seizure of infringing goods. The three existing reward schemes are:

- Anti-piracy (except retail level) Reward Scheme – sponsored by the copyright 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.

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 14 local youth uniformed groups (YUGs) and the IPR sector, the Department has run the “Youth Ambassador Against Internet Piracy Scheme” (YAS) since its launch in 2006. Over 250 000 members of the YUGs have 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 (IPD), organized the following activities for youngsters to raise their awareness of the importance of respect for and protection of IPR:

- With the support from the Education Bureau and the IPD, the Department delivered IPR Enforcement School Talks to over 3 110 students in 16 local secondary schools in 2019.

Under the framework of “The Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights”, the Department and the IPD, together with the Guangdong Copyright Bureau, jointly organized the “Guangdong/Hong Kong IPR Exchange Visit for Youngsters” in April and May 2019 in Huizhou and Hong Kong respectively.



Youth Ambassadors visited Huizhou City in April 2019.



Deputy Commissioner of Customs and Excise, Ms Louise Ho (back row, centre), attended the Respect for Intellectual Property Rights Fun Day in May 2019.

- IPR Badge Programme for Youth Ambassadors

Following the success of the Foundation Course in 2016, the Advanced Course and Tutor Course were conducted in 2017 and 2018 respectively, and the Department organized the Foundation Course of IPR Badge Programme for Youth Ambassadors in August 2019 again with the participation of 101 Youth Ambassadors. A wide range of courses, including enforcement work of the Department, basic IPR knowledge, criminal prosecution against IP crimes, as well as discipline and leadership trainings were provided to promote public awareness of and respect for IPR protection through education and publicity.



Youth Ambassadors attended a one-day visit to innovation and technology enterprises in Shenzhen in August 2019.



Principal guests, leaders of the YUGs and Youth Ambassadors attended the Graduation Parade held in August 2019.

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 1 707 spot checks and 312 investigations in 2019 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 involve comparatively more complaints concerning short weight continue to be the targets of the Department's enforcement actions. In 2019, prosecution was taken in 22 cases and warning letters were issued in 25 cases involving contravention of the Weights and Measures Ordinance.



Customs officers conducting equipment check on the accuracy of a spring balance used by a retailer



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

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

The Department conducts spot checks and investigations to ensure that toys, children's products and consumer goods supplied in the market are reasonably safe and affixed with bilingual warning labels. In 2019, 3 714 spot checks and 242 investigations were conducted and eight prosecution cases were concluded. Besides, the Department issued 34 Prohibition Notices prohibiting the supply of unsafe products, such as chopsticks, mattresses, squeeze toy, stuffed toy, tinbot, toy gun, whitening cream, children's clothing, hot water bottle, electric hand warmer, power bank and laser pointer.

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, kindergartens, schools of mid-wifery, and maternal and child health centres 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 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 has taken stringent enforcement actions against unscrupulous traders employing unfair practices. In order to maximize enforcement effectiveness, the Department has 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 pays particular attention to repeated offenders and contraventions which significantly undermine consumer interests.

Enforcement

In 2019, the Department received 8 233 (3 548 on goods and 4 685 on services) unfair trade practices-related complaints, most of which involved foodstuff, medicine, regulated electronic products, travel, beauty and fitness services. The number of investigations completed was 4 517 (2 034 on goods and 2 483 on services), including 4 363 preliminary investigations, 93 of which led to prosecution and 18 concluded with administrative action, as well as one case with written undertaking accepted by the Department.



Chinese herbs and pharmaceutical products seized in false trade description cases

Significant cases in different commercial sectors were detected, including aggressive commercial practices by fitness centres; misleading pricing of goods at ginseng and dried seafood shops; sale of passing-off items at medicine shops; false trade descriptions of service provided by renovation service providers; wrongly accepting payment of fees by employment agency as well as money service operators, etc. In 61 prosecution cases, 48 persons and 27 companies were convicted of unfair trade practices offences, with punishment including fines between HK\$1,000 and HK\$50,000; imprisonment between three weeks and 15 months; Community Service Order for 50 hours to 180 hours of work. In a few cases, the convicted persons were ordered to pay the victims compensation for their financial loss resulting from the offences. With the consent of the Secretary for Justice, the Department accepted two written undertakings from a beauty parlour and a sole proprietor of a beauty product supplier. A total of 12 warning letters and 22 advisory letters were issued to remind the traders concerned about their obligations to comply with the fair trading sections of the TDO.



Apparatus used by a ginseng and dried seafood shop seized in an unfair trade practice case



Passing-off items seized in a false trade description case



SD cards seized in a false trade description case

In 2019, the Department carried out 4 018 spot checks against retail shops, including those frequented by overseas and Mainland visitors. During long holidays such as Labour Day Golden Week, 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 practices and to ensure traders' compliance with the laws.



An operation code-named "Bullet" was launched to enhance consumer protection during the Labour Day Golden Week period. Photo shows Customs officers distributing pamphlets to a tourist at the Hong Kong-Zuhai-Macao Bridge Control Point.

A special operation code-named "Tornado" was mounted at the end of 2018 against fitness centres deploying aggressive commercial practices in the course of sale to force customers to sign up for fitness club membership. By the end of 2019, 26 persons were arrested, including five directors, 17 salespersons and four other persons involved in the cases. The related fitness service contracts amounted to a total value of around HK\$2 million. Among the prosecution cases, the Department successfully transferred 24 of them from Magistrate's Courts to District Courts due to their severity. This marked a milestone for the Department in the enforcement of the TDO as these were the first ever cases on unfair trade practices to be heard in District Courts.



A press conference was held at the Customs Headquarters Building to summarize the result of "Tornado".

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 94 occasions to handle urgent complaints.

Publicity and Education

To help traders understand the fair trading sections of the TDO and the consequences of non-compliance, 347 seminars/briefing sessions were organized for retailers, exhibitors, employees of the 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 their 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 with the TDO and upholding the integrity of the trade to their members/staff. Besides, pamphlets were distributed to the public, retail shops, exhibitors and tourists so as to draw their attention to the Amendment Ordinance.

The Department went further to launch a series of promotional videos featuring the theme message, “Be a fair and law-abiding trader”, to promote “prudent trade” and “smart consumption” in July, with a view to enhancing the public and traders’ awareness of unfair trade practices. With the story background set in the beauty, fitness and renovation service industries, the promotional videos convey the message of self-regulation and law compliance to traders and the message of smart shopping to consumers in a vivid style by depicting some common unfair trade practices scenarios.

To raise public awareness of consumer rights and to remind retailers of their legal obligations, the Department launched publicity campaigns by distributing pamphlets with salient points of the TDO to local consumers and visitors in 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.



Seminar held for Asian Academy for Sports and Fitness Professionals on 14 July 2019

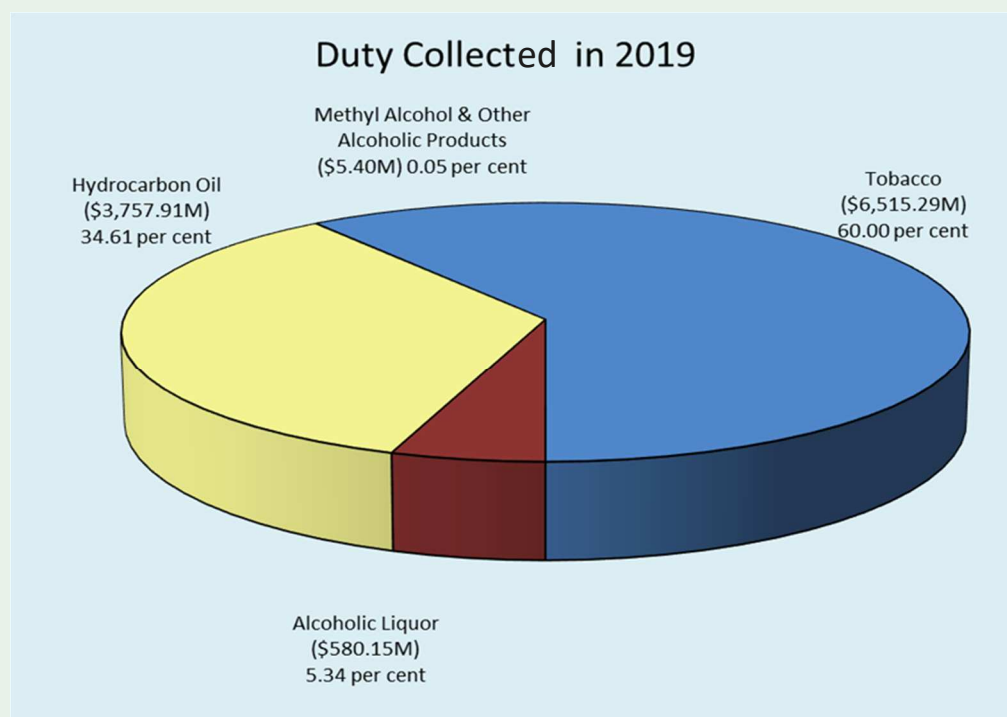


Seminar held for Money Service Operators on 17 May 2019

8. Revenue Collection and Protection

Revenue

In 2019, excise duties collected amounted to HK\$10.86 billion, of which 60 per cent was from tobacco, 34.61 per cent from hydrocarbon oil, 5.34 per cent from alcoholic liquor and 0.05 per cent from methyl alcohol and other alcoholic products. The revenue collected in 2019 increased by 1.69 per cent when compared with 2018. The percentage distribution of duty collected by commodity is shown in the diagram below.



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 the 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 the OBS, from 38 in April 2003 to 82 in December 2019.



Compliance check at a bonded warehouse



Surprise check on devanning of dutiable goods

Vehicle Valuation

Ever since the Motor Vehicles (First Registration Tax) Ordinance (the 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 roads remained high. With strengthened capability for value assessment and on-site inspection, progress has been made in tackling evasion of FRT. In 2019, the number of vehicles first registered by the Transport Department was 56 640 and the amount of FRT collected was HK\$8.26 billion, a decrease of 12.5 per cent over last year.

In 2019, a total of 30 vehicle companies and persons were prosecuted for contravening the Ordinance, including sole distributors, parallel-importers and individuals, and 66 vehicles were involved. Compared with 2018 where 43 vehicle companies and persons were prosecuted and 81 vehicles were involved, the decrease was largely attributed to a drop in the number of cases involving late submission of import return, the offence of which is considered as technical in nature. Generally speaking, malpractices of the trade were continuously brought under control and the number of cases of selling vehicles at a price higher than the approved price was maintained at a low level. In 2019, the Department continued to launch a series of publicity programmes, which included outreach visits, experience-sharing sessions and

customers' liaison group meetings, to promote traders' awareness of legal liabilities. Besides, the Department further stepped up its publicity by disseminating key messages to the public through electronic platforms (i.e. mobile app "HK Car Tax" and FRT system) with a view to enhancing public awareness of the statutory requirements under the Ordinance. Through these measures, coupled with enhanced market research of vehicle prices, strong enforcement actions and intensive on-site vehicle inspection, the Department has effectively combated FRT evasion and protected the rights of vehicle buyers.

Illicit Fuel

Illicit fuel activities continue to reduce in magnitude. There have 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. The continuous and active enforcement actions over the years have achieved the deterrent effect, resulting in a noticeable decline of such activities. Currently, only a few motor spirit stations are being operated in a sporadic manner in remote areas of the New Territories. With the persistent enforcement actions of the Department, illicit fuel activities have been effectively contained. In 2019, 10 cases were detected with 2 500 litres of illicit fuel (excluding export cases) seized, representing a drop of 72 per cent in seizures over the figure in 2018.

Illicit Cigarettes

The Department effected 17 368 illicit cigarette cases with the seizures of 56 million cigarettes and the arrests of 17 334 persons in 2019. The total value of the seized illicit cigarettes was HK\$151 million and the duty potential was HK\$106 million. As compared with the preceding year, the numbers of cases and arrests increased by 28 per cent and 33 per cent respectively. Among the seizures, about 54 million sticks were related to local illicit cigarette activities, representing an increase of about 2 per cent as compared with 2018, as a result of the strategy of stepping up enforcement at source.



Illicit cigarettes seized in an operation

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 established in 2012 and 2013 to collect and analyze intelligence and mount special operations. The outcome achieved was impressive, with 430 cases involving 2.8 million illicit cigarettes seized and 432 persons arrested in 2019.



A delivery vehicle for telephone ordering of illicit cigarettes was intercepted.

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 of factories are carried out to ensure their continuous compliance with registration conditions, and consignment checks are done on goods covered by CO applications. In this connection, the Department conducted 488 factory inspections and consignment checks in 2019.

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 collaborates with the Trade and Industry Department in rigorously enforcing 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 the import and export licence applications and conducts checks on the disposal of imported consignments to ensure that articles imported are used as declared. In 2019, the Department conducted 1 164 import licence checks, 2 322 export licence checks and 764 disposal checks.

During 2019, the Department also mounted three rounds of special operations against unlicensed shipments of controlled integrated circuits. As a result, 17 cases were effected with a total of 129 180 pieces of controlled integrated circuits intercepted. In the year, the Department investigated 192 cases and prosecuted 59 persons / companies, leading to a total fine of HK\$0.66 million and the forfeiture of goods with a value of HK\$2 million. The value of the goods involved in the prosecution cases was HK\$16.7 million.

Outreach Training

The Department conducted one outreach training session for the frontline staff of 20 shipping companies to enhance their knowledge in strategic trade control.

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. With effect from 1 August 2018, the charge for each import and export declaration is capped at \$200. For exports of Hong Kong manufactured clothing items (including footwear) specified in Schedule 1 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 19.62 million declarations and collected HK\$514 million import and export declaration charges / clothing industry training levies / late penalties in 2019. Short-paid declaration charges / clothing industry training levies recovered and late/administrative penalties imposed amounted to HK\$13.7 million. The Department also received around 7.4 million cargo manifests in respect of different modes of transport, including air, ocean, rail and road.

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 192 traders and carriers/forwarders in 2019. 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.



An 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 2019, the Department received 27 requests involving under-valuation of goods.

Closer Economic Partnership Arrangement (CEPA) - Trade in Goods

Since the implementation of CEPA on 1 January 2004, all products of Hong Kong that fulfill the mutually agreed CEPA Rules of Origin enjoy zero tariff treatment upon importation into the Mainland if they are covered by a Certificate of Hong Kong Origin (CEPA) (CO(CEPA)). To further open up the Mainland markets to Hong Kong and advocate the enhancement of CEPA, the Ministry of Commerce and the HKSAR Government signed a new Agreement on Trade in Goods on 14 December 2018. The new Agreement enhances CEPA in line with the standard of modern and comprehensive free trade agreements, and fully implements zero tariff on imported goods of Hong Kong origin through the introduction of a general rule of origin. The new Agreement implemented on 1 January 2019 affirms that all goods of Hong Kong origin can enjoy zero tariff preference upon importation into the Mainland. In 2019, a total of 17 788 applications for CO(CEPA) were received. Of these applications, 17 376 CO(CEPA)s with a total value of HK\$9.5 billion were issued. These applications covered a wide range of products, the 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 2 206 applications for CO(CEPA) and examined 69 CEPA consignments at various cargo exit points in 2019.

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 82 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 interests as a trading hub of rough 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 656 consignment inspections and eight investigations on rough diamonds during the year.

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 4 462 inspections, investigated 40 cases, and prosecuted nine persons / companies, resulting in a total fine of HK\$0.04 million in 2019. In these cases, the value of the rice and mixed grains involved was HK\$1.73 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, the Department conducted 178 inspections/verifications and two investigations in 2019. The value of the goods involved in the investigation cases amounted to HK\$0.58 million.

Trade Mediation

To protect Hong Kong's trading reputation, the Department provides free mediation service to settle trade disputes lodged by overseas trading firms against local companies. In 2019, the Department mediated in 27 cases and five 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. The AMLO was amended and retitled as the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, which became effective on 1 March 2018. Under the 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 2019, there were 1 496 licensees on the Register of MSOs with 2 608 licences renewed since the commencement of the renewal exercise in February 2014. By way of a risk-based approach, 1 002 licensed MSOs had been selected for compliance inspection, with 20 of them found having failed to comply with the statutory requirements. Investigations on the 11 non-compliant cases were concluded. Among the 11 licensees, five of them were prosecuted. Four licensees were fined a total of HK\$0.27 million and one licensee being handed a 200-hour Community Service Order by the court. The remaining six cases ended up with written warnings. Regarding disciplinary actions against non-compliant licensees, two licensees were publicly reprimanded by the Commissioner of Customs and Excise in 2015 and 2019 respectively, and another licensee was ordered to pay a pecuniary penalty of \$21,000 in November 2017. By the end of 2019, 20 disciplinary cases were in progress. Among them, 19 non-compliant licensees were served with a notice of disciplinary action against them. In 2019, the Department prosecuted nine cases of unlicensed operation of money service, leading to a total fine of HK\$124,000. Six defendants were disqualified from holding licences of money service operators for specified periods, ranging from two months to 12 months. One defendant was ordered to serve 100 hours of community service and another defendant was sentenced to two months' imprisonment, suspended for 24 months.

