



# **Customs and Excise Department**

## **Departmental Review 2007-2008**



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## Foreword

The years 2007 and 2008 were a particularly memorable time for the Hong Kong Customs. The “Pan-Pearl River Delta (PRD) Customs Trade Facilitation Forum cum Regional Customs Commissioners Joint Conference”, the largest-ever exchange activity for the Customs administrations in the region, was successfully held on 10 and 11 May 2007 in Hong Kong. The Forum was co-organized by the Hong Kong Customs and the General Administration of Customs (GAC) of the People’s Republic of China and it marks a milestone of close Customs co-operation in the Pan-PRD region.

Hong Kong was also proud to co-host the 2008 Beijing Olympic Equestrian Events in August 2008. Apart from providing a speedy Customs clearance service to facilitate the arrival of the events participants, horses, equipment and spectators at the Airport, the Department also contributed to the safety and security of the events by stepping up enforcement at all control points.

During the period covered by this report, the Department has made great strides in meeting new demands and challenges on many fronts, especially in work relating to anti-smuggling, combating drug trafficking, intellectual property rights (IPR) enforcement and protection of consumer interests.

With the growth in international trade and rapid development of the logistics sector, smuggling activities have become increasingly professional and organized. New modus operandi is emerging with greater speed and increased sophistication. Through deployment of advanced detection equipment, risk profiling techniques and intelligence analysis and close collaboration with the Mainland, we have successfully smashed a number of smuggling syndicates active along the land boundary. Another area of concern is the problem of drug abuse among the youth and the rising consumption of “soft-drugs”. To support the work of the “Task Force on Youth Drug Abuse” led by the Secretary for Justice and stop the drugs at source, we have strengthened surveillance and interception at the boundary control points, including stepping up inspections and spot checks of passengers and cross-boundary vehicles, conducting more plainclothes operations, increasing the deployment of Customs drug detector dogs, undertaking more frequent joint operations with the Mainland law enforcement agencies and working in partnership with non-government bodies.

The situation of copyright piracy and trademark counterfeiting is firmly under control. We will continue to adopt a two-pronged approach to tackle the problem. On the supply side, the coming into effect of the Copyright (Amendment) Ordinance 2007 now enables us to take more effective action against “parallel importation”,

“circumvention devices and services” and “business end-user piracy” activities and makes it easier to prosecute the offenders. On the demand side, our focus is on increasing the awareness of the public, especially the younger generation, on IPR protection. Rigorous law enforcement, coupled with close partnership with the industry and educational campaigns for the youths, has produced positive result. We have seen a decrease in the number of IPR offences and an increase in Hong Kong’s rating in respect of IPR protection.

During the times of economic difficulties, it is particularly important to ensure that consumers, especially ordinary consumers, have a fair deal. We have put in extra effort and mounted more operations to tackle the dishonest practice of short weights and measures. Following the full implementation of the Trade Descriptions Ordinance (Amendment) 2008 and its related subsidiary legislation in March 2009, we have taken several major enforcement actions against the known black spots. Firm enforcement action is not only necessary to enhance the protection for local consumers but also to safeguard the long-term interests of the retail and tourism industries and maintain Hong Kong’s image as a shoppers’ paradise.

We are operating in a fast changing world. We will constantly seek to improve efficiency through re-engineering of business process, flexible deployment of staffing resources and extensive application of information technology. Increased emphasis is being placed on career development for all staff. To cope with increased complexity of Customs work and enable us to respond to the changes and future challenges more swiftly in future, we have and will continue to provide extensive training opportunities for all our staff and to inculcate in the Department a culture of continuous learning.

The Hong Kong Customs Service will celebrate its centenary this year. Over the past century, the Department has grown from a small Preventive Service with a handful of officers in 1909, into one of the most highly regarded Customs Service in the world, providing an efficient and business friendly service to passengers and businesses and underpinning Hong Kong’s success as an international business and trade centre. As in the past 100 years, the Hong Kong Customs will continue to devote its best effort to serving Hong Kong and providing a quality service to the community.

**Richard Yuen**

***Commissioner of Customs & Excise***

# 1. Our Vision, Mission and Values

## Our Vision

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

## Mission

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

## Values

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



## 2. Organization of the Department

The Commissioner of Customs and Excise is the head of the Customs and Excise Department. 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; and
- Trade Controls Branch.

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

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

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 Customs Liaison Bureau, the Office of Strategic Research, the Office of Project Planning and Development, the Office of Information Technology and the Information Unit.

The Intelligence and Investigation Branch, headed by Assistant Commissioner (Intelligence and Investigation), is responsible for the detection and suppression of illicit drug trafficking and money laundering, enforcement of intellectual property rights (IPR) 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 Special Task Force.

The Trade Controls Branch, headed by a Senior Principal Trade Controls Officer, is responsible for matters relating to trade controls and consumer protection. The Branch is made up of the General Investigation and Systems Bureau, the Trade Inspection and Verification Bureau, the Trade Investigation Bureau, the CEPA and Transshipment Controls Bureau, the Consumer Protection Bureau and a Special Project Planning Team.

In addition to the five branches, there are three central management units which work under the direct supervision of the Deputy Commissioner. They are the Office of Service Quality and Management Audit, the Internal Audit Division and a Special Project Team which was set up in 2008 to take forward special projects, including the Authorized Economic Operator (AEO) programme proposed by the World Customs Organization (WCO).

At the end of 2008, the Department had an establishment of 5 639 posts. Of these, 9 were directorate posts, 4 533 were posts of the C&E Service, 459 were those of the Trade Controls Officer Grade and 638 belonged to various General and Common Grades.



### 3. Anti-smuggling

#### Anti-smuggling

A major mission of the Department is to prevent and detect the smuggling of 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, firearms, strategic goods, copyright



infringing articles, goods bearing forged trademarks and goods with false origin labels. In the fight against smuggling activities, the Department has strived to maintain a proper balance between control and trade facilitation to ensure speedy flow of legitimate cargoes at the entry and exit points.

In 2007, the Department detected 185 unmanifested cargo cases. Amongst the cases, 172 of them involved items smuggled between Hong Kong and the Mainland, including 90 at sea and 82 on land. There were 355 persons arrested and the seizures amounted to HK\$435 million. In 2008, 218 unmanifested cargo cases were detected, an increase of 18% compared with the year before. Most of the cases involved smuggling activities between Hong Kong and the Mainland, 75 of which were detected at sea and 123 on land, with 315 people arrested. The seizure of the goods was worth HK\$552 million.

Smuggling of general merchandise between Hong Kong and the Mainland is a matter of concern for both sides. High value electronic goods, mobile phones and accessories, computer hardware and precious metal remained the popular items being smuggled to the Mainland. Items smuggled into Hong Kong include dutiable cigarettes, counterfeit and copyright infringing articles.



Concealment remains the most common tactic used by smugglers to evade Customs detection. Concealment methods included placing goods in false compartments of cross-boundary lorries and private cars, altering compartments in containers and mixing smuggled goods with legitimate imports or exports. The latest modus operandi includes the transport of smuggled goods through flood relief channel at the Shenzhen River, purpose-made aerial rope connecting sites on opposite sides of the land boundary and underground tunnels which were secretly constructed across the land boundary between Hong Kong SAR and Shenzhen. The Department has detected several major cases by using advanced detection equipment, surveillance and intelligence, and close collaboration with the Mainland Customs administration.



## **Dutiable Commodities**

### **Illicit cigarette**

Interdiction of cigarette smuggling is a priority task for the Department, and cigarettes smuggled across the land boundary with the Mainland remains a major concern. Smuggling syndicates tended to employ mix-loading and false declaration to smuggle illicit cigarettes into Hong Kong in large quantities. Apart from routine checking, intelligence exchange and parallel operations with the Mainland Customs at the land boundary control points are effective measures to suppress smuggling activities. In 2007, 119.2 million sticks of cigarettes were seized, with 31 million sticks seized in two cases in November 2007 during transshipment en route Hong Kong. While cigarette smuggling by cross-boundary vehicles from the Mainland accounted for the majority of detected cases, some criminal syndicates were seen using fishing vessels and sampans to smuggle illicit cigarettes into Hong Kong waters and transfer them onto connecting goods vehicles for distribution to the local black market. In 2008, sea-borne smuggling mode diminished substantially after rigorous enforcement by the Department. The use of cross boundary vehicles to smuggle cigarettes into Hong Kong continues. In 2008, a total of 81.6 million sticks of cigarettes were seized and HK\$9.18 million involved in the illegal business was restrained from an illicit cigarette syndicate.