In September 2019, the Financial Action Task Force (FATF) published the Mutual Evaluation Report of Hong Kong, commending Hong Kong's efforts in combating money laundering and terrorist financing. The report, which assessed the compliance and effectiveness of Hong Kong's anti-money laundering and counter-terrorist financing (AML/CTF) regime against the international standards, recognized that Hong Kong had a strong legal foundation and effective system for combating money laundering and terrorist financing. Hong Kong's AML/CTF regime was assessed to be compliant and effective overall, making it the first jurisdiction in the Asia-Pacific region to have achieved an overall compliant result in the fourth round of FATF evaluation. The Department noted the recommendations made in the report and will continue to employ and enhance a broad range of supervisory and enforcement measures to facilitate and ensure the effective implementation of policies, procedures and controls for compliance with AML/CTF requirements by MSOs.

The Department will continue to organize seminars, small group workshops, thematic outreach programmes and training courses to enhance MSOs' knowledge of Anti-Money Laundering and Counter-Financing of Terrorism 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 regulatory requirements of MSOs under the AMLO



Officers of the Money Service Supervision Bureau visited a money service operator for compliance inspection and reinforced its awareness of compliance with the statutory responsibilities.

10. Customs Co-operation

World Customs Organization (WCO)

In 2019, 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:

- Capacity Building Committee
- Counterfeiting and Piracy Group
- Enforcement Committee
- Harmonized System Committee
- Information Management Sub-Committee
- Integrity Sub-Committee
- Permanent Technical Committee
- Secure and Facilitate Global Trade (SAFE) Working Group
- Technical Committee on Customs Valuation
- Technical Committee on Rules of Origin of Goods
- Technical Experts Group on Air Cargo Security
- Working Group on Revenue Compliance and Fraud



Commissioner of Customs and Excise, Mr Hermes Tang (left), led a delegation to attend the 133rd-134th Sessions of the Customs Co-operation Council in Brussels, Belgium in June 2019.

At regional level, the Department was likewise active in attending the following meetings hosted by the WCO Asia/Pacific Vice-Chair to foster dialogue, co-operation and networking.

- WCO Asia/Pacific Regional Heads of Customs Administrations Conference
- WCO Asia/Pacific Regional Contact Points Meeting

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.

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

In 2019, the Department continued to provide strenuous support to the WCO RILO A/P by sending an officer to work as an Intelligence Analyst. The Department and RILO A/P are the joint coordinators of the Focus Area "Compliance and Enforcement" of the WCO A/P Regional Strategic Plan 2018-20. Under the coordination of RILO A/P, the Department exchanges 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 against the smuggling of cigarettes ("Project Crocodile"), dangerous drugs by air and sea transport ("Drugs Seizures Immediate Notification System"), hazardous waste ("Project Sky-Hole-Patching") as well as household and plastic waste ("Project WINS"). In 2019, the Department kept fostering co-operation and participating in enforcement activities at regional and international levels, such as "Operation Demeter V" and "Operation ICE BREAK" to respectively tackle the illicit cross-border shipment of hazardous waste and combat against trafficking in dangerous drugs and related precursor chemicals in the region.

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

The Department has been working closely with the WCO ROCB A/P and supportive to their initiatives. Since 2011, the Department has been sending an officer to the ROCB A/P in Bangkok as a Technical Attaché to coordinate capacity building activities for Southeast Asian countries.

In the capacity building domain, the Hong Kong Customs College has been accredited as one of the seven WCO Regional Training Centres (RTCs) in the A/P region since 2004. It will continue to provide staunch support to the WCO and the ROCB A/P for the capacity building efforts in the region.

Asia Pacific Economic Co-operation (APEC)

In 2019, the Department participated actively in various APEC meetings and events in Chile.

At the 1st APEC Sub-Committee on Customs Procedures Meeting held in February 2019, the Department shared views with member economies on the World Trade Organization Trade Facilitation Agreement, Authorized Economic Operator (AEO) Programme, and the Intellectual Property Rights enforcement.



Assistant Commissioner of Customs and Excise (Excise and Strategic Support), Mr Jimmy Tam (front row, eighth left), led a delegation to attend the 2019 1st APEC Sub-Committee on Customs Procedures Meeting held in Santiago, Chile in February 2019.

The 11th Meeting of the European Union/Hong Kong, China Joint Customs Co-operation Committee in Brussels

On 1 July 2019, the Assistant Commissioner (Excise and Strategic Support), Mr Jimmy Tam, led a 4-member delegation to meet the Director of International and General Affairs of the Directorate General of Taxation and Customs Union of the European Commission, Ms Sabine Henzler, at the 11th Meeting of the Joint Customs Co-operation Committee between the European Union and Hong Kong, China in Brussels.

At the meeting, both sides discussed the implementation situation of the Action Plan on Cooperation in the Customs Enforcement of Intellectual Property Rights. Besides, they also reviewed the work progress and co-operation in various areas of mutual interest, in particular the Smart and Secure Trade Lanes Pilot Project and Authorized Economic Operator Programme.



The Assistant Commissioner of Customs and Excise (Excise and Strategic Support), Mr Jimmy Tam (front row, second left), met the Director of International and General Affairs, Taxation and Customs Union Directorate-General, Ms Sabine Henzler (front row, centre), in Brussels.

High-Level Officials Visit to Hong Kong Customs

On 30 July 2019, the Commissioner of Customs and Excise, Mr Hermes Tang, and the Secretary General of the Ministry of Finance of Republic of Indonesia, Dr Hadiyanto, had a courtesy meeting. At the meeting, both sides exchanged views on strengthening customs collaboration, facilitating legitimate trade and optimizing human resources management.



The Commissioner of Customs and Excise, Mr Hermes Tang (front row, centre), met the Secretary General of the Ministry of Finance of Republic of Indonesia, Dr Hadiyanto (front row, third left), at the Customs Headquarters Building.

On 29 October 2019, the Commissioner of Customs and Excise, Mr Hermes Tang, and the Consul General of Malaysia in Hong Kong, Mr Yap Wei Sin, had a courtesy meeting. At the meeting, a fruitful discussion on trade facilitation and economic development promotion between the two economies was made.



The Commissioner of Customs and Excise, Mr Hermes Tang (third left), met the Consul General of Malaysia in Hong Kong, Mr Yap Wei Sin (third right), at the Customs Headquarters Building.

Familiarisation Visit by New Overseas Customs Attachés to Control Points

On 13 November 2019, the Office of Customs Affairs and Co-operation arranged a visit for seven new overseas Customs Attachés to various control points, viz., the Hong Kong-Zhuhai-Macao Bridge Passenger Terminal Building, the Guangzhou-Shenzhen-Hong Kong Express Rail Link West Kowloon Station and the Cathay Pacific Cargo Terminal at the Hong Kong International Airport.

During the visit, frontline Customs officers introduced customs clearance procedures for passengers and cargoes and demonstrated the operation of different advanced inspection equipment. The attachés were also briefed about various facilitation measures including the Hong Kong Authorized Economic Operator Programme and the Single E-Lock Scheme.



Seven new overseas Customs Attachés watched a drug detection demonstration by Customs detector dogs at the Cathay Pacific Cargo Terminal at the Hong Kong International Airport during a familiarisation visit to various control points.

Deputy Director-General of the Macao Customs Service (MCS) visited Hong Kong Customs

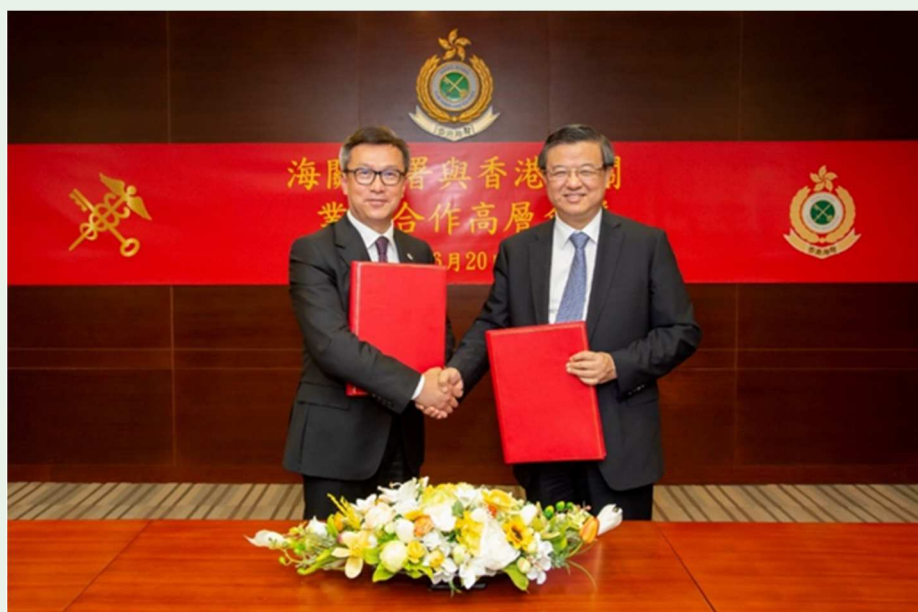
On 8 January 2019, the then Deputy Director-General of the MCS, Mr Ng Kuok-heng visited Hong Kong Customs and met the then Deputy Commissioner of Customs and Excise, Mr LIN Shun-yin. During the meeting, both sides made a good exchange on Hong Kong-Zhuhai-Macao Bridge customs clearance matters and various aspects of mutual co-operation for contributing to the co-operation and development of the Guangdong-Hong Kong-Macao Greater Bay Area.



The then Deputy Commissioner of Customs and Excise, Mr Lin Shun-yin (front row, centre), the then Deputy Director-General of the MCS, Mr Ng Kuok-heng (front row, second left), and delegation members in a group photo

The Minister of the General Administration of Customs of the People's Republic of China (GACC) visited Hong Kong Customs

From 18 to 21 June 2019, the Minister of the GACC, Mr Ni Yuefeng, led a delegation to Hong Kong. During the visit, Mr Ni met the Commissioner of Customs and Excise, Mr Hermes Tang, at a high-level meeting held at the Hong Kong Customs Headquarters Building on 20 June 2019. Both sides exchanged views on the co-operative arrangements over customs issues and agreed to step up mutual co-operation to make a more significant contribution to the economic development of both the Mainland and Hong Kong under the context of the development of the Guangdong-Hong Kong-Macao Greater Bay Area. In this regard, both sides specifically reached a consensus on a co-operative arrangement, under which collaboration and exchange would be strengthened to expedite customs facilitation within the Greater Bay Area.



The Commissioner of Customs and Excise, Mr Hermes Tang (left) exchanged the co-operative arrangement between the GACC and Hong Kong Customs on supporting the development of the Guangdong-Hong Kong-Macao Greater Bay Area with the Minister of the GACC, Mr Ni Yuefeng (right).

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.

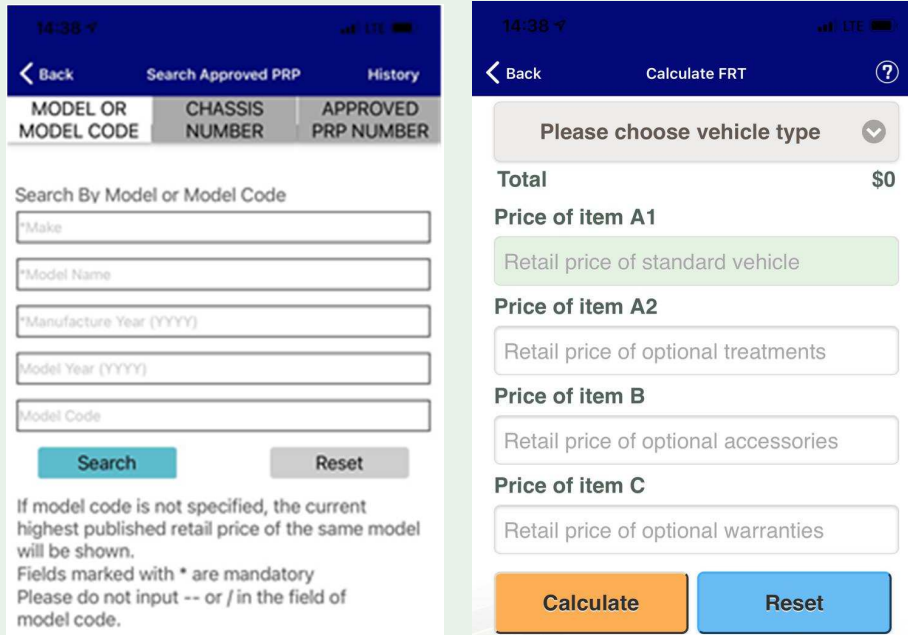


Data Centre staff conducting round-the-clock monitoring on computer servers in Customs Headquarters Building

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 and applications for certain licences. In this regard, the Road Cargo System, the Money Service Operators Licensing System, the Dutiable Commodities System and the Currency and Bearer Negotiable Instruments Declaration System were fully launched in 2011, 2012, 2017 and 2018 respectively to facilitate traders' compliance with the relevant 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.



Public users are able to search approved PRPs and calculate FRT in the “Hong Kong Car Tax” application.

The Second Information Systems Strategy Study

The first Information Systems Strategy Study (ISSS) was completed in 2003 with recommendations on the development of the Department into an intelligence-led and knowledge-centric enforcement agent. To keep pace with the rapid development of IT and innovative applications, and to implement the “Smart Customs” strategy, the Department embarked on a new round of ISSS in early 2019. This latest round of ISSS aims at formulating an up-to-date and holistic IT strategic plan for the coming decade and beyond, which will guide the Department to become a data-driven organization through digital transformation.

Development of a New Customs Portal

To introduce a smarter and more user-friendly IT experience to all staff members, a new Customs Portal (CP) was rolled out on 28 April 2019, following a revamp exercise to enable staff members to gain access to various computer systems and departmental information through a single entry point. Enhanced navigation features in functional portlets of the system and a new Photo Gallery Portlet were developed to enable effective dissemination of information and display of photos on major departmental events and significant developments.

Development of a New Electronic System for Sea Cargo Clearance

To replace the Customs Control System (CCS) and to reinforce cargo clearance services for sea cargoes, the first phase of the Sea Cargo Support System (SCSS) was launched on 27 April 2019 to facilitate customs clearance of ocean-going vessels. The second phase of the SCSS, aiming at digitalizing the manual processes involved in customs clearance of river trade vessels, was scheduled for implementation in January 2020. Full implementation of the SCSS is expected to greatly improve the Department's sea cargo clearance efficiency.

Computer Equipment for New Control Points and Customs Facilities

Computer and IT equipment will be provided to support future Customs operations at Heung Yuen Wai Boundary Control Point, Tuen Mun Customs Marine Base, Intermodal Transfer Terminal and the Three-Runway System scheduled for commissioning from 2020 to 2024.

Computer Forensic Laboratory (CFL)

Rapid IT development not only 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 crucial in the investigation of computer-related offences. In 2000, the CFL and the Computer Analysis and Response Team were set up to assist frontline investigators in the analysis of digital evidence and subsequent prosecution in court.

The CFL was the first government computer forensic laboratory accredited with international management standards. Since 2006, the CFL has been accredited with ISO 9001 on Quality Management and ISO 27001 on Information Security. It has also established a set of standards on integrity and professionalism. As a result, the credibility of expert advice given by its forensic staff and the Department's computer forensic service in court is greatly enhanced and recognised.



CFL staff collecting digital evidence at crime scene

Since its establishment, the CFL has processed 1 211 cases involving 1 097 servers / computers, 3 619 hard disk drives, 827 optical disc replicating machines, 1 355 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 1 111 TB). The cases 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 to cope with the increasing cross-boundary traffic. The projects include:

- Heung Yuen Wai Boundary Control Point
- Three-Runway System
- Intermodal Transfer Terminal

Heung Yuen Wai Boundary Control Point (HYW BCP)

The Heung Yuen Wai Boundary Control Point (HYW BCP), which is expected to become operational in 2020, will help to redistribute cross-boundary traffic amongst other existing crossings and alleviate congestion. It adopts a “direct access” and “2-storey concept” design with an area 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 Hong Kong (AAHK) will expand the HKIA into the Three-Runway System (3RS). Construction of 3RS has 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 more arrivals and departures, and 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, the HKIA will be able to serve 30 million additional passengers annually.

Intermodal Transfer Terminal (ITT)

The AAHK is planning to develop an Intermodal Transfer Terminal (ITT) to meet the anticipated demand from additional transfer passengers at the HKIA following the opening of HZMB.

Development of the ITT includes expansion and modification of the existing SkyPier and a bonded road linking to the Hong Kong Boundary Crossing Facilities of HZMB. The targeted completion date will be in the fourth quarter of 2022.

13. Administration

110th Anniversary Celebration

To celebrate the 110th Anniversary of the establishment of the Department, a range of activities were launched in 2019, not only to share the joy with the members of the public but also to enhance their understanding of Customs work. These activities included the publication of the Customs and Excise Department 110th Anniversary Photo Album and Commemorative Stamp Pack, the hosting of the Regional Customs Football Tournament, Customs Headquarters Building Open Day, Charity Badminton Tournament, Mess Night, Annual Dinner, etc. It is worthwhile to note that the Charity Badminton Tournament raised over HK\$2.2 million for the Little Life Warrior Society, a local non-profit-making charity organization assisting cancer child patients.



The C&ED 110th Anniversary Photo Album



The Secretary for Security, Mr John Lee (front row, centre); the Commissioner of Customs and Excise, Mr Hermes Tang (front row, second left), and fellow guests at the opening ceremony of the “17th Customs Inter-regional Football Match”



The Commissioner of Customs and Excise, Mr Hermes Tang (front row, eighth left), and fellow guests at the Customs Headquarters Building Open Day



The Secretary for Security, Mr John Lee (fourth left); the Secretary for Food and Health, Professor Sophia Chan (fifth left); and the Commissioner of Customs and Excise, Mr Hermes Tang (third left), presented prize to the champion of the Trophy Competition in the Hong Kong Customs 110th Anniversary Charity Badminton Tournament.



The Secretary for Security, Mr John Lee (front row, fourth left); the Commissioner of Customs and Excise, Mr Hermes Tang (front row, fifth left), current and former C&ED directorate officers at the 110th Anniversary Mess Night



The Chief Secretary for Administration, Mr Matthew Cheung (sixth left); the Secretary for Security, Mr John Lee (sixth right); the Commissioner of Customs and Excise, Mr Hermes Tang (fifth left), and all directorate officers at the C&ED 110th Anniversary Annual Dinner 2019

Human Resource Management

The Department's human resource management aims at strengthening the capabilities of its staff in achieving the Department's mission and in delivering business results in an efficient and effective manner. The Department maintains 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 operational 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 ethics and probity among its staff, the Department organized a series of educational and publicity campaigns on staff integrity and healthy lifestyle in the past year.



Mr Ng Yuk-wing, Terry, Senior Community Relations Officer of the ICAC, was invited as the guest speaker of a departmental seminar.



Dr Fung Chi-yan, Raymond, Fellow of Hong Kong College of Cardiology, was invited as the guest speaker of a departmental seminar.

On the publicity front, the departmental newsletter on promoting healthy lifestyle and staff integrity, "*The Pine*", continues to instill the concept of healthy lifestyle in its staff by widely covering stories in 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 for family members, colleagues and the community

"*The Pine*" also has a caricature section to promote the 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 works hand-in-hand with professional institutions with a view to arousing the staff's concern about mental health. Three series of mental health related courses and one workshop on "Handling of Problem Gambling" were organized in 2019. The contents of staff integrity are incorporated into various training programmes for both induction trainees and serving officers of different levels. E-learning programmes and training videos on integrity have also been developed to increase integrity awareness of its staff.

Promotion of Occupational Safety and Health (OSH)

The Department has been making strenuous efforts to ensure workplace safety and raise staff awareness of occupational safety and health (OSH). In 2019, its Occupational Safety Working Group took actions on multiple fronts to meet the said objectives. In the third quarter, it organized a departmental seminar in cooperation with the Civil Service Training and Development Institute to enhance the techniques of frontline officers in handling confrontational situations at work, and coordinated a large-scale procurement exercise of OSH equipment and accoutrements (e.g. traffic control light batons, handheld LED lamps, mobile air conditioners, etc.) for frontline officers. Throughout the year, the Departmental Safety and Health Officer paid visits to different workplaces of the Department to conduct inspection and give OSH advice.

In April 2019, the Department had a meeting with the Working Group on Occupational Safety and Health in the Civil Service. The Working Group often pays visits to government departments on a regular basis, and its last visit to the Department dated

back to some ten years ago. In the meeting, the Working Group was briefed on the departmental efforts to promote OSH culture and implement the Safety Management System. The Working Group heaped praise on the joint commitment of the management and the staff in enhancing safety measures as well as raising OSH awareness.



The Working Group on Occupational Safety and Health in the Civil Service and the Department exchanged views on issues regarding occupational safety and health in April 2019.



The speakers from the Civil Service Training and Development Institute shared the techniques in handling confrontational situations at work during the departmental seminar held in August 2019.

Welfare, Sports and Recreation

In 2019, the Departmental Sports and Recreation Club organized over 340 sports and recreational events, including charitable activities, training classes, performances and inter-command competitions for its staff and their families.



Swimming Gala 2019

Apart from self-organized activities, the Department also participated in worthy events held by other organizations. In August 2019, the Department sent a delegation to participate in the 2019 World Police and Fire Games held in Chengdu. A total of 12 events such as swimming, athletics, badminton, basketball, volleyball, golf, rugby, etc. were participated with medal won.



The Chairman of the Customs and Excise Department Sports and Recreation Club, Mr Ellis Lai (second row, centre) led the Department athletes to participate in the opening ceremony of the 2019 World Police and Fire Games.

To give closer attention to staff welfare needs and to promote a caring culture among its staff, the Department fine-tuned the health and welfare management system. In 2019, there were 101 officers appointed as Health and Welfare Managers in various offices. These officers were provided with job related training and access to the 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 on subjects such as mental health first aid, handling of pathological gamblers, counselling skills and knowledge.

14. Training and Development

To maintain the professionalism of its staff and to help them develop knowledge and skills throughout their careers, the Department makes significant efforts in 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 the OTD is responsible for cross-formation training and development, individual major formations are responsible for organizing formation-specific training.



Hong Kong Customs College (formerly known as The Customs and Excise Training School)

Training and Development Activities

The Department formulates its human resource development strategies on the basis of the competency requirements of its staff who are tasked to fulfill specific departmental functions. The OTD organized a wide range of training programmes throughout the year to enhance the core competencies and functional competencies of officers. 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 205 officers to attend different training and attachment programmes hosted by academic institutions, customs organizations and law enforcement administrations in the Mainland and overseas in 2019.

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, Hong Kong Customs College (HKCC) (formerly known as Customs and Excise Training School) 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 are introduced. Moreover, relevant personalities will be invited to share their vision and experience with the trainees.



Physical Fitness Training



Firearms Training

Since December 2018, HKCC has been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications as an operator competent to operate accredited learning programmes under the Hong Kong Qualifications Framework (QF). In 2019, 78 Probationary Inspectors were awarded “Professional Diploma in Customs Management for Inspectors” at QF level 5 (pitched at the same QF level as a local Bachelor's Degree), while 437 Probationary Customs Officers were awarded “Professional Diploma in Customs Operations for Customs Officers” at QF level 4 (pitched at the same QF level as a local Associate Degree or a Higher Diploma).

Riding on the momentum towards the development of quality training, HKCC is attempting to collaborate with tertiary institutions to enhance the training content and design while exploring the feasibility of credit transfer.

Personal Development of Staff

The Department advocates a schematic approach whereby senior and middle managers are nurtured through a designated roadmap. In 2019, three senior officers attended advanced leadership / management development programmes at renowned overseas institutes and 69 officers attended national studies training in the Mainland.

Continuous Learning and Development

The Department adopts 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 training, the departmental Corporate Portal paves way for individual officers to achieve self-learning through studying the e-Learning programmes at their own pace.

The Department also collaborates with the Civil Service Training and Development Institute to deliver e-Learning through the Cyber Learning Centre Plus, with 43 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 maintain professionalism.



Training on e-Learning

Regional Training Centre (RTC) of the World Customs Organization (WCO)

As one of the WCO RTCs in the Asia Pacific, HKCC plays an active and significant role in supporting the WCO's capacity building initiatives. 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.

Mutual Training Assistance

Interaction among counterparts in the global customs community is a key to successful enforcement outcomes. In 2019, the Department sent 182 officers to receive training from or undergo attachment to other customs organizations and law enforcement administrations, and provided training to 19 visiting officials.

Occupational Safety and Health

The Department is committed to providing a safe and healthy working environment for its staff and adopting a holistic framework on safety management system. In 2019, 12 tailor-made courses such as "Basic Risk Assessment", "Competence in Manual Handling", "Safety Inspection" as well as "Driving Techniques and Safety" 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 training courses were provided to frontline officers to enhance their capability in responding to various kinds of threats and on the proper use of force in different enforcement situations. Other specialized training courses on investigations were also organized to strengthen officers' ability in analyzing intelligence and planning in-depth investigations against organized crimes. Overseas training courses 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

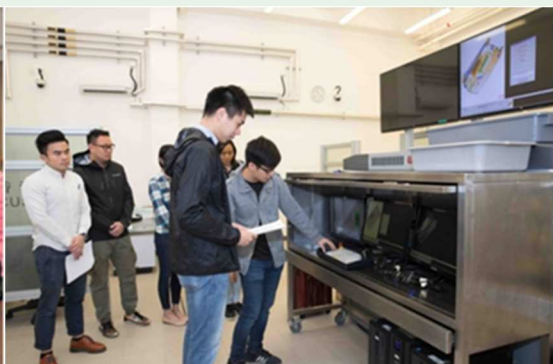


Raiding Techniques Course

The Department deploys specialized equipment such as X-ray screeners and trace contraband detectors to help frontline officers to detect contrabands. In 2019, two 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 Trace Contraband Detectors



Train-the-trainer Course on X-ray Screener

Prosecution-related Training

Legal knowledge is essential for successful prosecution in a criminal case. In 2019, the Service Prosecution Group organized a considerable number of training courses and sharing sessions on prosecution-related matters for frontline officers, including court procedures and trial preparation, court attendance and case handling, prosecution and forfeiture procedures, mock trials, etc. with a view to keeping frontline officers abreast of the latest legal knowledge and courts' requirements.

15. Financial Administration

Revenue

The Department collected HK\$11 974 million of revenue in 2019-20, representing an increase of 4.3 per cent over that in 2018-19. The increase was mainly attributable to the increase in revenue collection from cigarettes, which was partly offset by the decrease in revenue collection from imports and exports declaration charges.

A summary of the revenue collected in 2018-19 and 2019-20 is at Appendix 8.

Expenditure

The total expenditure of the Department in 2019-20 amounted to HK\$4 559 million, of which Personal Emoluments, Other Recurrent Expenses and Capital Account Expenditure accounted for 74.1 per cent, 24.4 per cent and 1.5 per cent respectively. The increase in expenditure of 10.2 per cent over that in 2018-19 was mainly due to the additional requirement for the full year provision of customs clearance services at the new control points, the impact of the 2019 civil service pay rise and the increase in operating expenses, partly offset by the decrease in cash flow requirement for capital account items.

A summary of the total expenditure in 2018-19 and 2019-20 is at Appendix 9.

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

	2018-19	2019-20
	HK\$M	HK\$M
(a) Control and Enforcement	3 114	3 506
(b) Anti-narcotics Investigation	249	245
(c) Intellectual Property Rights and Consumer Protection	355	380
(d) Revenue Protection and Collection	212	216
(e) Trade Controls	206	212

Seizure Management

The provision of service for the storage and disposal of seized goods is one of the major tasks of the Department. In 2019-20, the total average storage space available for accommodating seized goods and vehicles in government storehouses was 57 084 sq. metres while that in private godowns was 3 720 cu. metres.

After forfeiture, the seized goods are disposed of by auction or destruction. The Department disposed of about 55 000 items of confiscated goods in 2019-20, which included cigarettes, optical discs, drugs, fuel oil, computer equipment, vessels and vehicles. The proceeds from the sale of forfeited goods during the period amounted to about HK\$27 million.

16. Criminal Prosecution

The Department takes criminal prosecution seriously with the aim of bringing offenders to justice. Successful prosecution is not only an inspiring finale to frontline operation and investigation, but also serves as a strong deterrent to criminal activities. In 2019, the number of prosecution cases was 6 511, of which 3 772 (57.9 per cent) were related to the Import and Export Ordinance, 1 849 (28.4 per cent) related to the Dutiable Commodities Ordinance, 529 (8.1 per cent) related to the Trade Descriptions Ordinance, 295 (4.5 per cent) related to the Dangerous Drugs Ordinance and 90 (1.4 per cent) related to the Copyright Ordinance. A total of 6 610 persons and 319 companies were prosecuted, resulting in a total fine of HK\$25.4 million and the imposition of imprisonment in 886 cases.

Major Legislation Amendments

Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2019

The Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2019 came into operation on 1 October 2019. The Notice amended Schedules 1 and 2 to the Ordinance to apply the updates to safety standards for toys and five classes of Schedule 2 products, namely "child safety barriers for domestic use", "children's cots for domestic use", "children's high chairs and multi-purpose high chairs for domestic use", "playpens for domestic use" and "children's paints" under the Ordinance.

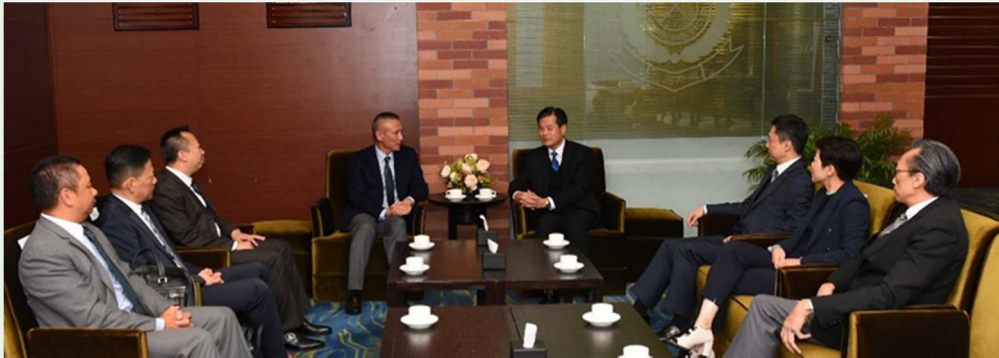
Prosecution Summary

In 2019, a total of 6 031 persons and 293 companies were convicted in prosecution cases brought by the Department. Details of the prosecution related figures are set out in Appendices 14 to 16.

Chronicle

January 2019

- The then Deputy Director-General of the Macao Customs Service, Mr Ng Kuok-heng, visited the Department.



Delegation members from both sides exchanged views on contributing to the development of the Guangdong-Hong Kong-Macao Greater Bay Area during the meeting.

- Passing-out Parade for officers of Nos. 433 to 438 Customs Officer Induction Courses, with Mr Lin Shun-yin, CMSM, the then Deputy Commissioner of Customs and Excise, as the Inspecting Officer.



The then Deputy Commissioner of Customs and Excise Mr Lin Shun-yin inspecting probationary officers

- The Customs and Excise Training School was renamed as Hong Kong Customs College on 1 January 2019 upon successful accreditation of the Inspector Induction Course and the Customs Officer Induction Course under the Hong Kong Qualifications Framework. Graduates admitted from 1 January 2019 onwards will be awarded “Professional Diploma in Customs Management for Inspectors” or “Professional Diploma in Customs Operations for Customs Officers” by the College.



The Customs and Excise Training School was renamed as Hong Kong Customs College on 1 January 2019.

- Seized 1.6 million sticks of illicit cigarettes with a retail value of HK\$4.4 million from an incoming cross-boundary lorry at Man Kam To Control Point. The cigarettes were mix-loaded with vegetables on board the vehicle.



Illicit cigarettes were mix-loaded with vegetables on board an incoming lorry at Man Kam To Control Point.

- Seized 1.8 million sticks of illicit cigarettes with a retail value of HK\$4.8 million from an incoming cross-boundary lorry at Lok Ma Chau Control Point. The cigarettes were concealed inside mobile toilets on board the vehicle.



Illicit cigarettes were concealed inside mobile toilets on board an incoming lorry at Lok Ma Chau Control Point.

- Seized a total of 488 mobile phones with a retail value of about HK\$1.6 million inside the false compartment at the bottom of a cross-boundary private car at Lok Ma Chau Control Point.



Mobile phones seized at Lok Ma Chau Control Point

- Seized 8 268 kg of pangolin scales and 2 070 kg of raw ivory tusks declared as “Frozen foods” with a retail value of HK\$62 million from a transshipment container destined for Vietnam from Nigeria.



Pangolin scales and ivory tusks seized

- Seized 120 kg of ketamine concealed in 120 packs of tea bags with a retail value of HK\$57 million in an air consignment arriving from Malaysia at the Airport.



120 kg of ketamine concealed in 120 packs of tea bags

- Seized 29 kg of cannabis resin concealed in book covers in five carton boxes with a retail value of HK\$2.5 million in a consignment arriving from Bhutan at the Airport.



29 kg of cannabis resin concealed in book covers (part of the seizure)

- Seized 7.2 kg of methamphetamine concealed in foodstuffs with a retail value of HK\$4.3 million in two parcels arriving from Nigeria at the Airport.



7.2 kg of methamphetamine concealed in foodstuffs

- Seized 4.02 kg of liquid cocaine concealed inside wine bottles with a retail value of HK\$4.79 million from two passengers arriving from Spain at the Airport.



Liquid cocaine concealed inside wine bottles

- Seized 4.2 kg of ketamine camouflaged as dried fruits packages with a retail value of HK\$1.99 million from a passenger arriving from Thailand at the Airport.



Ketamine camouflaged as dried fruits packages

- Conducted an operation and seized 18 000 pieces of counterfeit goods, including handbags, wallets and shoes, with a retail value of HK\$12 million. Five persons were arrested in an upstairs showroom-cum-storage and two storages.