### **Abuse of duty-free cigarette concessions**

Returning Hong Kong residents must have left Hong Kong for 24 hours or more before they can enjoy duty-free cigarette concessions. The situation of duty-free concessions abuse has improved due to increased publicity and public awareness.

In 2007, Customs officers processed 5 900 cases of offences, involving 2.3 million sticks of cigarettes. Under the Compounding Scheme, fines totaling HK\$18.8 million were collected in respect of 5 600 cases involving 1.8 million sticks of cigarettes in 2007.

In 2008, a total of 3 700 cases, involving 1.9 million sticks of cigarettes, were processed. Under the Compounding Scheme, fines totaling HK\$12.6 million were collected in 3 400 cases involving 1.4 million sticks of cigarettes.

### **Illicit Fuel**

Smuggling of illicit fuel from the Mainland by cross-boundary vehicles remained a major concern in 2007 and 2008 while smuggling by vessels showed some signs of improvement. Through increased checks on incoming vehicles and vessels, 88

cases, 74 at land boundary control points and 14 at sea, were effected in 2007 with 11 035 litres illicit fuel seized. Rigorous enforcement had contained illicit fuel smuggling. In 2008, 54 cases were effected, 37 being detected at the land boundary.

## **Project Crocodile**

To deter smugglers from taking advantage of the busy Hong Kong port to transship illicit cigarettes to other markets, the Department launched the “Project Crocodile” in August 2004, which consisted of a notification network formed amongst 16 Customs administrations in the Asia Pacific Region. The network has later extended to 18 Customs administrations. In 2007 and 2008, through information exchange via the Project, 32 containers with 154.89 million sticks of cigarettes and 1 300 kilograms of manufactured tobacco were intercepted in Europe, Canada and the Middle East.

## **Dangerous Drugs**

Ketamine, cannabis, methamphetamine (‘ice’), heroin, cocaine, MDMA (‘ecstasy’) and nimetazepam (‘Erimin-5’) are the common types of dangerous drugs smuggled into Hong Kong. In 2007, the Department detected 691 such cases. Amongst them, one involved a record seizure in July 2007 at the Kwai Chung Customhouse where 2 containers from Panama were examined. 160 kilograms of high-grade cocaine with retail value of HK\$110 million was seized in the operation. The illicit drugs were concealed inside wooden pallets on which bottles of purified water were placed. The drugs were believed to be destined for places outside Hong Kong.

In 2008, the Department detected 685 dangerous drugs cases. A significant case with record seizure of ketamine and methamphetamine was detected in November at the Hong Kong International Airport. 298 kilograms of ketamine with a retail value of HK\$34.3 million and 10 kilograms of methamphetamine with a retail value of HK\$6.3 million were seized from a cargo shipment from India via Singapore to Hong Kong. The drugs were concealed inside 40 speakers.



A record seizure of 298 kilograms of ketamine and 10 kilograms of methamphetamine concealed inside 40 speakers was detected in November 2008 at the Hong Kong International Airport.

Drug syndicates are taking advantage of the very heavy passenger and vehicular traffic at the various entry and exit points to smuggle drugs into Hong Kong. Couriers are used to smuggle small quantities of dangerous drugs each time to evade detection and minimize loss upon interception. To combat the cross-boundary drug trafficking, Hong Kong Customs has stepped up enforcement action at all land boundary control points and increased the frequency of inspection and deployment of drug detector dogs.

### **Precious Metal**

Due to the price difference between Hong Kong and Mainland and a tax rebate for the export of precious metal in the Mainland, there were cases of smuggling of precious metal into the Mainland. Four cases involving 713.4 kilograms of silver and 3 589.5 kilograms of nickel were detected at the land boundary control points in 2007, while three cases involving 430 kilograms of silver were detected in 2008.

### **Arms and Weapons**

Customs officers always maintain high vigilance at all entry and exit points to prevent the smuggling of arms and weapons into Hong Kong. On 19 January 2007, 3 336 stun guns and blast knuckles valued at HK\$1.24 million were found concealed in the cargo compartment of an incoming lorry being searched at the Lok Ma Chau Control Point.

Seizures of pistol, rifle, baton, assorted knives, knuckleduster, stun gun, bullets, etc. were effected at the Hong Kong International Airport. In 2007, 52 cases were detected with 10 persons arrested, involving total seizure value of HK\$165,203. In 2008, 20 cases were detected and 2 persons were arrested; total seizure value amounted to HK\$299,040.

### **Counterfeit and Pirated Articles**

The Department accords high priority to the protection of intellectual property rights. Regular operations were mounted to suppress counterfeiting and pirating activities. Major seizures included garments, handbags, shoes, leather products, watches, computer accessories, mobile phones and accessories, cosmetics, ornaments and household goods bearing forged trade marks or false origin labels.

At the Hong Kong International Airport, 179 cases were effected with 5 persons arrested in 2007, while 120 cases were effected with the arrest of 21 persons in 2008. Seizures amounted to a total value of HK\$20.98 million and HK\$24.25 million in 2007 and 2008 respectively. At the land boundary control points, a total of 11 cases with

seizures valued at HK\$24.6 million were effected in 2007 under the Trade Descriptions Ordinance and Copyright Ordinance, while in 2008, 20 cases with HK\$33.7 million worth of seizures were effected.

### **Computer Accessories and Telecommunication Equipment**

Smuggling of high-valued computer accessories to the Mainland continued in 2007 and 2008. In 2007, seven cases with seizure amounting to HK\$5.4 million in value were effected. In 2008, there were 22 cases with seizure value of HK\$10.8 million. Mobile phones and accessories remained the popular items being smuggled into the Mainland in 2007 and 2008.

### **Meat and Poultry**

To safeguard public health, joint operations were regularly mounted by the Department with the Food and Environmental Hygiene Department (FEHD) at the land boundary control points. In 2007, 93 joint operations with FEHD were conducted while 723 joint operations were conducted in 2008. Enforcement actions taken throughout the years had successfully deterred smuggling of meat and slaughtered poultry in large quantities by cross-boundary vehicles.

### **Endangered Species**

There were still isolated cases where endangered species of plants and animals were smuggled into Hong Kong. In 2007 and 2008, Customs officers at various control points detected 123 cases respectively of endangered species of plants, birds and animals. The items involved American ginseng, crocodile meat, cobra, bear bile powder, stony coral and orchid etc.

### **Marked Oil**

The Department launched the Voluntary Control Scheme on Sales of Marked Oil for Marine Use (Voluntary Control Scheme) in May 2005. The Scheme aims to suppress seaborne smuggling of marked oil into the Mainland and prevent marked oil from being re-landed for use as illicit fuel. Oil barges delivering marked oil are required to be registered with the Department and provide for inspection by the Department their transaction record. In 2007, there were 10 such cases detected with 44 persons arrested and marked oil valued at HK\$2.98 million was seized. In 2008, 11 cases were detected with 42 persons arrested and the total seizure value amounted to HK\$342,721.

## 4. Trade Facilitation

The Department places great importance to enhancing Hong Kong as a major transportation and logistics hub in Asia and constantly strives to enhance its facilities and streamline procedures to improve clearance efficiency and facilitate passenger and cargo flows.

### Opening of the Shenzhen Bay Control Point

The Shenzhen Western Corridor is built to facilitate the flow of people and especially cargo between Hong Kong and the eastern coastal area of the Pearl River Delta. Its opening on 1 July 2007 has helped to ease the congestion at the three vehicular boundary crossings at Lok Ma Chau, Man Kam To and Sha Tau Kok.

### Facilitation for Wine Shipments Imported

Since July 2008, a new measure was introduced to allow wine shipment inside temperature-controlled containers selected for Customs examination to be inspected at the importers' designated premises. This service is applicable to wine shipment imported by air and by sea and enables wine to be examined to be kept in facilities equipped with temperature control.