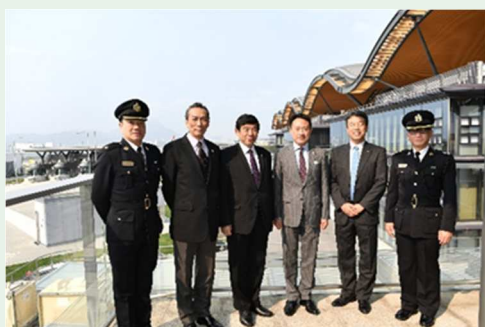
Counterfeit goods, including handbags, wallets and shoes, were seized.

February 2019

- The Secretary General of the World Customs Organization (WCO), Dr Kunio Mikuriya, accompanied by the then Head of the WCO Asia/Pacific Regional Office for Capacity Building, Mr Kazunari Igarashi, paid a courtesy call on the Commissioner of Customs and Excise and visited the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong Customs College.



Commissioner of Customs and Excise, Mr Hermes Tang (second right) met the Secretary General of the WCO, Dr Kunio Mikuriya (first left), and the then Head of the Asia/Pacific Regional Office for Capacity Building, Mr Kazunari Igarashi (second left) in Hong Kong.



The then Assistant Commissioner of Customs and Excise (Boundary and Ports) Mr Chan Tsz-tat (third right) accompanied the Secretary General of the World Customs Organization, Dr Kunio Mikuriya (third left) in a visit to the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge.



The then Assistant Commissioner of Customs and Excise (Administration and Human Resource Development), Mr Ngan Hing-cheung (centre), accompanied the Secretary General of the World Customs Organization, Dr Kunio Mikuriya (second left) in a visit to the Hong Kong Customs College.

- The Department participated in the 1st Meeting of the APEC Sub-Committee on Customs Procedures in Santiago, Chile.



Participants of the 1st Meeting of the APEC Sub-Committee on Customs Procedures in Santiago, Chile

- Seized a total of 3 017 central processing units (CPUs) with a retail value of about HK\$3.8 million inside the false compartment of the rear-axle differential unit of a cross-boundary lorry at Lok Ma Chau Control Point.



CPUs seized at Lok Ma Chau Control Point

- Seized 5 249 mobile phones and parts, 2 236 computer processors, 6 526 computer RAMs, 6 100 USB flash drives, a fishing sampan and an open cruiser with a retail value of HK\$12 million in a joint operation with the Marine Police against sea smuggling off Shek Ngau Chau.



Electronic products seized during the operation

- Seized 14 280 kg of red sandalwood with a retail value of HK\$8.6 million from a transshipment container destined for the Mainland of China from Taiwan, China.



Red sandalwood seized

- Seized 3 216 kg of dried shark fins declared as “Dried fish maws” with a retail value of HK\$2.2 million from an inbound container arriving from Yemen.



Dried shark fins seized

- Seized 40.58 kg of rhino horn with a retail value of HK\$8.11 million from two passengers arriving from South Africa in transit to Vietnam at the Airport.



Rhino horns seized

- Seized 30 kg of cannabis buds with a retail value of HK\$6.2 million from a passenger arriving from Canada at the Airport. The cannabis buds were found wrapped in towels in suitcases.



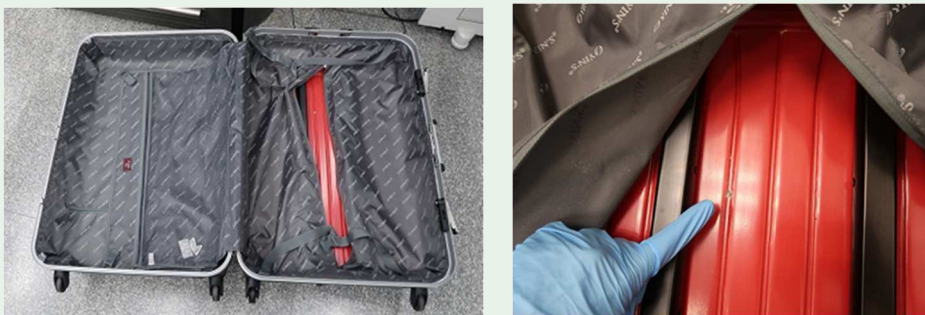
30 kg of cannabis buds seized

- Seized 8.2 kg of cocaine concealed inside the false compartment of a suitcase with a retail value of HK\$9.78 million from a passenger arriving from Brazil at the Airport.



Cocaine concealed inside the false compartment of a suitcase

- Seized 4.6 kg of cocaine concealed inside the false compartment of a suitcase with a retail value of HK\$5.48 million from a passenger arriving from Brazil via Doha at the Airport.



Cocaine concealed inside the false compartment of a suitcase

- Seized 4.17 kg of ketamine camouflaged as cornflakes and chocolate packages with a retail value of HK\$2.61 million in a parcel arriving from Germany at the Airport.



Ketamine camouflaged as cornflakes and chocolate packages

- Mounted a joint operation with the Shenzhen Anti-Smuggling Bureau and Shenzhen Public Security Bureau resulting in the seizure of 10 kg of cannabis buds with the arrest of two persons in Hong Kong.



10 kg of cannabis buds seized

- Mounted a joint operation with the Anti-Smuggling Bureau of Guangdong Sub-Administration of China Customs, the Narcotics Control Bureau of the Public Security Department of Guangdong Province and the Australian Federal Police, resulting in the seizure of 1.4 tonnes of ephedrine in Melbourne, Australia.



1.4 tonnes of ephedrine seized in Melbourne

- Conducted an operation and seized 5 000 pieces of counterfeit goods, including handbags, wallets and scarves, with a retail value of HK\$3 million. Six persons were arrested in five fixed hawker pitches and five storages in Mong Kok.



Counterfeit goods, including handbags, wallets and scarves, were seized.

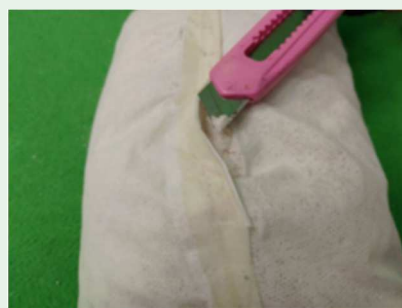
March 2019

- Seized 24 401 kg of assorted frozen meat with a retail value of HK\$1.1 million from an inbound container arriving from Panama.



Assorted frozen meat seized

- Seized 6 kg of ketamine concealed in moisture absorbent with a retail value of HK\$2.9 million in two parcels arriving from Germany at the Airport.



6 kg of ketamine concealed in moisture absorbent (part of the seizure)

- Seized 6.5 kg of cocaine concealed inside book covers with a retail value of HK\$7.1 million from an incoming passenger in Hong Kong.



6.5 kg of cocaine concealed inside book covers (part of the seizure)

- Seized 4.16 kg of heroin with a retail value of HK\$3.91 million from four passengers arriving from Thailand at the Airport. The heroin was concealed inside the four pairs of shoes worn by the passengers.



Heroin concealed inside shoes

- Seized 4.39 kg of ketamine camouflaged as chocolate with a retail value of HK\$1.99 million in a parcel from Germany at the Airport. One person was arrested in Chek Lap Kok.



Ketamine camouflaged as chocolate

- Seized 2.94 kg of methamphetamine camouflaged as coffee powder with a retail value of HK\$1.61 million in a parcel arriving from Malaysia at the Airport. One person was arrested in Tuen Mun.



Methamphetamine camouflaged as coffee powder

- Seized 2.63 kg of methamphetamine concealed inside the frames of paintings with a retail value of HK\$1.17 million in a parcel arriving from Togo at the Airport.



Methamphetamine concealed inside the frames of paintings

- Mounted a joint operation with the UK National Crime Agency resulting in the seizure of 2.1 kg of cocaine and the arrest of one person in Hong Kong.



2.1 kg of cocaine concealed inside a briefcase (part of the seizure)

April 2019

- More than 600 colleagues from the Department participated in the Law Enforcement Torch Run for Special Olympics held at the Sha Tin Sports Ground. Over HK\$0.37 million was raised.



The Commissioner of Customs and Excise, Mr. Hermes Tang (second row, centre), and C&ED participants in a group photo at the Law Enforcement Torch Run for Special Olympics

- Seized 20 024 kg of manufactured tobacco products declared as “Daily necessities” with a retail value of HK\$58.8 million from an inbound container arriving from Bulgaria.



Manufactured tobacco products seized

- Seized 54 200 kg of rosewood with a retail value of HK\$2.2 million from two transshipment containers destined for the Mainland of China from Honduras.



Rosewood seized

- Seized 250 kg of cocaine with a retail value of HK\$240 million in inland areas with the arrest of two persons in To Kwa Wan and Tsim Sha Tsui respectively.



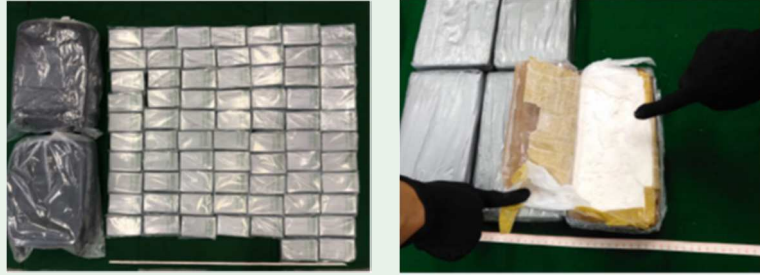
Record in-town seizure of 250 kg of cocaine in inland areas (part of the seizure)

- Seized 91 kg of cocaine with a retail value of HK\$90 million in inland areas with the arrest of one person in Sha Tin.



91 kg of cocaine seized in inland areas (part of the seizure)

- Seized 80 kg of cocaine with a retail value of HK\$76 million in inland areas with the arrest of two persons in Tai Kok Tsui.



80 kg of cocaine seized in inland areas (part of the seizure)

- The above three cocaine cases were under a multilateral transnational operation code-named “FAMILIA” mounted by the US DEA, Europol and the Department. Law enforcement agencies from across the globe teamed up against a Balkan organised criminal syndicate engaged in large-scale cocaine trafficking. The operation turned overt with the seizure of more than one tonne of cocaine with a market value of about HK\$1 billion and the arrest of 16 persons globally.



Press Conference held at Croatia in July 2019

- Seized 4 kg of ketamine concealed inside the false compartment of a baggage with a retail value of HK\$2.16 million from a passenger arriving from South Africa at the Airport.



Ketamine concealed inside the false compartment of a baggage

- Seized 3 kg of ketamine camouflaged as powdered formula with a retail value of HK\$1.88 million in a parcel arriving from Belgium at the Airport. Two persons were arrested in Lok Fu.



Ketamine camouflaged as powdered formula

- Seized 1.32 kg of heroin with a retail value of HK\$1.18 million and arrested an incoming Malaysian passenger at the Hong Kong Macau Ferry Terminal.



1.32 kg of heroin seized at the Hong Kong Macau Ferry Terminal

- Conducted a joint operation with the Mainland Customs against the smuggling of counterfeits to European countries. Seized about 4 200 pieces of suspected counterfeit goods, including mobile phones, watches, footwear and clothing, with a retail value of HK\$1 million.



Suspected counterfeit products seized in the joint operation

May 2019

- The Department participated in the 20th WCO Asia Pacific Regional Heads of Customs Administration Conference in Cochin, India.



Participants of the 20th WCO Asia Pacific Regional Heads of Customs Administration Conference in Cochin, India

- Passing-out Parade for officers of No. 119 Inspector Induction Course and Nos. 439 to 450 Customs Officer Induction Courses, with the Honourable Andrew Leung Kwan-yuen, GBS, JP, the President of the Legislative Council, as the Inspecting Officer.



President of the Legislative Council Mr Andrew Leung inspecting the probationary officers

- The Department hosted a seminar on government dogs – Hong Kong Government Canine Forum – on 15 May 2019 at the Hong Kong Customs College with the participation of the Hong Kong Police Force, the Correctional Services Department, the Hong Kong Fire Services Department and the Agriculture, Fisheries and Conservation Department which use working dogs for daily operations. In the forum, the participating parties discussed and exchanged experiences in various topics related to dog management and development programmes, including canine breeding, welfare and training. Representatives from the Society for the Prevention of Cruelty to Animals also joined the event.



Assistant Commissioner of Customs and Excise (Boundary and Ports) Mr Chan Tsz-tat (centre of second row) together with representatives from other law enforcement agencies at the “Hong Kong Government Canine Forum”



Customs Dog Team (second on the left) together with dog teams from other law enforcement agencies attending the “Hong Kong Government Canine Forum”

- Seized 1.9 million sticks of illicit cigarettes with a retail value of HK3.6 million from a 40-foot container at the River Trade Terminal. The cigarettes were mix-loaded with cartons of assorted household goods.



Illicit cigarettes were mix-loaded with cartons of assorted household goods.

- Seized 1 824 numbers of unmanifested CPU with a retail value of HK\$2.8 million from a cross-boundary private car at Shenzhen Bay Control Point. The CPUs were concealed in a spare tyre of the vehicle.



Unmanifested CPUs were concealed in the spare tyre of an incoming private car at Shenzhen Bay Control Point.

- Seized 6 kg of ketamine camouflaged as dog food with a retail value of HK\$3.66 million from an inbound parcel arriving from Malaysia at the Airport.



6 kg of ketamine camouflaged as dog food seized

- Seized 1.85 kg of cocaine soaked in four pieces of clothing from an incoming passenger arriving from Brazil via Dubai at the Airport. The seized cocaine has a retail value of HK\$1.75 million.



1.85 kg of cocaine soaked in four pieces of clothing seized

- Seized 6.36 kg of cocaine concealed inside water filter cartridges with a retail value of HK\$6.03 million from a passenger arriving from South Africa at the Airport.



Cocaine concealed inside water filter cartridges

- Seized 3 kg of ketamine camouflaged as powdered formula with a retail value of HK\$1.88 million in a parcel arriving from Spain at the Airport. One person was arrested in Tsuen Wan.



Ketamine camouflaged as powdered formula

- Seized 2.11 kg of cocaine camouflaged as dried fruit powder with a retail value of HK\$1.36 million in a parcel arriving from Spain at the Airport.



Cocaine camouflaged as dried fruit powder

- Seized a total of 2 kg Fluorodeschloroketamine with a retail value of HK\$1.2 million from an inbound private car at Lok Ma Chau Control Point.



2 kg of Fluorodeschloroketamine seized at Lok Ma Chau Control Point

- Mounted a joint operation with the German Customs resulting in the seizure of 7 000 tablets of ecstasy and 2.08 kg of ketamine with the arrest of two persons in Hong Kong.



7 000 tablets of ecstasy seized (part of the seizure)

June 2019

- The Department participated in the 133rd/134th Sessions of the Customs Co-operation Council of the World Customs Organization in Brussels, Belgium. On the sidelines of the sessions, the Commissioner of Customs and Excise signed the Mutual Recognition Arrangements (MRAs) for the Authorized Economic Operator (AEO) Programme with the Director General of Israel Tax Authority and the President of Canada Border Services Agency respectively. Under the MRAs, the Hong Kong AEO Programme is mutually recognized with the Israel AEO Programme as well as Canada's Partners in Protection Programme.



The Commissioner of Customs and Excise, Mr Hermes Tang (right), signed an MRA for the AEO Programme with the Director General of the Israel Tax Authority in Brussels, Belgium on 26 June 2019.



The Commissioner of Customs and Excise, Mr Hermes Tang (right), signed an MRA for the AEO Programme with the President of the Canada Border Services Agency in Brussels, Belgium on 27 June 2019.

- The Assistant Commissioner of Customs and Excise (Excise and Strategic Support) signed an MRA Action Plan for the AEO Programme with the Director of International Customs and Public Affairs of the Directorate General of Customs and Excise of the Ministry of Finance of the Republic of Indonesia, in Brussels, Belgium to mark the commencement of formal negotiation for mutual recognition of the Hong Kong AEO Programme and the AEO Programme in Indonesia.



Assistant Commissioner of Customs and Excise (Excise and Strategic Support), Mr Jimmy Tam (right), signed an MRA Action Plan for the AEO Programme with the Director of International Customs and Public Affairs of the Directorate General of Customs and Excise of the Ministry of Finance of the Republic of Indonesia in Brussels, Belgium on 29 June 2019.

- The Minister of the General Administration of Customs of the People's Republic of China (GACC), Mr Ni Yuefeng, visited the Department.



The Commissioner of Customs and Excise, Mr Hermes Tang (front row, fourth right), the Minister of the GACC, Mr Ni Yuefeng (front row, fourth left), and delegation members from both sides in a group photo

- Seized 5 kg of ketamine concealed inside inflatable boat and inflatable pool in a parcel arriving from Malaysia at the Airport with a total retail value of HK\$3.74 million. One person was arrested in Sha Tin.



5 kg of ketamine concealed inside inflatable boat and inflatable pool

- Seized 4.3 kg of methamphetamine concealed inside a high pressure washer in a checked baggage with a retail value of HK\$2.46 million from an incoming passenger arriving from Thailand via Cambodia at the Airport.



4.3 kg of methamphetamine concealed inside a high pressure washer

- Seized 5 kg of ketamine concealed inside the false compartments of two suitcases with a retail value of HK\$3.74 million from two passengers arriving from Laos via Thailand at the Airport.



Ketamine concealed inside the false compartments of two suitcases

- Seized 1.4 kg of cocaine concealed inside the false compartment of a suitcase with a retail value of HK\$1.31 million from a passenger arriving from South Africa at the Airport.



Cocaine concealed inside the false compartment of a suitcase

- Conducted a joint operation with customs administrations of 10 European Union (EU) member states against the smuggling of counterfeit goods to the EU member states. Seized about 6 300 numbers of suspected counterfeit goods, including mobile phones and accessories, watches, clothing, leather goods and footwear, with a retail value of HK\$0.67 million.



Suspected counterfeit products seized in the joint operation

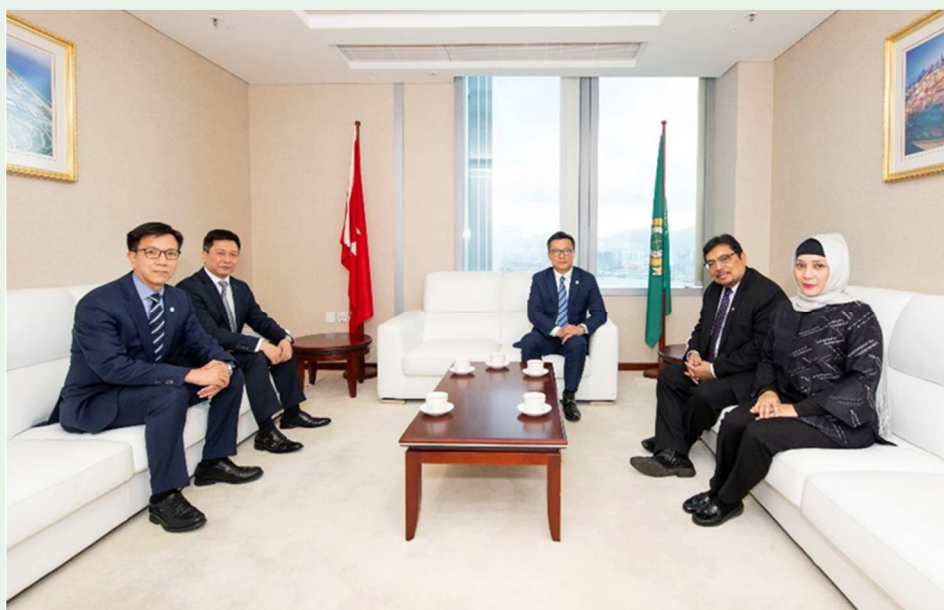
July 2019

- The 11th Meeting of the European Union/Hong Kong, China Joint Customs Co-operation Committee between delegations led by the Assistant Commissioner (Excise and Strategic Support), Mr Jimmy Tam, and the Director of International and General Affairs, Taxation and Customs Union Directorate-General, Ms Sabine Henzler.



The Assistant Commissioner of Customs and Excise (Excise and Strategic Support), Mr Jimmy Tam (front row, second left), met the Director of International and General Affairs, Taxation and Customs Union Directorate-General, Ms Sabine Henzler (front row, centre), in Brussels.

- High-level meeting between the Commissioner of Customs and Excise, Mr Hermes Tang, and the Secretary General of the Ministry of Finance of Republic of Indonesia, Dr Hadiyanto.



The Commissioner of Customs and Excise, Mr Hermes Tang (centre), met the Secretary General of the Ministry of Finance of Republic of Indonesia, Dr Hadiyanto (second right), at the Customs Headquarters Building.

- The first Guangdong-Hong Kong-Macao Customs Intellectual Property Enforcement Cooperation Meeting was held in Hong Kong on 29 July 2019. Participants exchanged views and shared experiences on the enforcement and strategy for protection of intellectual property rights (IPR) and had an in-depth discussion on co-operation for IPR enforcement.



Participants of the first Guangdong-Hong Kong-Macao Customs Intellectual Property Enforcement Cooperation Meeting in Hong Kong on 29 July 2019

- The Department participated in a seminar, together with representatives from the logistics industry, in Zhongshan on 31 July 2019. The seminar was organized by the Mainland Customs to explore trade facilitation measures on temperature-controlled transshipment cargoes and to promote the use of “Speedy Customs Clearance” via Hong Kong-Zhuhai-Macao Bridge.



Seminar on trade facilitation measures held in Zhongshan

- The FTA Scheme was extended to cover cargoes from the Mainland transhipped through Hong Kong to Korea under the Asia-Pacific Trade Agreement.

- Seized 1.7 million sticks of illicit cigarettes with a retail value of HK\$4.7 million from an incoming cross-boundary lorry at Shenzhen Bay Control Point. The cigarettes were mix-loaded with cartons of assorted goods.



Illicit cigarettes were mix-loaded with cartons of assorted goods on board an incoming lorry at Shenzhen Bay Control Point.

- Seized a total of 16 200 numbers (222 800 millilitres) of nicotine oil with a retail value of HK\$1.5 million from an inbound lorry at Lok Ma Chau Control Point.



Nicotine oil seized at Lok Ma Chau Control Point

- Seized 11.94 kg of rhino horn with a retail value of HK\$2.38 million from an unclaimed baggage arriving from South Africa in transit to the Mainland of China at the Airport.



Rhino horns seized

- Seized 10.5 kg of cannabis buds concealed inside boxes of fresh cherries with a retail value of HK\$1.67 million in an inbound consignment arriving from Canada via South Korea at the Airport.



10.5 kg of cannabis buds concealed inside boxes of fresh cherries seized (part of the seizure)

- Seized 12.5 kg of cocaine concealed inside packets of food powder with a retail value of HK\$12.34 million in an inbound consignment arriving from Brazil via the US at the Airport. Three persons were arrested.



12.5 kg of cocaine seized (part of the seizure)

- Seized 2.1 kg of cocaine concealed in the false compartment of a suitcase with a retail value of HK\$2.3 million from a passenger arriving from France via Ethiopia at the Airport.



Cocaine concealed inside the false compartment of a suitcase

- Seized 1.4 kg of cocaine camouflaged as chocolate with a retail value of HK\$1.54 million in a parcel arriving from Brazil at the Airport.



Cocaine camouflaged as chocolate

- Mounted a joint operation with Office of the Narcotics Control Board of Thailand, the Narcotics Suppression Bureau of Royal Thai Police, the Royal Thai Army and the US DEA, resulting in the seizure of 84.5 kg of heroin and 20 kg of methamphetamine and the arrest of three persons in Bangkok.
- Conducted joint operations with the Department of Health and raided two medical centres in Kwun Tong and Tsim Sha Tsui offering to sell counterfeit human papillomavirus (HPV) vaccine. Seized 238 boxes of counterfeit vaccines and 210 boxes of vaccines containing Part I poison with a retail value of HK\$1.03 million. Five persons were arrested.



Counterfeit vaccines and vaccines containing Part I poison seized from a medical centre in Kwun Tong



Counterfeit vaccines and vaccines containing Part I poison seized from a medical centre in Tsim Sha Tsui

August 2019

- Passing-out Parade for officers of Nos. 120 to 123 Inspector Induction Courses and Nos. 451 to 455 Customs Officer Induction Courses, with the Honourable Paul Chan Mo-po, GBM, GBS, MH, JP, the Financial Secretary, as the Inspecting Officer.



Financial Secretary Mr Paul Chan delivering a speech

- Organised the 2019 Foundation Course of IPR Badge Programme for Youth Ambassadors on 12-17 August 2019 with the participation of 101 Youth Ambassadors. It was a tailor-made and comprehensive youth programme to promote public awareness of respecting and protecting IPR through education and publicity.



Principal guests, leaders of the YUGs and Youth Ambassadors in the Graduation Parade held in August

- The FTA Scheme was extended to cover cargoes from Georgia and the Least Developed Countries (LDCs) transhipped through Hong Kong to the Mainland of China under the China-Georgia FTA and the Special Preferential Tariff Treatment to the LDCs, leading to a significant increase of the coverage from 23 to 63 economies.
- Seized 1.4 million sticks of illicit cigarettes with a retail value of HK\$3.7 million from a cross-boundary lorry at a logistics site in Kwai Chung. The cigarettes were mix-loaded with cartons of assorted goods.



Illicit cigarettes were mix-loaded with cartons of assorted goods on board a cross-boundary lorry at a logistics site in Kwai Chung.

- Seized 1.3 million sticks of illicit cigarettes with a retail value of HK\$3.4 million from a cross-boundary lorry at Shenzhen Bay Control Point. The cigarettes were mix-loaded with express cargoes on board the vehicle.



Illicit cigarettes were mix-loaded with express cargoes on board an incoming lorry at Shenzhen Bay Control Point.

- Seized a total of 0.26 million disposable vapes (containing nicotine) with a retail value of HK\$12.8 million from an inbound lorry at Man Kam To Control Point.



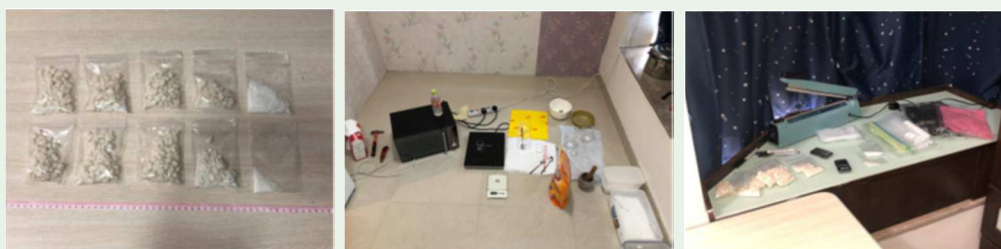
Disposable vapes (containing nicotine) seized at Man Kam To Control Point

- Seized 11 737 mobile phones and parts, 9 136 computer RAMs, 2 632 integrated circuits, 332 tablets, 58 handbags and a light goods vehicle with a retail value of HK\$12 million in a joint operation with the Marine Police against sea smuggling in Tin Shui Wai.



Electronic products and handbags seized during the operation

- Seized 1.12 kg of cocaine, 0.18 kg of crack cocaine and a set of drug manufacturing and packaging paraphernalia with a retail value of HK\$1.76 million in Yuen Long.



1.12 kg of cocaine, 0.18 kg of crack cocaine and a set of drug manufacturing and packaging paraphernalia were seized.

- Seized 12.2 kg of ketamine camouflaged as instant coffee with a retail value of HK\$7.4 million from two air transhipments arriving from Laos via Thailand at the Airport.



12.2 kg of ketamine seized (part of the seizure)

- Seized 8.8 kg of synthetic cathinones concealed in 16 sliver bags with a retail value of HK\$1.1 million from nine air transhipments arriving from France.



8.8 kg of synthetic cathinones seized from nine transhipments

- Seized 5.86 kg of cocaine concealed inside the pages of photo albums with a retail value of HK\$ 7.59 million from a passenger arriving from Taiwan at the Airport.



Cocaine concealed inside the pages of photo albums

- Seized 6.76 kg of liquid cocaine camouflaged as wine with a retail value of HK\$6.69 million from four passengers arriving from Malaysia at the Airport.



Liquid cocaine camouflaged as wine

- Seized 2.2 kg of cocaine concealed inside the false compartment of a computer bag with a retail value of HK\$2.18 million from a passenger arriving from South Africa at the Airport.



Cocaine concealed inside the false compartment of a computer bag

- Seized 2.93 kg of ketamine camouflaged as instant coffee with a retail value of HK\$1.64 million in two parcels arriving from Malaysia at the Airport. One person was arrested in Sheung Wan.



Ketamine camouflaged as instant coffee

- Seized 1.08 kg of cocaine with a retail value of HK\$1.4 million from a passenger arriving from Tanzania in transit to Macau at the Airport. The cocaine was smuggled by way of internal concealment.



Cocaine smuggled by way of internal concealment

- Seized 1.96 kg of cocaine with a retail value of HK\$2.54 million and arrested an incoming Japanese passenger at the Hong Kong Macau Ferry Terminal.



1.96 kg of cocaine was seized at the Hong Kong Macau Ferry Terminal.

- Seized 536 cartons of mobile phone cases and sunglasses bearing suspected forged trademarks with a retail value of HK\$6.1 million from a transshipment container destined for Uruguay from Nansha via Hong Kong.



Suspected counterfeit mobile phone cases and sunglasses seized

- Seized 531 cartons of footwear, apparel and accessories bearing suspected forged trademarks with a retail value of HK\$7.9 million from a transshipment container destined for Kuwait from Huangpu via Hong Kong.



Suspected counterfeit footwear, apparel and accessories seized

- Conducted a cross boundary anti-counterfeiting operation code-named “Adam”, and smashed a counterfeit mobile phone and accessories storehouse in Sha Tin. Seized 15 000 suspected counterfeit mobile phones and accessories with a retail value of HK\$1.9 million. One person was arrested.



Suspected counterfeit mobile phones and accessories seized in the operation

September 2019

- Starting from Q1 of 2018, the Financial Action Task Force (FATF) and the Asia/Pacific Group on Money Laundering (APG) jointly conducted mutual evaluation to assess Hong Kong's anti-money laundering and counter-terrorist financing (AML/CTF) regime against the international standards. As one of the core enforcement agencies responsible for AML/CTF enforcement work in Hong Kong, the Department participated actively in and made substantial contribution to the mutual evaluation exercise. The Department attended a number of meetings with the assessment team in Hong Kong between October 2018 and April 2019, and subsequently joined the Hong Kong delegation to attend the FATF Plenary and APG Plenary held in the US and Australia respectively in June and August 2019.
- On 4 September 2019, the FATF published the Mutual Evaluation Report of Hong Kong, commending that Hong Kong's AML/CTF system is particularly effective in the areas of risk identification, law enforcement, asset recovery, counter-terrorist financing and international co-operation. Hong Kong's AML/CTF regime is assessed to be compliant and effective overall, making it the first jurisdiction in the Asia-Pacific region to have achieved an overall compliant result in that round of FATF evaluation.



Mutual Evaluation Report of AML/CTF measures in Hong Kong published in September 2019

- Seized 510 unmanifested mobile phones with a retail value of HK\$4.1 million from an outgoing private car at Hong Kong-Zhuhai-Macao Bridge Hong Kong Port.



Unmanifested mobile phones seized from an outgoing private car at Hong Kong-Zhuhai-Macao Bridge Hong Kong Port

- Found 3 465 numbers of banknotes equivalent to the value of HK\$1.79 million from an incoming Mainland passenger and her granddaughter at Lo Wu Control Point.



3 465 numbers of banknotes were concealed in the tailor-made dresses worn by the offenders.

- Seized 12 kg of cocaine with a retail value of HK\$15.54 million from a crew member arriving from South Africa at the Airport.



Cocaine seized from a crew member arriving from South Africa

- Seized 6.3 kg of cocaine with a retail value of HK\$8.16 million from a crew member arriving from South Africa at the Airport.



Cocaine seized from a crew member arriving from South Africa

- Seized 2.74 kg of cocaine soaked in two towels with a retail value of HK\$3.54 million from a passenger arriving from Brazil via Ethiopia at the Airport.



Cocaine soaked in two towels

- Seized 0.93 kg of cocaine with a retail value of HK\$1.2 million from an incoming passenger arriving from Brazil via Qatar at the Airport. The cocaine was concealed inside the trolley frame of a suitcase.



0.93 kg of cocaine concealed inside the trolley frame of a suitcase

- Seized 4.3 kg of cocaine with a retail value of HK\$5.57 million from an incoming passenger arriving from Brazil via Switzerland at the Airport. The cocaine was concealed in the hidden compartments of two briefcases.



4.3 kg of cocaine concealed inside the false compartments of two briefcases (part of the seizure)

- Conducted an operation against smuggling of counterfeits to the European Union (EU) member states. Seized about 8 100 numbers of suspected counterfeit goods, including leather goods, clothing, mobile phones and accessories, watches and shoes, with a retail value of HK\$1.25 million.



Suspected counterfeit goods seized in the operation

October 2019

- High-level meeting between the Commissioner of Customs and Excise, Mr Hermes Tang, and the Consul General of Malaysia in Hong Kong, Mr Yap Wei Sin.



The Commissioner of Customs and Excise, Mr Hermes Tang (centre), met the Consul General of Malaysia in Hong Kong, Mr Yap Wei Sin (third left), at the Customs Headquarters Building.

- Seized 1.3 million sticks of illicit cigarettes with a retail value of HK\$3.6 million from an incoming cross-boundary lorry at Shenzhen Bay Control Point. The cigarettes were mix-loaded with other manifested cargoes.



Illicit cigarettes were mix-loaded with other manifested cargoes on board an incoming lorry at Shenzhen Bay Control Point.

- Seized 1 447 693 integrated circuits, 378 156 electronic parts, 8 173 memory drives, 2 280 hard disks, 78 famous brand pens and a 7-seater private car with a retail value of HK\$20 million in an operation against sea smuggling at Ma Wan Chung Pier.



Electronic products and a private car seized during the operation

- Seized 15.93 kg of rhino horn wrapped in aluminium foil with a retail value of HK\$3.19 million from a passenger arriving from South Africa in transit to Thailand at the Airport.



Rhino horns wrapped in aluminium foil

- Seized 2.3 kg of ketamine with a retail value of HK\$ 1.38 million found inside a hotel in Tsing Yi with packaging paraphernalia.



2.3 kg of ketamine and packaging paraphernalia were seized.