### Electronic Systems in Trade Facilitation

The Department is now working on the Electronic Advance Cargo Information (e-ACI) project, which provides an electronic platform for the launch of a "Road Cargo System" (ROCARS) to enable shippers to submit electronic cargo information in advance for customs clearance when their vehicles arrive at the land boundary control points. The target roll out date is early 2010.



Officers prepared the mock Customs kiosk for ROCARS.

## **5. Narcotics Interdiction**

### **Anti-narcotics Strategy**

One of the major responsibilities of the Hong Kong Customs is prevention of illicit drugs trafficking. The Department adopts a three-pronged approach, i.e. drug investigation, recovery of drug/crime proceeds and control of precursor chemicals used in the illicit manufacture of drugs.

Apart from exercising stringent control at entry and exit points to prevent the inflow of drugs and their transit through Hong Kong, officers of the Customs Drug Investigation Bureau of the Department carry out enforcement operations against syndicated drug traffickers and street peddlers based on surveillance and intelligence.

To enhance the effectiveness of anti-drug operations, the Department is empowered to trace, restrain and confiscate drug or crime proceeds derived from illicit activities. The prime goals are to prevent drug traffickers or criminals from re-investing drug or crime 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 established a licensing system to monitor and control precursor chemicals. Through licensing control and an international liaison network, the Department strives to inhibit the illicit diversion of such chemicals at both local and global levels.

### **Drug Trafficking Trend**

The usual modes of operation of drug traffickers are concealment of large quantities of illicit drugs in shipments of commercial cargoes, individuals bringing in small quantities of drugs using methods including body packing, concealment inside body cavities or hiding in false compartments in baggage. It has been observed that there is a growing trend for traffickers to use express parcels and ordinary mails to ship in small quantities of drugs.

Ketamine has become the most prevalent drug of abuse among young persons since 2004. In 2007, the Department arrested 94 persons and seized 27 kilograms of ketamine. In August 2007, 10 kilograms of ketamine was seized at the airport from a transshipment consignment of wooden sculptures from India to Taiwan. There has also been a rising trend of ketamine smuggling through land boundary control points into Hong Kong since mid 2007 through individual couriers each carrying a small amount of drugs, which is a means to evade detection and minimize loss if the drugs



are detected.

In 2008, 216 persons were arrested with 325 kilograms of ketamine seized, including a record of 298 kilograms seized at the airport from a cargo shipment from India routed via Singapore to Hong Kong. Of the 216 persons, 156 were arrested at the land boundary control points with 11.2 kilograms of ketamine seized. Among these 156 arrestees, 35 of them were under 21, involved in smuggling a total of 1.9 kilograms of ketamine.

Heroin came mainly from the “Golden Crescent” (the area overlapping Afghanistan, Iran and Pakistan), mostly by travellers, who were drug couriers with drugs stuffed in their body cavities. In 2007, 27 kilograms of heroin was seized with 313 persons arrested while in 2008, 43 kilograms of heroin was seized with 276 persons arrested.

In 2007, 57 persons were arrested with 263 kilograms of cannabis seized. In January that year three cannabis plantations were smashed in the New Territories. Altogether 650 pots of cannabis plants, 14 kilograms of herbal cannabis and 3 kilograms of ketamine seized. Four local people were arrested.



The green houses for cultivation of herbal cannabis were well-equipped with solar lamps and ventilation facilities.



Between February and October 2007, 140 kilograms of herbal cannabis was seized at the airport. In 2008, 70 kilograms of herbal cannabis was seized with 28 persons arrested.

The abuse of cannabis resin is not common in Hong Kong. 14.5 kilograms and 9.0 kilograms were seized in 2007 and 2008 respectively. Throughout 2008, almost all cannabis resin was seized from air-passengers, involving 12 cases with 14 arrests.

In 2007, 42 kilograms of methamphetamine was seized with 42 arrests. Between January and May 2007, 19 passengers departing from the Mainland to Indonesia / Australia / Japan were arrested at the airport. In 2008, a total of 14 kilograms of methamphetamine was seized with 22 arrests. Of which, a record seizure of 10 kilograms of methamphetamine was detected at the airport. The drugs were found in a cargo shipment from India routed via Singapore to Hong Kong. The drugs are believed to be reshipped to places outside Hong Kong.



160 kilograms (in 640 slabs) of high-grade cocaine with a retail value of HK\$110 million was seized from 2 containers in the Operation "Hippo". The drugs were concealed inside the hollowed-out supporting planks on the base of each of the 80 wooden pallets holding bottles of purified water from Panama. 7 Hong Kong people were arrested.

In 2007, a total of 182 kilograms of cocaine was seized with 35 arrests, including a record seizure of 160 kilograms of cocaine made in July from two containers arriving from Panama. In 2008, a total of 39 kilograms of cocaine was seized with 50 arrests, of which, 34 kilograms was seized from air-passengers.

In 2007, 2 427 MDMA-type ("ecstasy") tablets were seized with 27 arrests. In 2008, 3 028 tablets of MDMA were seized with 28 arrests.

## Drug Enforcement

Effective drug enforcement relies on vigilance of the officers, intelligence and close co-operation between law enforcement agencies locally and overseas. Noted examples of Customs co-operation resulting in arrests and major seizures in the

Mainland , Japan, Malaysia, Australia and Hong Kong.

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

There was a marked increase in the number of persons aged below 21 apprehended in connection with drug offences at the boundary control points. In 2005 and 2006, 20 youngsters were arrested and in 2007 and 2008 the number rose to 73 as a result of sustained enforcement actions.

In 2007, in a parallel operation conducted around Christmas with the Anti-Smuggling Bureau of the Shenzhen Customs, 26 persons were arrested for drug offences, of whom five were youngsters. 1.2 kilograms and 510 tablets of assorted drugs were seized in the operation in Hong Kong and the Mainland. Two succeeding parallel operations were mounted in 2008 during summer vacation and Christmas. A total of 7.4 kilograms and 2 529 tablets of assorted drugs were seized with 45 people arrested (including seven youngsters) in the Mainland and Hong Kong.

### **Financial Investigation**

The Department has been taking an active role in tracing proceeds derived from drugs and organized crimes, and the result is encouraging. By the end of 2007-08, the Department restrained HK\$88 million of drug proceeds from two international drug trafficking syndicates and confiscated HK\$0.38 million of drug proceeds from one local drug trafficker.

The Joint Financial Intelligence Unit operated by the Department and the Police received 30 295 (15 457 in 2007 and 14 838 in 2008) suspicious transaction reports from the financial institutions, among which 511 (193 in 2007 and 318 in 2008) were forwarded to the Department for follow-up investigation.

### **Control of Chemicals**

The Department maintains a licensing system under the Control of Chemicals Ordinance to regulate the trade of 25 chemicals, which are commonly used for the illicit manufacture of narcotic drugs and psychotropic substances.

In addition, the Department has been participating in a global co-operation mechanism to monitor the movements of precursor chemicals in a bid to prevent illicit

diversion. Pre-export Notifications (PENs) are issued to the importing countries or territories for verifying the legitimacy of the shipment before export approval is granted. In 2007 and 2008 respectively, 491 and 423 PENs were issued to 28 and 24 countries.

In 2007 and 2008, the Department continued to participate actively in two international tracking programmes, namely "Operation Cohesion" and "Project Prism" for monitoring the movements of potassium permanganate, acetic anhydride and chemicals that could be used for illicit manufacture of amphetamine-type stimulants. These initiatives, organized by United Nations International Narcotics Control Board (INCB), are recognized as effective multilateral mechanism to prevent the diversion of precursor chemicals.

In April 2008, the Department joined a 6-month monitoring programme "Operation Dice" initiated by INCB targeting acetic anhydride, sulphuric acid and glacial acetic acid destined for Central Asia and Afghanistan. The Operation concluded in October 2008.

Besides, the Department proactively exchanges 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.

In May 2008, as part of the customs-to-business partnership programme to foster a closer working relationship to enhance our enforcement capabilities against illicit diversion of precursor chemicals, the Department organized a seminar on Control of Precursor Chemicals in Hong Kong for local shipping companies, airlines and cargo handling agents involved in precursor chemicals business.