- Seized 22 kg of liquid cocaine with a retail value of HK\$23.1 million from two incoming passengers arriving from Peru via France at the Airport. The cocaine was concealed inside ten red wine bottles.



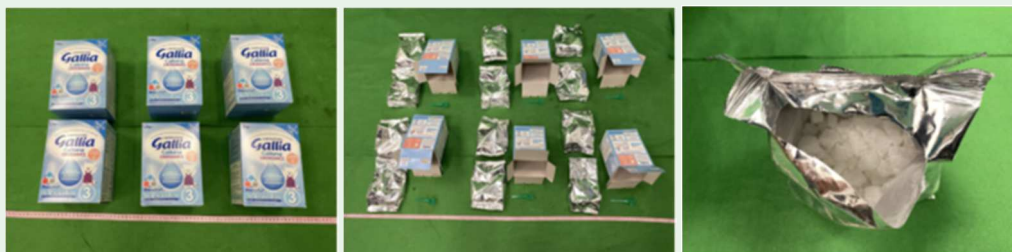
22 kg of liquid cocaine inside red wine bottles were seized (part of the seizure).

- Seized 11 kg of liquid cocaine camouflaged as wine with a retail value of HK\$11.57 million from a passenger arriving from Malaysia at the Airport.



Liquid cocaine camouflaged as wine

- Seized 6 kg of ketamine with a retail value of HK\$4.05 million camouflaged as milk powder in an inbound parcel originating from France at the Airport.



6 kg of ketamine camouflaged as milk powder seized

- Seized a total of 6.6 kg ketamine with a retail value of HK\$3.2 million from an inbound lorry at Lok Ma Chau Control Point.



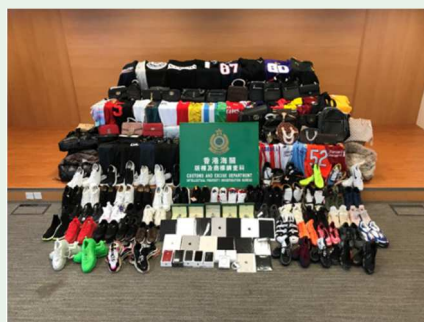
6.6 kg of ketamine seized at Lok Ma Chau Control Point

- Conducted an operation in Man Kam To Control Point and seized about 55 000 numbers of counterfeit goods, including glasses, shoes, handbags, clothing and accessories, with a retail value of HK\$5.6 million from an incoming cross-boundary container truck. The case was the largest counterfeit goods smuggling case detected at a land boundary control point since 2017.



Suspected counterfeit and smuggled goods seized at Man Kam To Control Point

- Conducted a joint operation with the Mainland Customs and Macao Customs against the smuggling of counterfeits destined for overseas countries in the three places. Seized about 37 000 numbers of counterfeit goods, including footwear, clothing, leather products, glasses, mobile phones and accessories, with a retail value of HK\$4.9 million.



Suspected counterfeit products seized in the joint operation

November 2019

- The Department arranged a familiarisation visit for seven new overseas Customs attachés to various control points, viz., the Hong Kong-Zhuhai-Macao Bridge Passenger Terminal Building, the Guangzhou-Shenzhen-Hong Kong Express Rail Link West Kowloon Station and the Cathay Pacific Cargo Terminal at Hong Kong International Airport.



Seven new overseas Customs attachés watched a demonstration of the use of handheld narcotics identifier.

- Seized 11.4 million sticks of illicit cigarettes with a retail value of HK\$31.4 million in 38 pallets inside a metal hut in Tai Po.



Illicit cigarettes were seized from a metal hut in Tai Po.

- Seized a total of 672 000 sticks of illicit cigarettes with a retail value of HK\$1.8 million from an inbound lorry at Lok Ma Chau Control Point.



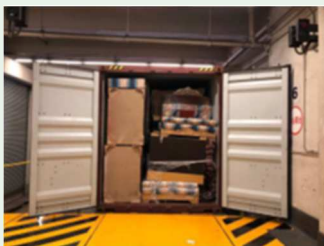
Illicit cigarettes seized at Lok Ma Chau Control Point

- Seized a total of 491 600 kg of frozen meat with a retail value of about HK\$50 million from four fishing vessels in an operation against sea smuggling in the southeast waters of Hong Kong.



Frozen meat seized in the operation

- Seized 1.57 million tablets of fenethylline with a retail value of HK\$245 million from a transshipment container arriving from Syria heading for Saudi Arabia via Hong Kong and the Mainland of China at Kwai Chung Customhouse Cargo Examination Compound.



1.57 million tablets of fenethylline seized from a transshipment container (part of the seizure)

- Seized 3 kg of ketamine camouflaged as chocolate with a retail value of HK\$2.03 million from an inbound parcel arriving from Germany at the Airport.



3 kg of ketamine camouflaged as chocolate inside an inbound parcel (part of the seizure)

- Seized 24 kg of ketamine with a retail value of HK\$16.2 million concealed inside 18 numbers of milk powder boxes in an inbound consignment originating from France at the Airport.



24 kg of ketamine seized (part of the seizure)

- Seized 18.73 kg of ketamine camouflaged as milk powder with a retail value of HK\$12.6 million in a consignment arriving from France at the Airport.



Ketamine camouflaged as milk powder

- Seized 2.45 kg of cocaine and 2.16 kg of ketamine with a total retail value of HK\$4.55 million from a passenger arriving from Belgium at the Airport. The drugs were concealed inside the false compartment of a suitcase.



Cocaine and ketamine concealed inside the false compartment of a suitcase

- Seized 2.06 kg of ketamine concealed inside packages of dog food with a retail value of HK\$1.39 million in a parcel arriving from France at the Airport. One person was arrested in Tsim Sha Tsui.



Ketamine concealed inside packages of dog food

- Seized a total of 1.5 kg cocaine with a retail value of HK\$1.8 million from an inbound lorry at Lok Ma Chau Control Point.



1.5 kg of cocaine seized at Lok Ma Chau Control Point

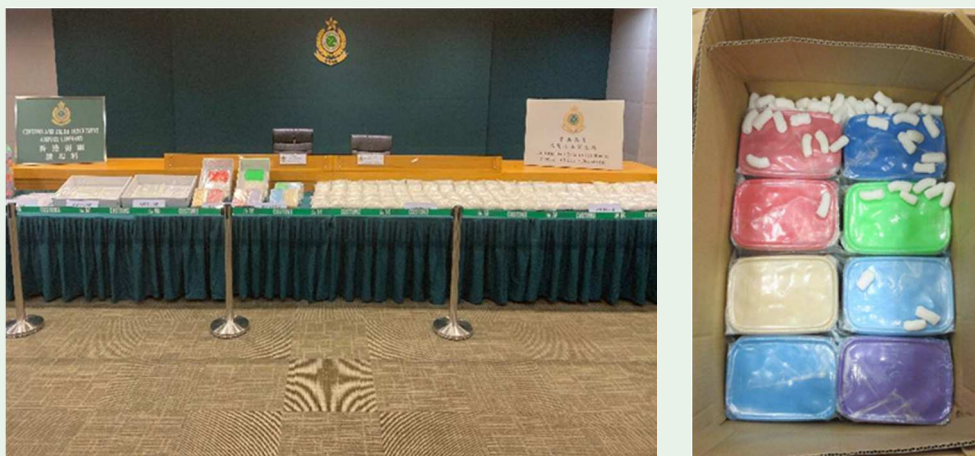
December 2019

- Seized 895 mobile phones, 7 226 integrated circuits, 7 000 numbers of cosmetics, 361 kg of edible bird's nest and 134 kg of pearls with a retail value of HK\$7 million in a joint operation with the Marine Police against sea smuggling in Sai Kung.



Electronic products, edible bird's nest, pearls and cosmetics seized during the operation

- Seized 110 kg of methamphetamine concealed inside 120 plastic boxes with a retail value of HK\$77 million in a consignment arriving from Mexico at the Airport. This is the largest methamphetamine trafficking case detected by the Department since 2010. The seizure of methamphetamine at the Airport was also a record high.



Methamphetamine concealed inside 120 plastic boxes

- Seized 24 kg of cocaine with a retail value of HK\$30.3 million from two incoming passengers arriving from South Africa at the Airport. The cocaine was concealed inside a baggage.



Cocaine camouflaged as gifts seized

- Seized 4.2 kg of liquid cocaine camouflaged as body care products with a retail value of HK\$5.29 million from a passenger arriving from Cambodia at the Airport.



Liquid cocaine camouflaged as body care products

- Seized 4.53 kg of cocaine pellets mingled with chocolate with a retail value of HK\$4.62 million from a passenger arriving from the United Arab Emirates at the Airport.



Cocaine pellets mingled with chocolate

- Seized 6.04 kg of ketamine camouflaged as scented candles with a retail value of HK\$4.08 million from a passenger arriving from the Netherlands via Switzerland at the Airport.



Ketamine camouflaged as scented candles

- Seized 6 kg of ketamine concealed inside packages of powdered formula with a retail value of HK\$4.05 million in a parcel arriving from France at the Airport. One person was arrested in Tsim Sha Tsui.



Ketamine concealed inside packages of powdered formula

- Seized 11 kg of methamphetamine with a retail value of HK\$7.65 million concealed inside 22 metal cans in an inbound parcel originating from Malaysia via Guangzhou at Lok Ma Chau Control Point.



11 kg of methamphetamine found concealed inside 22 metal cans seized (part of the seizure)

- Seized a total of 8 kg methamphetamine with a retail value of HK\$5.5 million from an inbound lorry at Lok Ma Chau Control Point.



8 kg of methamphetamine seized at Lok Ma Chau Control Point

- Seized a total of 8.1 kg methamphetamine with a retail value of HK\$5.6 million from an inbound lorry at Lok Ma Chau Control Point.



8.1 kg of methamphetamine seized at Lok Ma Chau Control Point

- Mounted a joint operation with the Anti-Smuggling Bureau of Guangdong Sub-Administration of Customs resulting in the seizure of 2.1 kg of methamphetamine, 1.6 kg of ketamine and 0.45 kg of liquid cocaine and the arrest of two persons in Hong Kong.



2.1 kg of methamphetamine, 1.6 kg of ketamine and 0.45 kg of liquid cocaine seized (part of the seizure)

- Conducted an operation against smuggling of counterfeits to the United States. Seized about 13 000 numbers of counterfeit goods, including mobile phones, handbags, shoes and clothing, with a retail value of HK\$1.5 million.



Suspected counterfeit goods seized in the operation

- Conducted an operation and seized 2.4 million tablets and 470 litres of counterfeit medicines, as well as 3 200 items of counterfeit cosmetics products with a retail value of HK\$14 million. Seven persons were arrested in a packing-cum-storage centre in Chai Wan and four associated medicine stores. This is the case with the largest quantity of counterfeit medicines seized by the Department in the past decade.



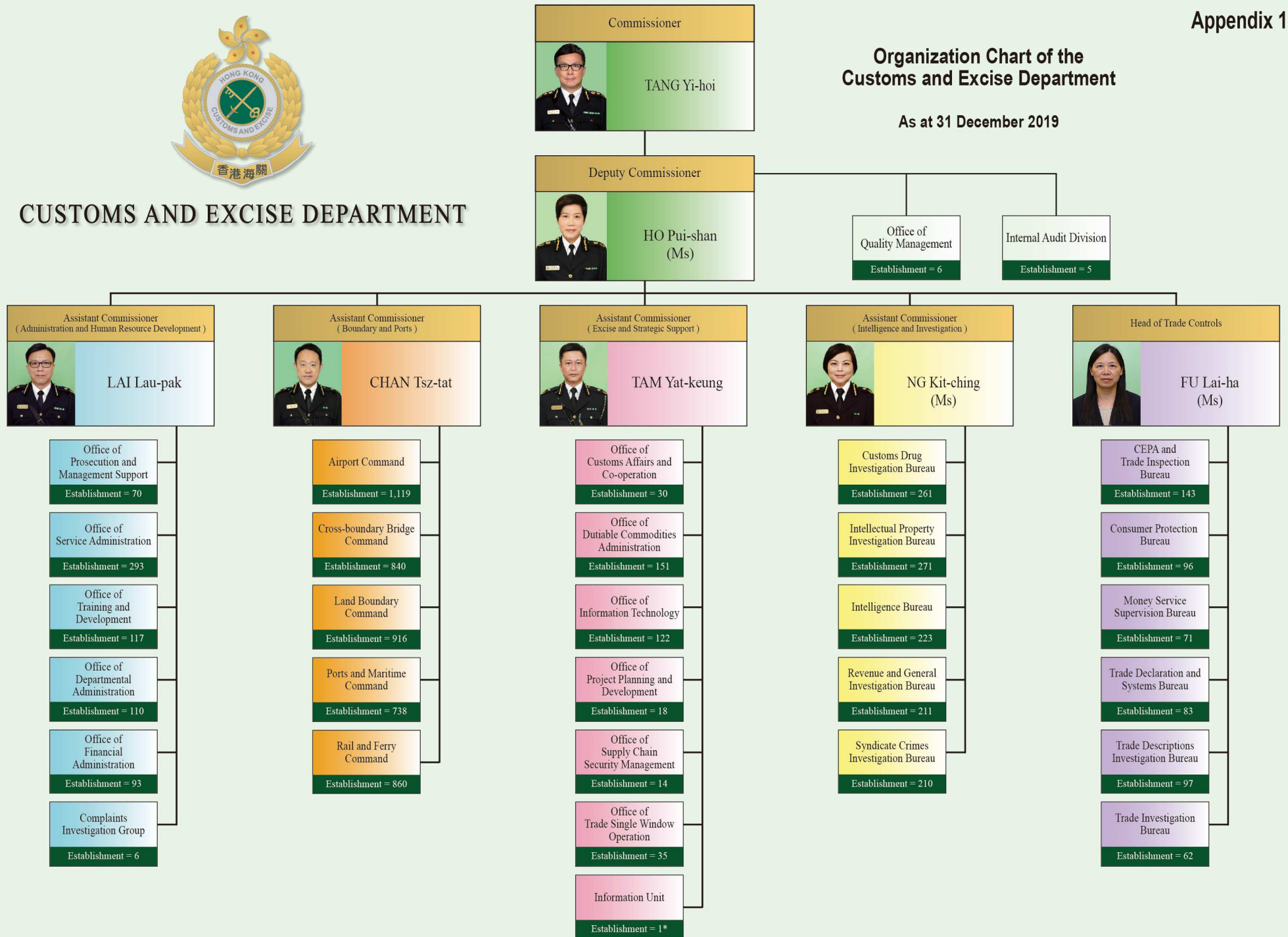
Seized counterfeit medicines in a packing-cum-storage centre