## 6. Intellectual Property Rights Protection

In 2007 – 2008, rigorous and sustained enforcement actions were taken by officers of the Intellectual Property Investigation Bureau and the Special Task Force to combat copyright infringement and trademark counterfeiting activities in Hong Kong at both the manufacturing and retail level.

### Anti-piracy Enforcement

In 2007 and 2008, the Department detected 9 195 and 7 679 copyright piracy cases and arrested 1 217 and 987 persons respectively. Seizure of pirated optical discs (ODs) amounted to 4.26 million in 2007 and 2.16 million in 2008. Together with other seizures, including OD production equipment and paraphernalia involved in the cases, the total value of seizure was HK\$116.9 million in 2007 and HK\$78.3 million in 2008.

### Actions against Retail Sale of Pirated Goods

In the past two years, the Department continued to take rigorous enforcement actions against retail outlets of pirated ODs. The number of retail outlets selling pirated ODs is estimated to have dropped from about 1 000 in 1998 to fewer than 30 at present. The sustained actions taken by the Department have driven the pirates to adopt stealthy sale tactics, such as through providing "self-service" with unmanned stalls



and "pre-order sale" to sell small quantities of discs (i.e. customers would pay first at the shops and collect the discs later at other locations). Most illicit outlets now operate at shorter and irregular hours displaying only a very small number of pirated ODs to minimize loss.

Rigorous and repeated raids against pirated optical disc retail outlets.

### Actions against Manufacture, Import and Export of Pirated Goods

Since the commencement of the Prevention of Copyright Piracy Ordinance in May 1998, all OD factories in Hong Kong are required to obtain a manufacturer licence from and subject to inspection by the Department. To further combat copyright piracy, the Prevention of Copyright Piracy Ordinance (Amendment of Schedule 1) Order

2002 came into force on 19 July 2002, requiring manufacturers of stampers in Hong Kong to obtain a licence from the Department. In 2007 and 2008, Customs officers conducted 300 inspections of licensed OD and stamper factories each year.

### **Actions against Internet Piracy**

In April 2000, the Department established an “Anti-Internet Piracy Team” to specially fight Internet piracy. It deploys advanced on-line monitoring software to detect copyright infringing activities on the Internet. Since its establishment, the “Anti-Internet Piracy Team” has detected 128 Internet piracy cases, with 170 arrests and seizure of pirated articles and computer equipment worth HK\$6.93 million. In 2005 the Department initiated the first-ever prosecution against an Internet user who seeded films onto the Internet through BitTorrent (BT) to facilitate online “Peer-to-peer” sharing of pirated works. The offender was convicted. His subsequent appeal was dismissed by the Court of Final Appeal in 2007. The successful prosecution of the Internet uploader serves as a strong deterrent against similar online infringement activities.

### **Actions against Corporate Use of Pirated Works in Business**

The Intellectual Property (Miscellaneous Amendments) Ordinance 2000 introduced new provisions to enhance copyright protection. Apart from prohibiting any person from bringing video-recording equipment into cinemas and places of public entertainment to prevent bootlegging, the new provisions also criminalize the corporate use of infringing copyright works (including computer software, movies, TV dramas or music and sound recordings) in business. Since the provisions on corporate end-users came into operation in 2001, the Department has detected a total of 171 cases of corporate use of pirated works, arrested 373 persons and seized items having a worth of HK\$8.85 million.

### **New Provisions of Copyright (Amendment) Ordinance 2007**

In July 2007, further amendments were made to the Copyright Ordinance. The new provisions have also come into operation by phases. The amended criminal liabilities for copyright infringement mainly cover the following three areas:

#### **On “Parallel Importation”**

The criminal sanction period for the “parallel importation” of infringing copyright works was shortened from the original 18 months to 15 months. To enhance enforcement efficacy, certain “presumptions” were introduced to the legislation to facilitate Customs detection and prosecution of cases of “parallel importation” of copyright infringing

works. At the same time, the scope of the provisions on affidavit evidence had also been expanded to facilitate overseas copyright owners by allowing them to establish facts on copyright authorization and licence by way of an affidavit. Since the coming into effect of the amendment provisions on 6 July 2007, the Department has detected a total of 22 cases involving “parallel importation” of copyright infringing works and arrested 26 persons.

### **On “Circumvention Devices” and “Circumvention Services”**

The legislative amendment has increased the criminal and civil liability for circumvention of “technological measures to protect copyright works”. Following the amendment to the Copyright Ordinance, any person who engages in 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 9 such cases and arrested 10 persons.

### **On “Business End-user Piracy”**

An amendment provision was incorporated into the Copyright Ordinance to extend the criminal liability to company directors or partners as well as in cases of “possession of an infringing copy of copyright work”. The provision is aimed at increasing management accountability and promoting effective business governance. The relevant provision already came into force on 11 July 2008. The business end-user criminal liability for “possession of an infringing copy of copyright work” is applicable to computer software, movies, TV dramas and TV/movies or music (sound or visual) recordings. Since the commencement of the provision, the Department has detected a total of 18 such cases and arrested 35 persons (including 12 company directors).

### **Restraint and Confiscation of Crime Proceeds of Piracy Syndicates**

In 2007 and 2008, the Department thrice invoked the Organized and Serious Crimes Ordinance, which had dealt a heavy blow to piracy syndicates. In the three operations, 39 persons were arrested and crime proceeds of about HK\$9.17 million were restrained. In an operation codenamed “Touchdown” conducted in February 2007, a piracy syndicate active in Kwun Tong District was neutralized and a Restraint Order was sought from the court to freeze its property worth over \$9 million. During the two years, the Department also confiscated HK\$10.05 million of crime proceeds from two local pirated disc syndicates.

## **Actions against Counterfeit Goods**

The Department continued to take rigorous enforcement actions against the sale of goods with forged trademarks. As a result of these sustained actions, trademark counterfeiting in Hong Kong is now under control, with no sign of major counterfeit goods manufacturing activities detected locally. What remains of counterfeit sale is sporadic and of a very limited scale. The number of hawker stalls selling counterfeit goods has dropped significantly.

In 2007, the Department detected 974 cases involving counterfeit goods or goods bearing false trade descriptions, arrested 770 persons, with a total value of HK\$173.4 million. The corresponding figures for 2008 were 1 824 cases, 860 arrests, with a value of HK\$170.6 million. The seizure mainly consisted of counterfeit garment, wrist watches and leather goods.

## **Court Penalty on IPR Infringement Activities**

Under the Copyright Ordinance, the maximum penalty for copyright piracy offences is imprisonment for eight years and a fine of HK\$500,000. Under the Trade Descriptions Ordinance, the maximum penalty for trademark counterfeiting is imprisonment for five years and a fine of HK\$500,000. In 2007 and 2008, the highest sentences handed down by the court for copyright infringement cases were 48 and 30 months' imprisonment respectively. As for trademark counterfeiting and false trade description cases, the highest sentence recorded in 2007 and 2008 was 24 months' imprisonment. A total of 773 and 673 persons were sent to jail for copyright offences, and another 177 and 124 persons were sentenced for trademark or trade description offences in the two years respectively. The heavy penalties imposed by the court have indeed produced a strong deterrent effect in combating such illicit trade.

## **Actions to tie in with the Staging of “Olympic Equestrian Events” in Hong Kong**

During the staging of the Olympic Games in Beijing, Hong Kong was co-hosting the Olympic Equestrian events. In mid 2007, well before the opening of the Olympic Games/ Olympic Equestrian events the Department had already made corresponding manpower resource arrangements to enhance protection of IPRs relating to the events. During the period, an “Incident Command Centre”, which operated round the clock, and a “quick-response team” were set up to take prompt actions against any reported illicit activities. In combating IPR infringement activities, the Department had strengthened its watch on the “Equestrian Venues” and the “Olympic Live Sites”, where Olympic events were broadcast live, in a bid to combat the illicit acts infringing on the copyright of goods with Olympic Games/ Olympic Equestrian trademarks.



Throughout the course of the Olympic Games/ Olympic Equestrian events, the Department detected 29 infringement cases, arrested 33 persons and seized infringing Olympic goods having a worth of about HK\$60,000.



Customs had stepped up enforcement to stamp out counterfeit Beijing Olympic items. In June 2008, Customs smashed an auctioning website selling counterfeit Olympic torches and seized 5 Beijing Olympic Torches. Besides, Customs established a 24-hour Incident Command Centre and fast response teams to step up our enforcement action.

## Strategic Partnership with the Industry

The Department has been working closely with the IPR industry in the fight against piracy and trademark counterfeiting. Assistance offered by the industry includes provision of information on IPR infringement activities, examination of infringing goods, testimony in court and training for frontline enforcement officers on product identification. At the same time, the Department has also been actively maintaining close liaison with the industry, local and overseas law enforcement agencies, academics, etc. Timely exchange activities were organized to look into IPR protection issues and share experience from a multifarious perspective.

In 2007 and 2008, 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 useful platform for both parties to sustain their strategic partnership and strengthen intelligence exchange. At present, 48 organizations of the IPR sector have joined IPRPA. At its annual general meeting in 2007, it was agreed that a “working committee” should be established and tasked to organize IPR protection-related activities, including the launching of publicity and educational campaigns, for members of IPRPA through its regular work meetings so as to raise social awareness of IPR protection.

- To counter the sale of infringing articles on the Internet, the “E-auctioning with Integrity Scheme” was jointly launched with four local auction site operators and a number of IPR owners in November 2007 to encourage integrity in online trading. When the IPR owners have sufficient reasons to suspect that the goods put up at auction are IPR infringing goods, they will notify the auction site operators concerned to remove listings of items suspected to be IPR infringing goods. To date, listings of over 61 000 items suspected to be IPR infringing goods have been removed.
- The “Fast Action Scheme” launched jointly with the “Hong Kong Brands Protection Alliance” (HKBPA) in July 2006 continues to play its role at major exhibitions and trade fairs staged in Hong Kong. Through the scheme, the Department is able to take prompt enforcement action upon receipt of reports on IPR infringement activities from the exhibitors. Publicity leaflets are distributed to the exhibitors at the opening of exhibitions to publicize the penalties for IPR infringement offences and to encourage participants to report IPR infringement acts. Since the implementation of the scheme, the Department has activated the “Fast Action Scheme” at 24 major exhibitions and trade fairs, leading to the detection of a total of 71 IPR infringement cases and the arrest of 87 persons.



An event poster to promote the Fast Action Scheme during exhibitions and trade fairs.

- The Department has continued to strengthen exchange with the industry, law enforcement agencies and the academics. The “2007 Forum on Mainland and Hong Kong Criminal Laws” were co-organized by the Department and the College for Criminal Law Science of Beijing Normal University whereas the “2008 Mainland and Hong Kong Copyright Protection and Enforcement Symposium” was co-organized with the Intellectual Property Department and the Copyright Society of China in the Mainland. The two exchange meetings enabled representatives of the Government agencies, the IPR sector and the legal academics of the Mainland and Hong Kong to make an in-depth study of the IPR protection legislation and enforcement measures in the Mainland and in Hong Kong and to deepen their understanding of the IPR legal regimes, IPR infringement activities, enforcement objectives and the IPR protection publicity and educational efforts in both places.



Commissioner Richard Yuen spoke at the 2008 Mainland and Hong Kong Copyright Protection and Enforcement Symposium.

Supporting Hong Kong’s development into a regional wine trading and distribution centre, an alliance was formed with 18 organizations of the local wine industry in October 2008, to provide a platform for communication and collaboration with the industry and to gear up for the combat against offences involving counterfeit wine and false information on place of origin.

## Reward Schemes

The IPR industry and the Department are joining forces to step up intelligence collection and actions against IPR infringement offences. The joint efforts include the running of reward schemes sponsored by the industry. Cash rewards will be paid to informers who provide information to the Department leading to the successful seizure of a specified type and amount of infringing goods. The four existing reward schemes cover the following areas:

- Anti-piracy (except retail level) Reward Scheme - sponsored by the copyright industry
- Reward Scheme to Combat Illegal Use of Software in Business – sponsored by “Business Software Alliance”

- Reward Scheme to Combat Counterfeit and Trademark Infringed Pharmaceutical Products – sponsored by “Hong Kong Association of the Pharmaceutical Industry”
- Reward Scheme to Combat Illegal Photocopying of Books – sponsored by “Hong Kong Reprographic Rights Licensing Society”

## Publicity Programmes for IPR Protection

Suppressing IPR infringing activities cannot be done by enforcement alone. If demand exists for pirated and counterfeit goods, the illicit trade will continue. Promotion of civic education to promote public awareness and respect for IPR protection is equally important. In 2007 and 2008, the Department launched several publicity campaigns to promote IPR protection.

In collaboration with 11 local uniformed youth groups and the IPR sector, the Department first launched the “Youth Ambassador Against Internet Piracy Scheme” in July 2006. To date, the Department has received over 1 600 reports on infringing BT seeds from youth members. After preliminary screening by the Department, the reports will be forwarded to the copyright owners and the webmasters of the relevant discussion forums. Corresponding action will then be taken to remove the BT seeds. To actively engage the youth, the Department organized a campaign entitled “Youth Ambassador of the Year” in February 2008 to recognize the outstanding performance of uniformed youth groups and individual members in curbing online infringing acts. Besides, in 2007 and 2008, an array of activities, such as visits to TV and comic and animation production studios, film premieres, slogan and photography competitions, e-Christmas card design competition, “train-the-trainer workshops”, etc., were also organized by the Department to enable youngsters to understand through various channels the importance of IPR protection.

In May 2008, the Department distributed anti-piracy publicity posters to all secondary schools in Hong Kong to call on the school management and teaching staff to exhort youngsters not to engage in IPR infringement activities. Besides, during the summer vacation in 2008, Announcements in Public Interest (APIs) of the Department were broadcast again on TV and the radio to remind youngsters not to engage in the sale of pirated articles during the summer vacation.



Training for the Youth Ambassadors to enhance their awareness of IPR and to keep them away from Internet piracy.

## 7. Consumer Protection

The Department protects consumer interests through enforcement of the Toys and Children's Products Safety Ordinance, Consumer Goods Safety Ordinance, Weights and Measures Ordinance, and Trade Descriptions (Marking)(Gold and Gold Alloy) Order and Trade Descriptions (Marking)(Platinum) Order.

### Weights and Measures Ordinance

To weed out the dishonest sale of short-weighted items, the Department conducted 600 spot checks and 499 investigations in 2007 and 770 spot checks and 663 investigations in 2008 to detect and deter the use of inaccurate weighting 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 continued to be the targets of the Department's enforcement actions. As a result, prosecution was taken against 39 and 98 cases in 2007 and 2008 respectively for contraventions of the Weights and Measures Ordinance.



Customs staff member verified the accuracy of a Liquefied Petroleum Gas dispenser at a gas refilling station.

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

The Department conducted spot checks and investigations to ensure toys, children's products and consumer goods supplied in the market are reasonably safe and are affixed with bilingual warning labels. In 2007, 2 840 spot checks and 576 investigations were conducted, of which 21 cases had resulted in prosecution. Besides, the Department issued 12 Prohibition Notices prohibiting the supply of unsafe products, including cartoon fun cars, music toys, face and body paint, stuff toys, battery-operated musical lantern, flying model toy, ceramic spoon, and toothpaste.

In 2008, 2 811 spot checks and 623 investigations were conducted, of which 10 cases had resulted in prosecution. Besides, the Department issued 35 Prohibition Notices prohibiting the supply of unsafe products, including crystal baby, battery-operated

sound emitting lion dance lantern, battery-operated musical fish lantern, super fighter, mini guitar toys, and radio control racing car.

### **Trade descriptions (Marking)(Gold and Gold Alloy) Order and Trade Descriptions (Marking)(Platinum) Order**

To ensure compliance with the Gold and Platinum Marking Orders and to detect misrepresentations of fineness of gold and platinum in products on sale, 85 inspections and 77 investigations on gold and jewelry shops were conducted in 2007. Of the investigations concluded, six cases had resulted in prosecution for supplying gold and platinum articles with deficient fineness content. In 2008, the numbers of inspections and investigations stood at 85 and 16 respectively. Of the investigations concluded, 18 cases had resulted in prosecution for supplying golden ornaments of which the fineness of gold was misrepresented.