CUSTOMS AND EXCISE DEPARTMENT

Organization Chart of the Customs and Excise Department

As at 31 December 2019

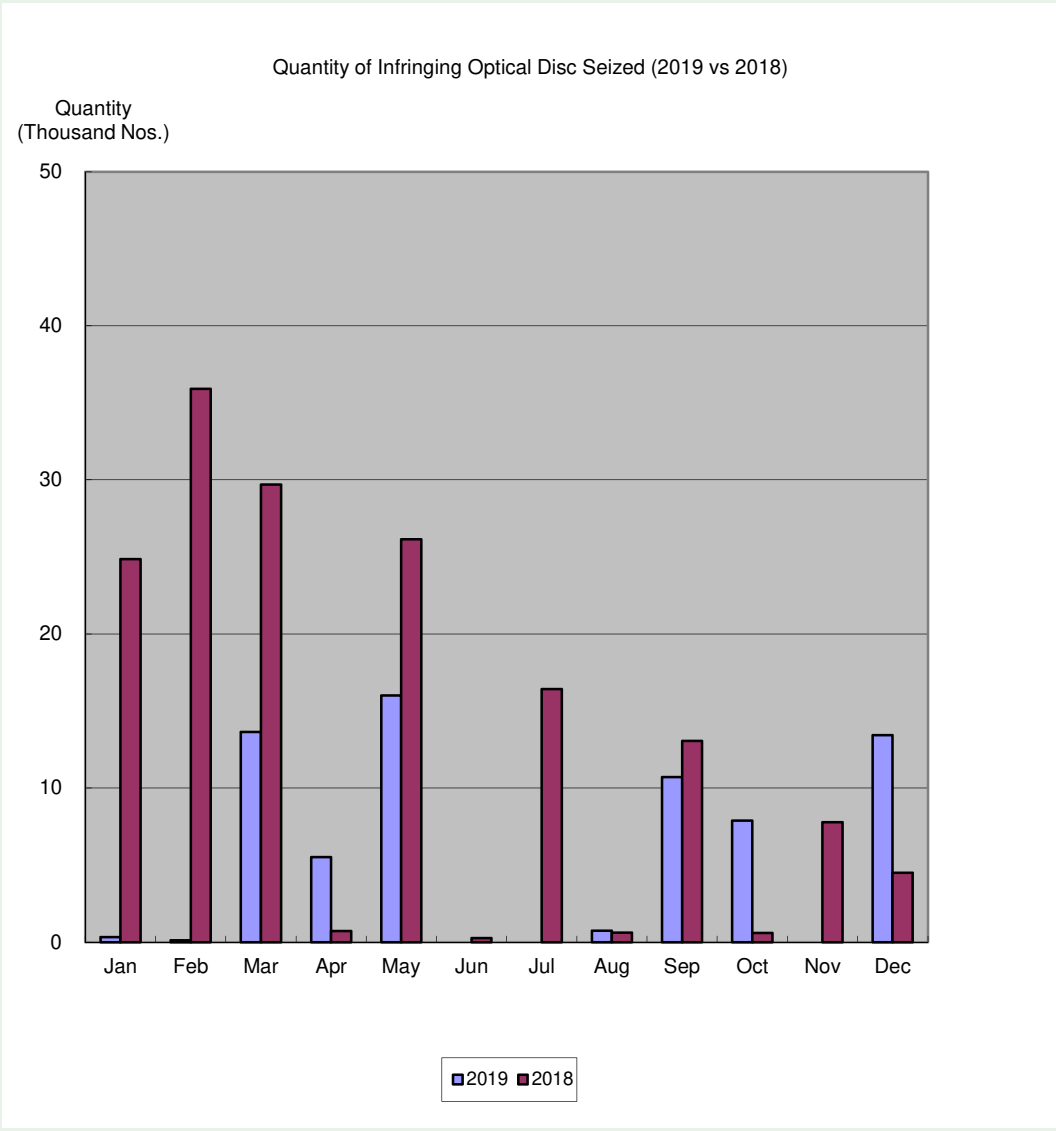
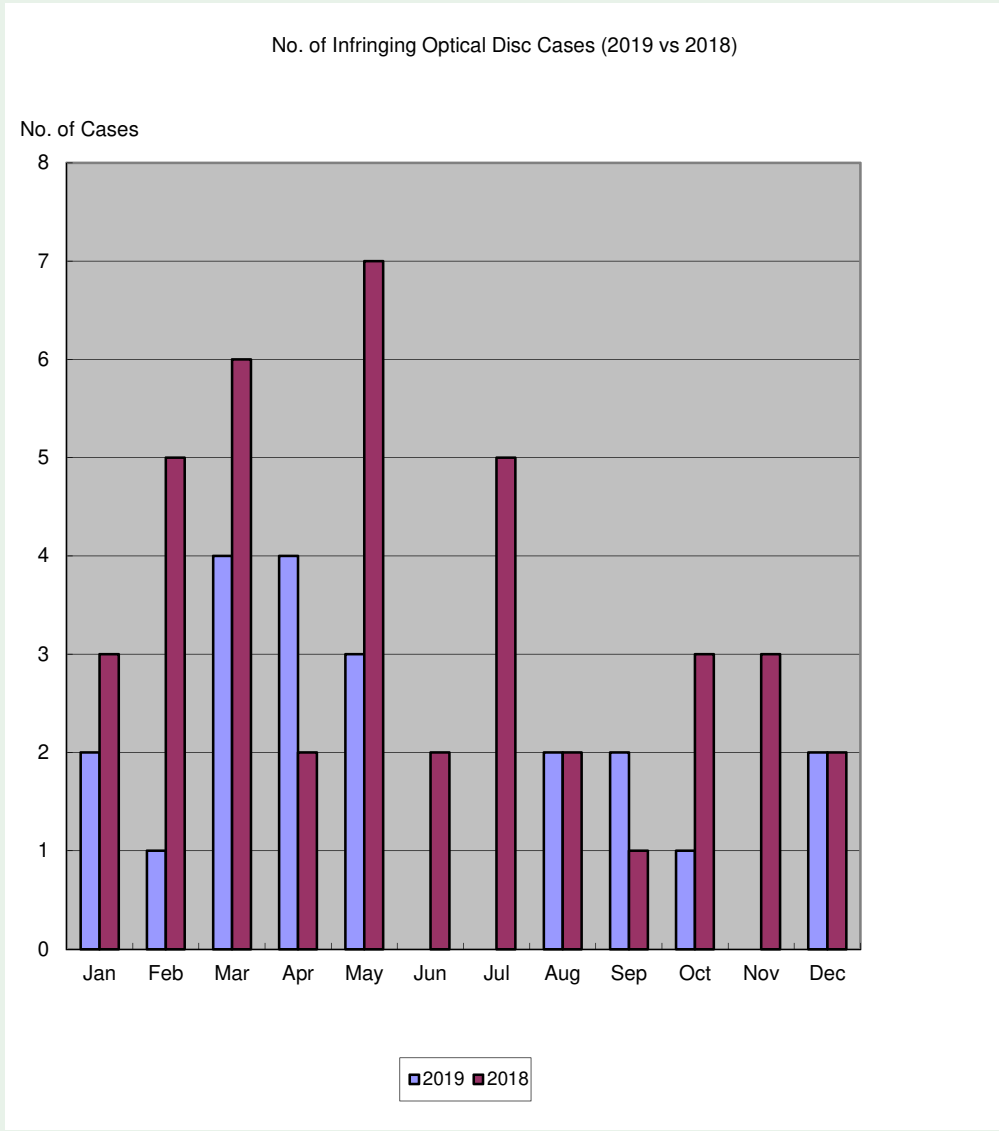


*Excluding 3 posts on loan from Information Services Department

Establishment and Strength Position

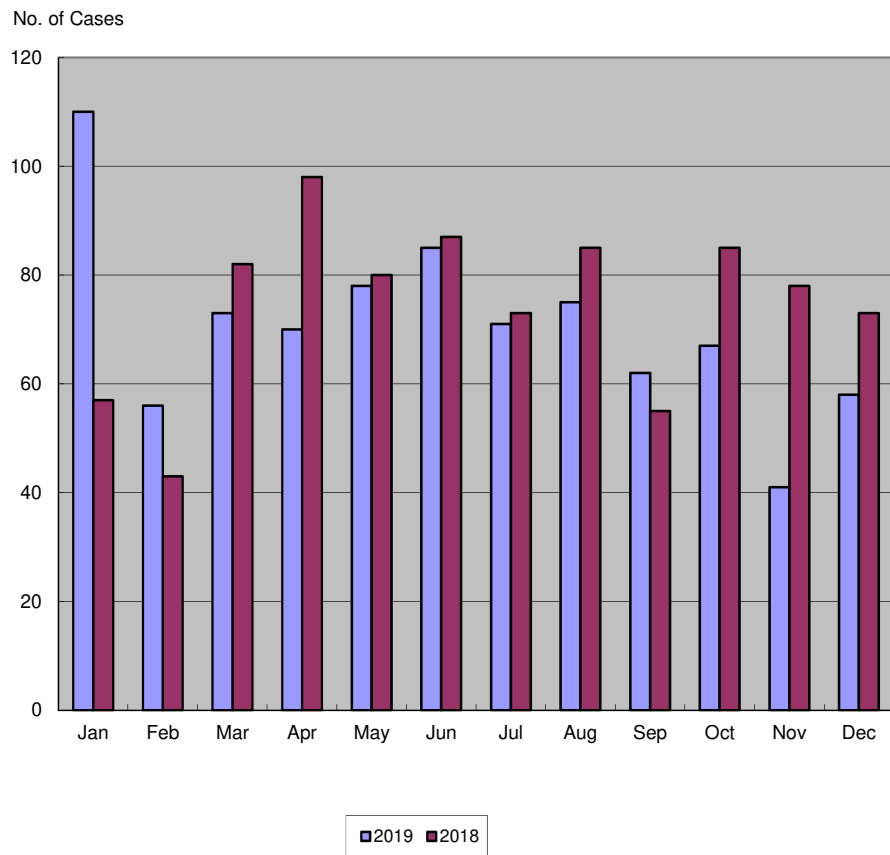
Category/Grade	2018		2019	
	(as at 31 December 2018)		(as at 31 December 2019)	
	Establishment (No.)	Strength (No.)	Establishment (No.)	Strength (No.)
Directorate Posts	9	7	9	7
Sub-total	9	7	9	7
Departmental Grades				
Superintendent/Inspector of Customs and Excise Grades	1,089	1,017	1,115	1,054
Customs Officer Grade	4,746	4,694	4,981	4,967
Trade Controls Officer Grade	475	465	511	462
Sub-total	6,310	6,176	6,607	6,483
General and Common Grades				
Executive Officer/Training Officer Grades	30	30	30	30
Treasury Accountant/Accounting Officer Grades	14	14	14	14
Official Languages Officer/Calligraphist Grades	20	20	20	20
Statistician/Statistical Officer Grades	5	5	5	5
Secretarial Grades	36	36	36	37
Clerical Grades	295	282	301	288
Supplies Grades	59	59	58	58
Others	192	182	206	188
Sub-total	651	628	670	640
Total	6,970	6,811	7,286	7,130

Statistics on Infringing Optical Disc Cases

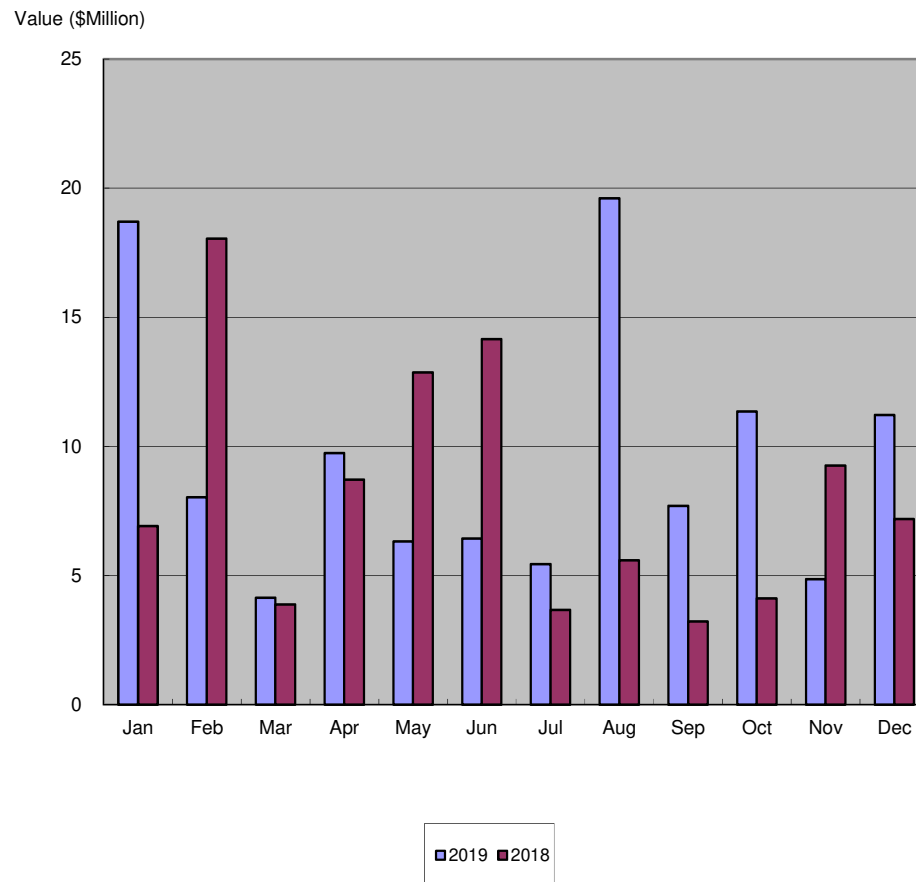


Statistics on Forged Trademark Cases

No. of Forged Trademark Cases (2019 vs 2018)

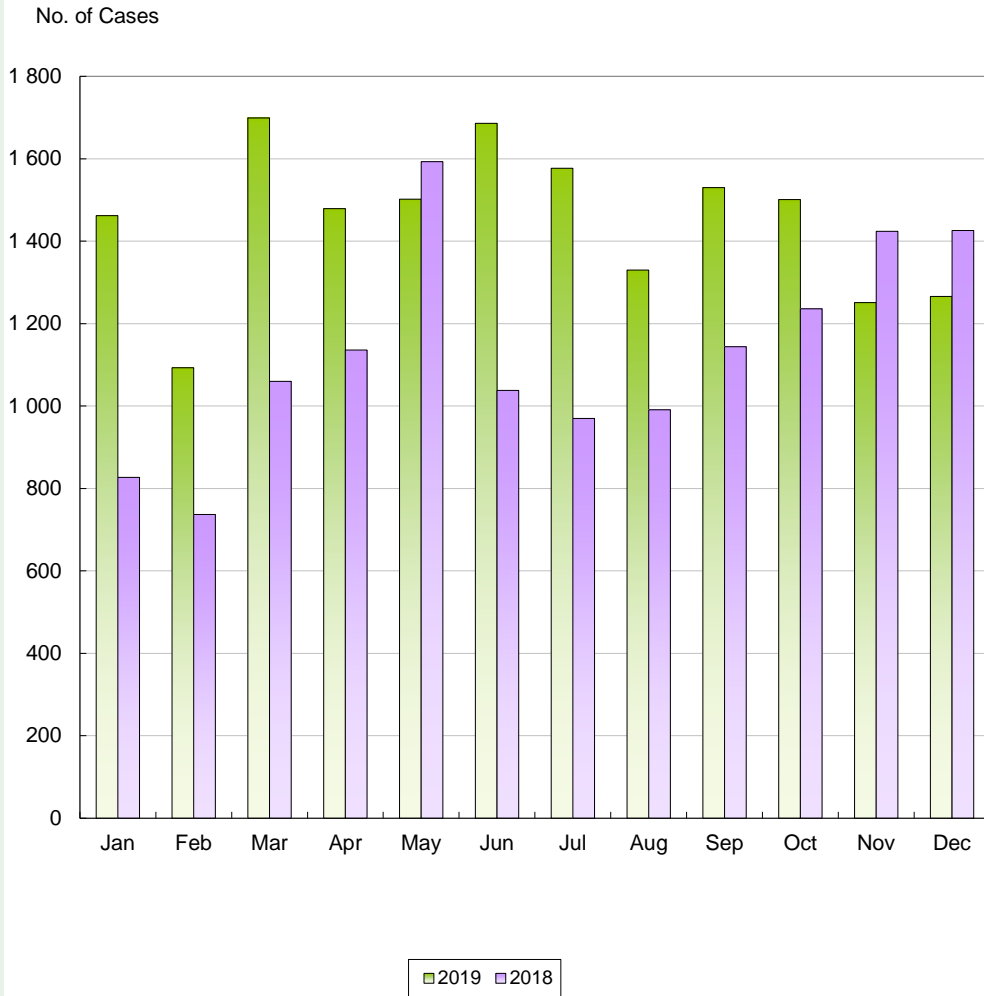


Value of Forged Trademark Goods Seized (2019 vs 2018)

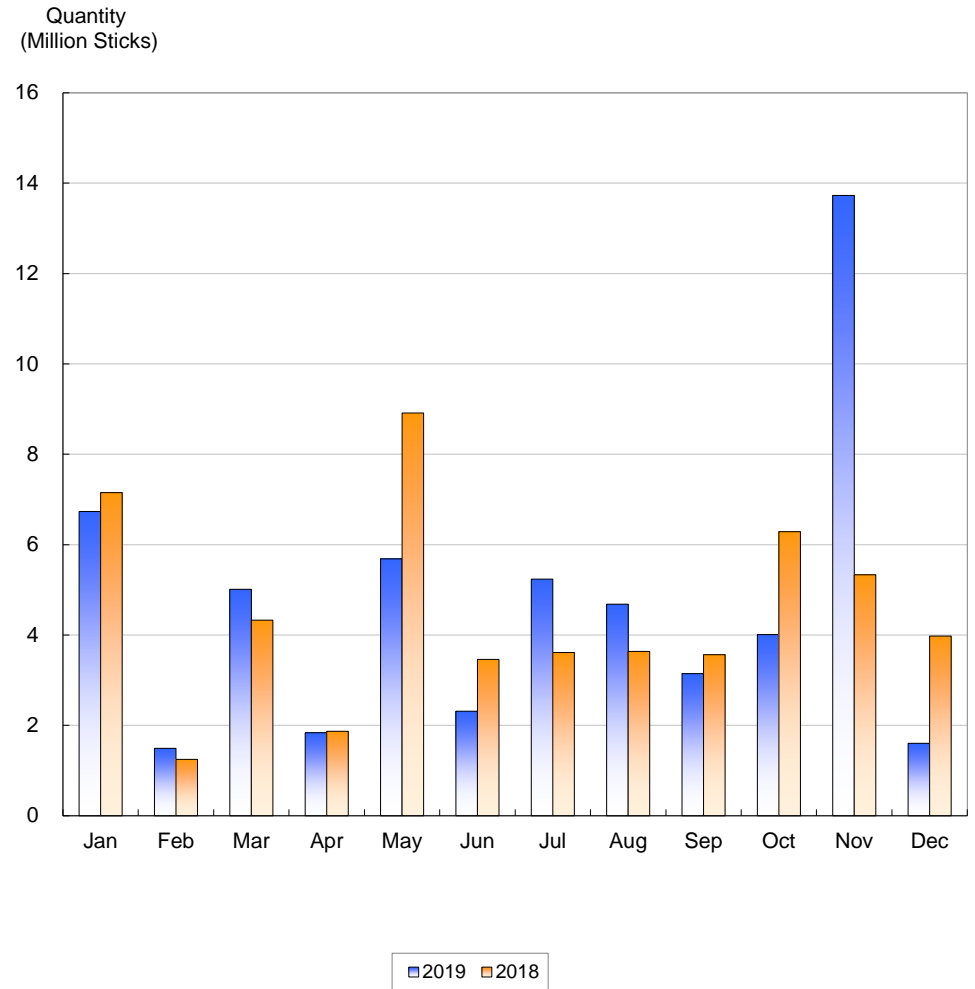


Result of Anti-cigarette Smuggling Operations

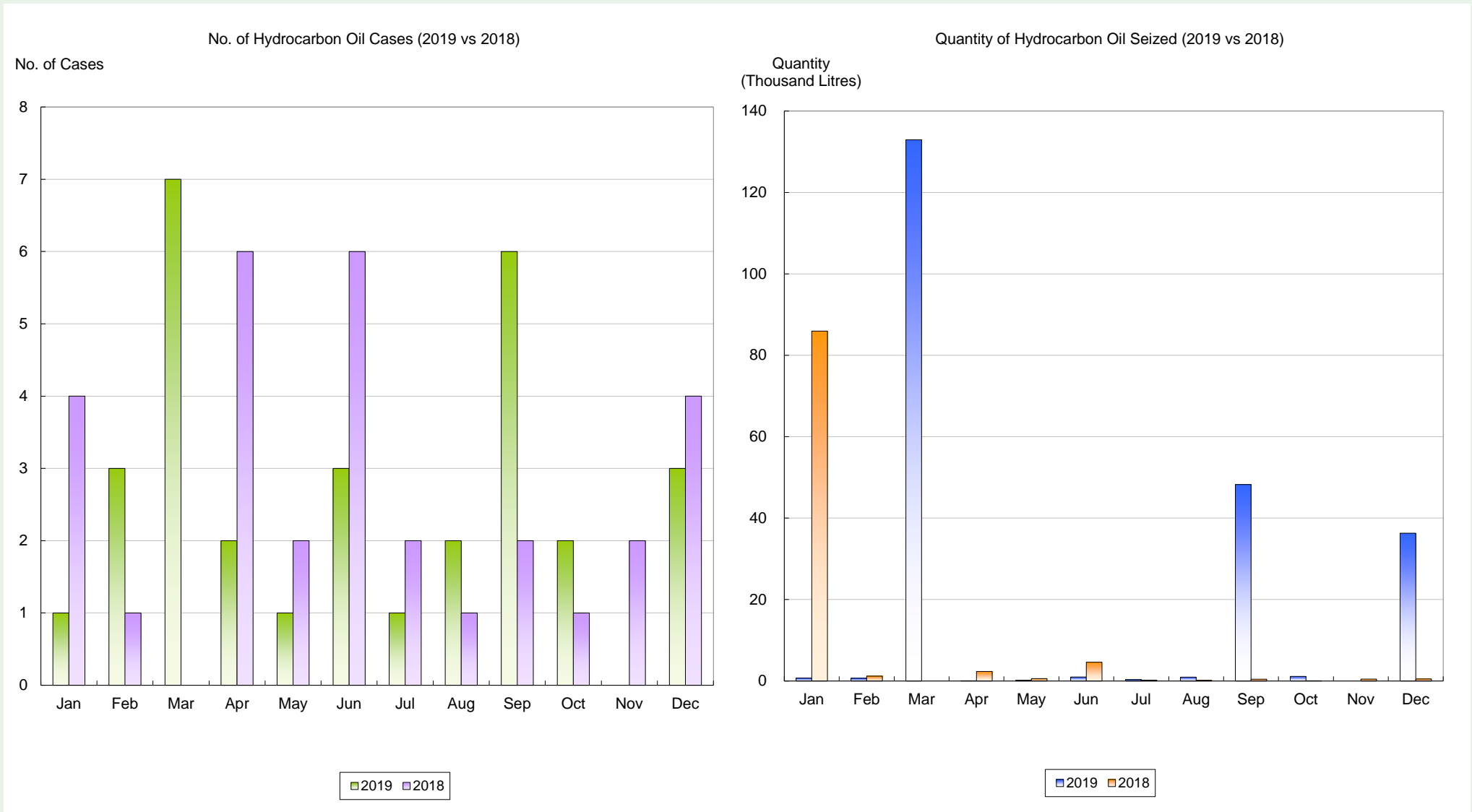
No. of Cigarette Smuggling Cases (2019 vs 2018)



Quantity of Smuggled Cigarettes Seized (2019 vs 2018)



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 Ordinance	Cap. 615
57	Companies Ordinance	Cap. 622
58	Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance	Cap. 629

Actual revenue for 2018-19 and 2019-20

	Actual Revenue	
	2018-19	2019-20
	HK\$'000	HK\$'000
Duties		
Hydrocarbon Oils	3,753,013	3,768,886
Tobacco	6,310,522	7,048,893
Alcoholic Beverages	567,416	563,954
Other Alcoholic Products	4,681	8,846
Sub-total	10,635,632	11,390,579
Fees charged under Dutiable Commodities Ordinance		
Licence Fees	5,898	5,860
Attendance Fees	457	447
Denaturing Fees	237	263
Storage Fees	0	1
Sub-total	6,592	6,571
Trade Declaration Charges		
Imports and Exports Declaration Charges	671,020	430,203
Clothing Levy Service Charges (see Note)	57	49
Penalties	73,763	64,901
Sub-total	744,840	495,153
Miscellaneous	89,539	82,014
Total	11,476,603	11,974,317
Note : Clothing Industry Training Levy collected on behalf of the Clothing Industry Training Authority	91	93

Actual expenditure for 2018-19 and 2019-20

	Actual Expenditure	
	2018-19	2019-20
	HK\$'000	HK\$'000
Operating Account		
Personal Emoluments		
Salaries	2,962,788	3,284,931
Allowances	71,594	78,521
Job-related allowances	11,713	13,911
Sub-total	3,046,095	3,377,363
Other Recurrent Expenses		
Personnel related expenses	195,144	237,767
Rewards and special services	14,893	13,508
General departmental expenses	728,493	806,644
Land usage cost	5,025	1
Grant to the Customs and Excise Service Welfare Fund	310	352
Seizure management	47,451	57,145
Sub-total	991,316	1,115,417
Capital Account		
Plant, vehicles and equipment	64,232	37,008
Minor plant, vehicles and equipment	34,056	29,682
Sub-total	98,288	66,690
Total	4,135,699	4,559,470

Case Statistics (2018)

Case Statistics (2019)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)	Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Air Pollution Control	4	-	1	Air Pollution Control	4	-	15
Consumer Goods Safety	36	-	6	Antibiotics	1	1	2
Control of Chemicals	2	-	320	Consumer Goods Safety	48	-	86
Control of Obscene & Indecent Articles	12	12	895	Control of Chemicals	5	-	64
Copyright / Prevention of Copyright Piracy	119	143	6,005	Control of Obscene & Indecent Articles	6	8	200
Cross-boundary Movement of Physical Currency and BNI	33	33	1	Copyright / Prevention of Copyright Piracy	101	118	3,570
Customs & Excise Service	12	15	232	Cross-boundary Movement of Physical Currency and BNI	151	150	38
Dangerous Drugs	919	393	449,663	Dangerous Drugs	827	383	1,367,694
Dangerous Goods	13	13	2,105	Dangerous Goods	6	5	736
Drug Trafficking (ROP)	4	2	829	Dutiable Commodities	24 013	17 895	257,644
Dutiable Commodities	20 613	13 402	122,970	Firearms & Ammunition	27	7	602
Firearms & Ammunition	26	9	941	Food Safety	66	65	278
Food Safety	50	48	402	Hazardous Chemicals Control Ordinance	1	-	10
Immigration	46	66	7,449	Immigration	26	33	157
Import & Export	5 643	4 220	512,522	Import & Export	5 205	4 233	582,445
Organized & Serious Crimes	11	11	8	Organized & Serious Crimes	10	20	15,949
Pesticides	2	-	1	Ozone Layer Protection	3	-	30
Pharmacy & Poisons	117	60	4,272	Pharmacy & Poisons	101	92	17,064
Plant (Importation & Pest Control)	20	8	52	Plant (Importation & Pest Control)	33	20	42
Prevention of Cruelty to Animals	1	1	1	Protection of ES of Animals & Plants	659	495	135,464
Protection of ES of Animals & Plants	744	523	71,630	Public Health & Municipal Services	1 041	857	1,298
Public Health & Municipal Services	767	607	1,527	Public Health (Animals & Birds)	13	11	39
Public Health (Animals & Birds)	7	5	40	Rabies	13	13	19
Rabies	4	4	12	Reserved Commodities	28	6	35
Reserved Commodities	40	6	390	Telecommunication	37	16	2,040
Summary Offences	2	-	31	Toys & Children's Products Safety	65	-	406
Telecommunication	23	1	1,230	Trade Descriptions	1 002	698	118,636
Toys & Children's Products Safety	76	-	85	Waste Disposal	99	-	11,900
Trade Descriptions	1 044	774	106,857	Weapons	47	5	527
Waste Disposal	53	-	7,793	Weights & Measures	56	2	31
Weapons	86	17	2,140	Other Ordinances	155	82	1
Weights & Measures	56	-	21				
Other Ordinances	131	77	121				
All Ordinances *	29 828	20 025	1,221,071	All Ordinances *	32 946	24 809	2,284,979

* 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	2018		2019	
	Quantity	Estimated Value of Seized Items (HK\$'000)	Quantity	Estimated Value of Seized Items (HK\$'000)
Dangerous Drugs ⁽¹⁾				
Heroin (kg)	30.1	25,406	20.0	16,314
Opium (kg)	8.7	1,034	6.2	1,185
Cannabis (kg)	141.1	26,181	263.0	46,512
Ketamine (kg)	18.5	10,950	351.6	197,948
Cocaine (kg)	253.2	268,024	627.7	678,258
Methamphetamine (kg)	147.1	77,662	251.3	155,364
MDMA (tablet)	4 527	2,393	43 473	8,009
Synthetic Cathinones (bath salts) (kg)	187.1	22,129	79.1	9,395
Gamma-butyrolactone (GBL) (kg)	343.8	6,619	186.2	3,538
Other psychotropic drugs (tablet)	1 675	3,568	31 206	249,123
Dutiable Commodities ⁽²⁾				
Cigarette (mille)	55 422	147,844	59 884	162,759
Other tobacco (kg)	8 009	21,945	51 921	151,726
Hydrocarbon oil ('000 litre)	97	476	223	882
Liquor ('000 litre)	6	2,837	11	2,772
Import & Export				
Electrical and electronic goods ('000 no.) ⁽³⁾	856	27,012	3 072	28,899
Computer and accessories ('000 no.)	204	25,458	96	33,815
Meat (tonnes)	141	3,518	1 030	67,390
Mobile phone ('000 no.)	105	142,485	55	33,576
Copyright				
Optical disc ('000 no.)	161	4,875	68	2,444
Electrical and electronic goods ('000 no.) ⁽³⁾	4	578	1	711
Forged Trademark (FTM)				
Garment and accessories ('000 pc)	475	29,864	88	8,719
Leather goods ('000 pc)	59	10,753	55	21,286
Watch and parts ('000 no.)	181	7,494	41	9,765
Footwear ('000 pairs)	228	19,511	134	18,183
Pharmaceutical products ('000 no.)	344	2,346	925	4,415
Pharmacy & Poisons				
Part I Poisons ⁽⁴⁾ (kg)	40	2,179	1	28
(litre)	446	310	192	1,644
('000 tablet)	42	225	1 970	8,672
Protection of ES of Animals & Plants				
Wood (kg)	246 167	25,721	334 124	15,863
Pangolin, Parts or Specimen (kg)	17 518	18,733	8 936	43,806
Ivory and related products (kg)	372	4,243	2 058	20,711
Others				
Fireworks (kg)	1 051	198	15	166
Firearms and parts (no.)	91	27	140	26

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

(2) Include all ordinances.

(3) Exclude mobile phones and accessories.

(4) Exclude vigra and antibiotics.

Stop and Search of Persons / Vehicles at Control Points

	2018	2019
No. of persons stopped and searched	131 540	160 710
No. of vehicles checked	525 750	564 930

Training and Development Activities

Programme	No. of classes	
	2018	2019
Induction and Continuation Training		
Induction Course:		
<i>For probationary Inspectors</i>	1	5
<i>For probationary Customs Officers</i>	30	22
<i>For probationary Assistant Trade Controls Officers</i>	1	1
Continuation Course:		
<i>For probationary Inspectors</i>	3	4
Functional Competency		
<i>For C&E Service Members</i>		
AMS First Aid Refresher Course	4	2
AMS Basic First Aid Course	1	2
AMS Automated External Defibrillator Training Course	0	2
CAS Abseiling Supervisor Course	1	2
CAS Abseiling Instructor Course	1	1
CAS Abseiling Instructor Study	0	1
Physical Fitness Training Course	0	1
Raiding Techniques Course	4	3
Criminal Intelligence Analysis Training	2	1
Standard Criminal Investigation Course	4	3
Commercial Crime Investigation Course	2	0
Accident Investigation & Prevention Course	0	1
Basic Safety Management Course	1	1
Raiding, Apprehension and Escort (RAE) Course for Frontline Officers	4	6
Safe Handling of Chemicals Course	1	1
Safe Use of Display Screen Equipment Course	1	1
Certificate of Competence in Manual Handling Course	1	1
Seafreight Operation Course	1	1
Import and Export Trade Practices Course	1	1
Dog Bite Safety Course	0	1
Office Safety cum working Under Inclement Weather and Hot Environment Course	1	1
Mental Health First Aid Course	1	1
Information Security Essentials: Trends & Latest Updates	2	1
Mental Health First Aid Standard Course Extension - Peer Counseling & Skills	1	1
Workshop on Handling of Problem Gambling	1	1
Safety Inspection Course	1	1
Basic Risk Assessment Course	1	1
Intelligence & Investigation Course	6	7
Enhanced Intelligence & Investigation Course	1	0
Training Course for Health and Welfare Managers	1	2
Conflict Management Course	1	1
Legal Training Course	1	1
Advanced Legal Training Course for Prosecution Liaison Officers / OC Cases	0	2
Case Management Course for Inspectorate Officers	2	1
Case Processing Course for COG Officers	0	0
Train-the-Trainer Course on Video Interview System	1	0
Train-the-Trainer Course on X-ray Screener	2	0
Train-the-Trainer Course on Trace Contraband Detector	3	0

Training and Development Activities

Programme	No. of classes	
	2018	2019
Train-the-trainer Course on Passive Millimetre Wave Screening System	1	0
Train-the-Trainer Course on Mobile X-ray Vehicle Scanning System	0	0
Train-the-Trainer Course on Conflict of Interest	1	1
Cargo Processing Course	12	12
Passenger Processing Course	12	12
Foot Drill Instructor Course	3	3
Driving Techniques and Safety Workshop	1	1
Firearms and Special Equipment Training Courses		
Range Management Course	2	1
Arms Cleaning Course	2	2
HK MP5 Sub-machine Gun Training Course	1	1
Annual HK MP5 Sub-machine Gun Refresher Course	4	4
Shotgun Training Course	2	2
Annual Shotgun Refresher Course	16	16
HK 53 Sub-machine Gun Training Course	1	0
Annual HK 53 Sub-machine Refresher Course	6	6
Thigh Draw Holster Training Course	2	2
Thigh Draw Holster Refresher Course	8	8
Bus (under 30 seats) Driving Course	10	11
Light Goods Vehicle Driving Course	23	26
"Press to shock - Save a life" Automated External Defibrillator (AED) course	0	9
Workshop on Preparation for Initial Evaluation, Learning Programme Accreditation at QF Levels 4-5 and Internal Quality Assurance	0	1
<i>For TCOG Officers</i>		
Legal Writing for Civil Sanction	1	2
Basic Control Tactics (RAE) Course	1	1
Criminal Investigation Techniques Workshop	2	2
Import and Export Practices and China Cargo Customs Clearance Procedure	1	1
Workshop on Preparation of Prosecution Papers	4	1
Investigation Techniques in Handling Internet Crime	3	3
Legal Training Workshop	1	1
Conducting Selection Interview Workshop	0	1
Management Development		
<i>For C&E Service Members</i>		
COG Supervisory Course	2	2
Customs Officer Development Course	2	2
Integrity Awareness Seminar	2	2
<i>For Both C&E Service Members and TCOG Officers</i>		
Customs Management Development Course	0	1
Customs Command Course	0	0
<i>For TCOG Officers</i>		
Managing Self Integrity	2	2
TCO Management & Development Programme / Course (Part I)	1	0
Course on Mental Health & Building of Caring Colleagues Culture	1	1
Building Resilience and Creating a Supportive Working Environment	1	1
Train-the-Mentor Workshop	2	1
Stress Management Workshop	0	1

Training and Development Activities

Programme	No. of classes	
	2018	2019
Communication Skill		
<i>For TCOG Officers</i>		
Presentation Skills Workshop	1	1
Job-related Putonghua Workshop	1	1
Advanced Workshop on Customer Service Skills	1	1
Practical Chinese Writing Skills for TCOG Officers	1	1
Training for Visiting Customs Officials		
Customs Management Course for Mainland Customs	2	0
Customs Practices Training Course for Mainland Customs	0	0