### **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 leading department stores, chain shops, and small and medium enterprises in the past two 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.

### **Trade Descriptions (Amendment) Ordinance 2008 and the related subsidiary legislation**

In response to the growing public concerns about incidents of unscrupulous retailers employing deceptive, misleading or unfair sales practices and to uphold Hong Kong's reputation as a shoppers' paradise, the Government has strengthened the consumer protection regime by introducing new provisions under the Trade Descriptions Ordinance. The new provisions, which were enacted in June 2008 and took effect on 2 March 2009, prohibit the following three types of dishonest sales practices:

- (a) Section 13A requires that the price per unit quantity on signs must be readily comprehensible if such goods are exposed for sale in price set by reference to any unit quantity. Unclear or obscured price signs are unlawful.
- (b) Section 13B requires that retailers selling five types of regulated electronic products (namely digital audio player, digital camcorder; digital camera, mobile phone and portable multimedia player) must

inform the buyer before he pays for the goods if the price of the product does not include essential accessories.

- (c) Section 13C prohibits retailers from making false or misleading representations of having connection with or endorsement by individuals or organizations of good standing and reputation.

Besides, the definition of “trade descriptions” has also been expanded to cover after-sale services and warranties for goods. Any person who makes false representations on these matters commits an offence. Meanwhile, eight pieces of Regulations and Orders have been made/ amended under the Ordinance to regulate



Outreaching team of Trade Controls Officers helped retailers understand the new provisions under the Trade Descriptions (Amendment) Ordinance.

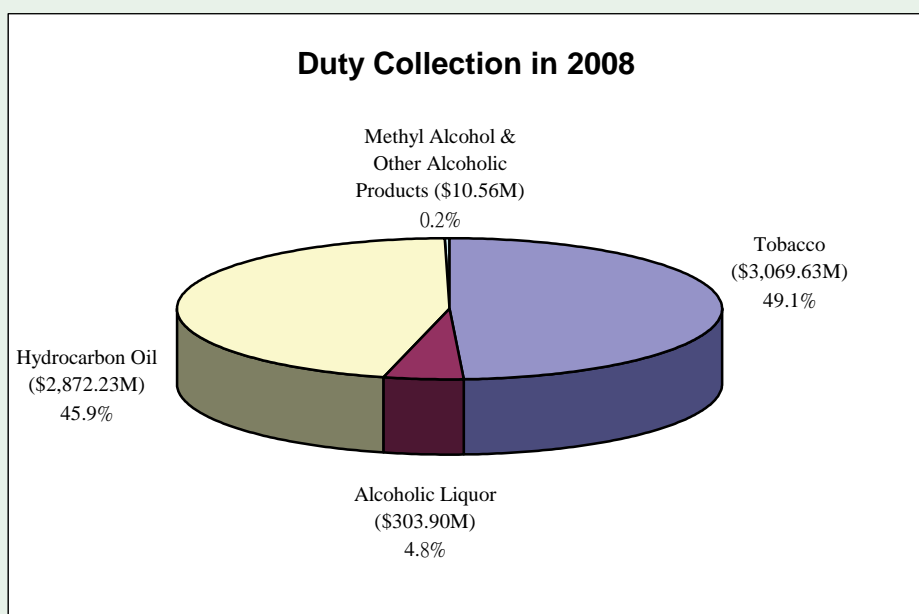
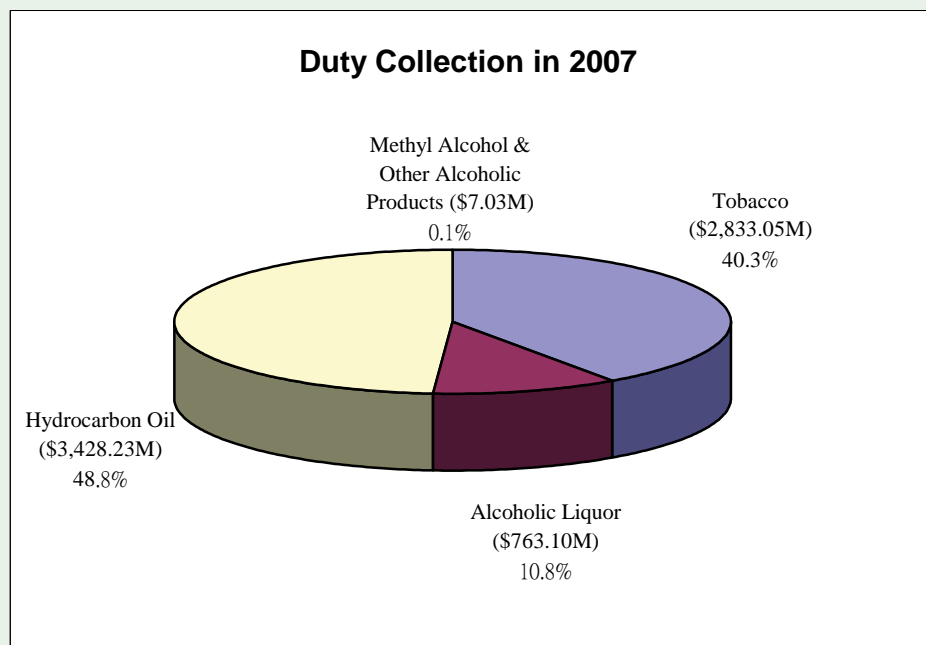
the sales practices of specified retail industries, which include articles of gold, platinum, diamond and fei cui, and the aforesaid five types of electronic audio-visual products.

To raise the public’s awareness of their consumer rights and to remind retailers of their legal obligations, a large-scale publicity campaign “Sell with integrity – Buy with confidence” was launched in early 2009. Television and radio announcements of public interests were broadcasted, and pamphlets with the salient points of the new law highlighted were distributed to local and visiting consumers at popular shopping areas as well as the passenger arrival halls of various control points. The Department will organize a series of seminars and briefings for traders in various retail industries to ensure compliance of the law, and join force with the Consumer Council, the Travel Industry Council of Hong Kong, Hong Kong Tourism Board and other stakeholders to better protect consumers.

## 8. Revenue Collection and Protection

### Revenue

In 2007, excise duties collected was HK\$7,031.4 million, including 48.8% from hydrocarbon oil, 40.3% from tobacco, 10.8% from alcoholic liquor and 0.1% from methyl alcohol and other alcoholic products. The revenue collected in 2007 represented an increase of 1.1% over 2006. The increase was mainly attributed to the rise of market demand in fuel, alcoholic liquor and tobacco as a result of the thriving economy. Since 28 February 2007, the duty rates of wine and non-hard liquor (including beer) were reduced by half, leading to a drop of duty collected from alcoholic liquor. The percentage distribution of duty collection by commodities is shown below.





In 2008, excise duties collected was HK\$6,256.3 million, including 45.9% from hydrocarbon oil, 49.1% from tobacco, 4.8% from alcoholic liquor and 0.2% from methyl alcohol and other alcoholic products. The revenue collected in 2008 decreased by 11.0% compared to 2007, attributed mainly to the removal of duty on wine and non-hard liquor with effect from 27 February 2008, and Euro V diesel with effect from 14 July in the year. The percentage distribution of duty collection by commodities is shown above.

## **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 with a view to facilitating legitimate business activities and lowering the operating cost of the trade. Under the OBS, Customs controls are exercised through comprehensive post-transaction auditing, compliance checks and surprise checks on loading and unloading of dutiable goods. The number of bonded warehouses increased steadily over the years, from 38 in April 2003 to a peak of over 80 in mid-2008 before the Government removed the licence requirement on warehouse operators of wine and non-hard liquor (after the removal of duties) on 6 June 2008. As a result of de-licensing, the number of bonded warehouses now stands at 63 at the end of 2008.



Routine compliance check on dutiable goods at a duty-free shop.

## **Illicit Fuel**

To tackle the problem of illicit fuel, the Department had strengthened enforcement actions including stepping up control measures at land boundary control points and at sea against the illegal importation of fuel, publicity campaigns to raise public awareness on illicit fuel, and encouraging the public to report illicit fuel activities.

In 2007, the Department effected 1 213 cases (excluding export cases) with 937 illicit fuel filling stations and 5 illicit fuel detreating plants smashed, with 341 700 litres of

illicit fuel oil seized. As compared with the preceding year, the number of cases decreased by 3% and the quantity of seizure decreased by 20%, the drop being a result of the stringent enforcement actions. The situation of illicit fuels is now under control.

In 2008, 1 094 cases were detected with 215 600 litres of illicit fuel (excluding export cases) seized, representing a decrease of 10% in cases and a drop of 37% in seizures over 2007. The drop in seizures was mainly the result of sustained enforcement by the Department.



### Illicit Cigarettes

The problem of illicit cigarettes is under control. During 2007, the Department effected 41 415 cases, seized 119.2 million sticks of cigarettes and arrested 7 106 persons. HK\$178.2 million of illicit cigarettes were seized and the duty potential was more than HK\$95.8 million. As compared with 2006, the cases effected were 16% higher but the persons arrested dropped by 34%. Implementation of the Red and Green Channel, which ended up in more surrender or abandonment of cigarettes by passengers to Customs officers at control points had created a deterrence.

In 2007, seizures of 6.09 million sticks of illicit cigarettes, for local consumption and valued HK\$9.14 million, were effected through ports and maritime enforcement. In 2008, the Department effected 21 630 cases with the seizures of 81.6 million sticks of cigarettes and the arrests of 4 664 persons. The total value of the seized illicit cigarettes was HK\$123.7 million and the duty potential was in excess of HK\$65.6 million.



Hong Kong Customs seized 12.3 million sticks of illicit cigarettes smuggled into Hong Kong by means of two 40-foot containers from Malaysia in September 2007.

## **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 Textiles Control System, the Strategic Trade Control System, the Import and Export Declaration System and the Kimberley Process Certification Scheme to ensure that Hong Kong fully discharges its international obligations and complies with multilateral trade agreements. Through its 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. As part of the control arrangements, Certificate of Origin (CO) applications covering exports of cut-and-sewn garments to the United States of America and Member States of the European Union have to be supported by production notifications (PNs) validated by the Trade and Industry Department. The PN requirement serves to ensure that the origin-conferring process for the manufacture of cut-and-sewn garments has taken place in Hong Kong. To uphold the credibility and integrity of the System, the Department conducts pre-registration inspections on factories applying for CO facilities to ensure their production capacities. Also, periodic inspections on registered factories to ensure their continuous compliance with registration conditions, and consignment checks on goods covered by CO applications and PNs were carried out. In 2007 and 2008, the Department conducted a total of 79 868 factory inspections and consignment checks (not counting those related to the Certificate of Hong Kong Origin (CEPA)).

### **Textiles Control System**

With the elimination of textiles quotas on textiles and clothing (T&C) products starting 1 January 2005, Hong Kong adopts a simple yet effective Textiles Control System which aims at providing increasing facilitation to the trade while maintaining necessary control to safeguard the overall interest of Hong Kong's textiles trade. The Department is committed to taking rigorous enforcement actions so as to maintain the integrity and credibility of the System in fulfillment of international obligations, thereby ensuring unrestricted access of Hong Kong's T&C products to the world markets.

The Department operates a comprehensive enforcement programme and reviews regularly its strategies to meet the changing circumstances in the global and local T&C trade and industry. The Department adopts an intelligence-led strategy and a two-pronged approach to tackle the problem of illegal textile transshipment. Apart from the factory-based pre-shipment and post-shipment checks, real time production checks and factory audit checks, it regularizes blitz check operations and strengthens targeted checks and investigations.

Blitz checks are surprise inspections of cargo consignments at the entry and exit points. It has been proven effective in tackling illegal transshipments. The strategic use of intelligence and risk management in blitz check operations has greatly enhanced the Department's effectiveness in combating illegal transshipment activities. In 2007, the Department examined 37 081 textile consignments during 1 090 blitz check operations and detected 607 cases of illegal textile transshipment with seizures worth HK\$61.6 million, representing an increase of 22% in the number of cases detected and an increase of 24% in the value of seizures as compared to 2006. Meanwhile, 579 persons/companies were prosecuted for various textiles-related



Trade Controls Officers inspected and verified the production capacity of a garment factory.

offences, resulting in the imposition of court fines which amounted to HK\$9.76 million and seizure of offending textiles and clothing goods worth HK\$61.92 million.

In 2008, the Department examined 37 002 consignments in 1 051 blitz check operations and detected 232 cases of illegal textile transshipment with seizures worth HK\$43.92 million. Meanwhile, 561 persons/companies were prosecuted for various textiles-related offences, resulting in the imposition of court fines which amounted to HK\$12.3 million and seizure of offending textiles and clothing goods worth HK\$65.03 million.

In addition, to weed out shady establishments engaging in illegal transshipment of textiles, the Department mounted special operations in 2007-08 by conducting audit checks on 330 factories for ascertaining their production capability within specified manufacturing periods. As a result, 10 factories were prosecuted and 195 factories were suspended from further using the licensing and certification facilities.

After the global elimination of quotas in 2005, a Memorandum of Understanding (MOU) was signed between the HKSAR Government and the US Government in August 2005 on the co-operation in trade in textiles and apparel goods. During the HK/US Joint Factory Observation Visits conducted in August 2007 under the MOU, a total of 51 factories were visited. In another round of Joint Factory Observation Visits conducted in March 2008, a total of 48 factories were visited.

## Strategic Trade Control System

To maintain a free flow of high-tech commodities for legitimate commercial and research use while at the same time to prevent Hong Kong from being used as a conduit for the proliferation of controlled strategic goods, the Department, in collaboration with the Trade and Industry Department (TID), vigorously enforces the Strategic Trade Control System to monitor the flow of strategic commodities and to detect the provision of services used for 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.



Hong Kong Customs examined and seized 4.8 litres of chemical reagent which was strategic commodity.

In combating illegal diversion of strategic commodities, the Department carries out licence checks to verify the authenticity of information given in import and export licence applications and disposal checks to ensure that articles imported are used as declared. In 2007, the Department conducted 1 652 import licence checks, 3 832 export licence checks and 58 disposal checks, investigated 238 cases, and prosecuted 38 persons/companies resulting in a total fine of HK\$1 million. In these cases, the value of goods involved was HK\$26.2 million. In 2008, the Department conducted 1 958 import licence checks, 3 807 export licence checks and 41 disposal checks, investigated 251 cases and prosecuted 55 persons/companies leading to a total fine of HK\$1.9 million. In these cases, the value of goods involved was HK\$68.5 million.

## **Import and Export Declarations and Cargo Manifests**

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

To promote Hong Kong as a logistics hub and gold trading center, Regulation 8 of the Import and Export (Registration) Regulation (Cap. 60E) was passed by the Legislative Council to the effect that traders who import, export or re-export gold bars of fineness 995.0 or above under HS code 7108 1210 and 7108 2010 had been exempted from declaration charges when lodging the relevant trade declarations from 9 February 2007 onwards. Accompanying the amendment of the Regulation, enhancement of Trade Declaration (TDEC) System also came into effect that since 22 February 2008 two new declaration forms, namely Import Declaration Form 1B and Export/Re-export Declaration Form 2B had been added to the system for imports, exports and re-exports of articles exempted from declaration charge, including gold bar, aircraft parts or accessories and articles used in the repair and maintenance of containers.

In 2007, the Department received 19.8 million declarations and collected HK\$1,420 million import and export declaration charges/clothing industry training levies/late penalties. Short-paid declaration charges/clothing industry training levies recovered and late/administrative penalties imposed amounted to HK\$23.8 million. In 2008, the Department received 19.1 million declarations and collected HK\$1,476 million import and export declaration charges/clothing industry training levies/late penalties. Short-paid declaration charges/clothing industry training levies recovered and late/administrative penalties imposed amounted to HK\$26.5 million. In 2008, the Department also received around 5 100 000 cargo manifests in respect of air, ocean, rail and road modes of transport.

## Educational Seminars

In order to reduce the number of late and non-lodgment cases, since August 2008 the Department organizes 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. Furthermore, the Department continues to work closely with the Census and Statistics Department with a view to promoting the awareness of lodgment of cargo manifests and import/export declarations.

## 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 request for investigation of customs duty related frauds. In 2007 and 2008 the Department respectively received 62 and 34 requests, and most of them involved under-valuation of goods.

## Closer Economic Partnership Arrangement (CEPA) -Trade in Goods

Since the implementation of CEPA from 1 January 2004, 1 537 items of Hong Kong products currently enjoy zero tariff treatment upon importation into the Mainland if covered by a Certificate of Hong Kong Origin (CEPA) ("CO(CEPA)"). In 2007 and 2008, a total of 21 836 applications for CO(CEPA) were received. Of these applications, 21 493 CO(CEPA)s at a total value of HK\$9,253 million were issued.

These applications covered a wide range of products, top five of which in terms of value were pharmaceutical products, plastic materials and articles, textiles and clothing, food and beverage, and metal products.



Trade Controls Officers inspected a bread factory to ensure that its products exported to the Mainland could comply with the relevant rules of origin of the Closer Economic Partnership Arrangement (CEPA).

The Department is charged with the enforcement duties of the CEPA Certification System. In 2007 and 2008 the Department conducted consignment checks against 2 238 applications for CO(CEPA) and examined 226 CEPA consignments at various cargo exit points.

### **Kimberley Process (KP) 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 74 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 the PRC in order to safeguard Hong Kong's interest as a trading hub of diamonds in this region. The Certification Scheme, which comprises a registration system for rough diamond traders and a certification system for the import and export of rough diamonds, has been implemented in Hong Kong since 2 January 2003. During 2007 and 2008, the Department conducted a total of 992 consignment inspections and 12 investigations on rough diamonds.

### **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. In 2007, the Department conducted 3 272 inspections under the Rice Control Scheme, investigated 6 cases in connection with rice valued at HK\$660,000, and prosecuted 4 persons/companies leading to a fine of HK\$36,000. In 2008, the Department conducted 3 630 inspections, investigated 5 cases, prosecuted 5 persons/individuals resulting in a fine of HK\$31,000. In these cases, value of the rice involved was HK\$720,000.

### **Mainland Cereals and Grain Flours Control**

To complement the Mainland export quota measures and export duty exemption on cereals and grain flours, including wheat flour, rice flour and rice, the TID implemented a registration arrangement for local importers of cereals and grain flour from the Mainland ("the arrangement") in early 2008. To support the arrangement, the Department conducted 237 inspections/verifications and 28 investigations in 2008 to ensure that cereals and grain flours imported from the Mainland were solely for local consumption. The value of the goods involved in the investigation cases was HK\$5.2 million.



## **Trade Mediation**

To protect Hong Kong's trading reputation, the Department provides free mediation service to settle cases of trade dispute lodged by overseas trading firms against local companies. In 2007, the Department mediated in 100 cases of trade dispute and 31 of them were successfully settled. In 2008, the Department mediated in 100 cases and 32 of them were successfully settled.

## **10. Customs Co-operation**

### **World Customs Organization (WCO)**

During 2007 and 2008, the Department continued its active participation in the WCO's meetings, including the Customs Co-operation Council Sessions, the Permanent Technical Committee, the Enforcement Committee, the Integrity Sub-Committee, and the Information Management Sub-Committee. The Department also rendered its full support to other activities, including seminars, campaigns, and joint enforcement operations relating to the promotion of capacity building, customs integrity, trade facilitation, anti-piracy and counter-terrorism measures.

To signify its support to the capacity building programme in the Asia Pacific (A/P) region, the Department assisted the WCO Asia Pacific Regional Office of Capacity Building (ROCB A/P) in organizing two regional training programmes and one regional meeting in Hong Kong during 2007 and 2008.

Between 13 and 16 February 2007, the Department provided logistic support to the ROCB A/P for organizing the Regional Seminar on SAFE Framework of Standard (SAFE FoS) to Secure and Facilitate Global Trade in Hong Kong. This Seminar provided a platform for Customs authorities to exchange views and experiences on the implementation of the standards set forth in the SAFE FoS. A total of 55 representatives from various Customs administrations of the A/P region and international organizations took part in the Seminar. Besides, 49 representatives from local companies and trade associations joined the session of the Business Partners Day.

The Regional Training Centre (RTC) of Hong Kong held its first ROCB training programme, i.e. the Regional Workshop on Corporate Risk Management, between 29 July and 1 August 2008. The Workshop aimed at enhancing the knowledge of Customs officials in corporate risk management and their ability for drawing up organizational development policies.

Being the hosting administration of one of the RTCs in the A/P region, the Department organized the 6th Meeting of the Heads of WCO Asia Pacific Regional Training Centres at its RTC on 22 and 23 December 2008. Various issues regarding the capacity building programmes for the A/P region were discussed in the meeting.

## **Regional Intelligence Liaison Office (RILO)**

The Department continued to maintain a close contact with the RILO A/P. Since the relocation of the base of the RILO in the A/P region (RILO A/P) to Beijing on 1 January 2004, the Department has been rendering support to the RILO A/P by deploying an officer to work as an intelligence analyst at the Beijing office.

During our daily operation, the Department exchanged intelligence with other Customs administrations in both the A/P region and other regions via the RILO A/P on various occasions for follow-up investigations on cases of transnational Customs offences.

In November 2007, the Department made a proposal to the RILO A/P for setting up a Drug Seizures Immediate Notification System (DSINS) in the A/P region. The system aimed at setting up a mechanism for exchanging information on significant drug seizures made at the international airports in the region. The exchange of information facilitates participating administrations in performing further analysis on drugs smuggling trends so as to formulate enforcement strategies against transnational drug syndicates.

The DSINS was launched on 1 January 2008. Up to date, 15 Members of the RILO A/P have joined the system.

## **Co-operation with other Customs Administrations**

Through regular bilateral meetings, the Department has enhanced mutual co-operation with the Mainland and other Customs administrations by establishing strong exchange networks for combating transnational crimes. Between 2007 and 2008, the Department has held the following co-operation meetings with overseas Customs administrations in Hong Kong:

1. The 7th Customs-to-Customs Talks with Australian Customs Service (March 2007);
2. The 27th Customs Co-operation Conference with Korea Customs Service (November 2007); and
3. The 6th Customs Co-operation Conference with New Zealand Customs Service (April 2008).



Commissioner Richard Yuen (centre, front row) and Commissioner Seong Yun-kap of Korea Customs Service (2nd left, front row) respectively led the Hong Kong Customs delegation and Korean Customs delegation to attend the 27th Customs Co-operation Conference in November 2007.

The meetings reviewed co-operation arrangements between the Department and respective administrations in past years, updated each other on the recent strategic and technological developments, and discussed issues of mutual and regional concern.



Commissioner Richard Yuen (left) and the Comptroller Martyn Dunne of New Zealand Customs Service (right) signed a joint communiqué for closer co-operation in the 6th Customs Co-operation Conference between the two administrations in Hong Kong.

To further strengthen co-operation and mutual administrative assistance between the Hong Kong Customs and other Customs administrations, the Department signed Customs Co-operative Arrangements with the Customs Administration of Japan and the General Customs Administration of Mexico on 8 January 2008 and 25 June 2008 respectively. In addition, the Hong Kong Customs signed a Memorandum of Understanding on Mutual Administrative Assistance in Customs Matters with the Tax and Customs Administration of The Netherlands and a Revised Customs Co-operative Arrangement with the French Customs and Excise Administration on 27 June 2008 and 14 October 2008 respectively. The conclusion of these co-operative arrangements marked the will of respective administrations to co-operate

even more closely in areas such as fighting against smuggling and drug trafficking, and protecting intellectual property rights through mutual administrative assistance exchanged.



Commissioner Richard Yuen (left), and the Director-General of the Japan Customs and Tariff Bureau, Mr Yukiyasu Aoyama (right), signed the Hong Kong-Japan Customs Co-operative Arrangement in Hong Kong.

Besides, the “Pan-PRD Customs Trade Facilitation Forum” cum “Regional Customs Commissioners Joint Conference” was co-organized by the Hong Kong Customs and Excise Department and the General Administration of Customs of the People’s Republic of China on 10 and 11 May 2007 in Hong Kong to further deepen Customs co-operation in the Pan-PRD Region and to capitalize on the opportunities and rise up to the challenges brought about by the “Eleventh Five-Year Plan” of the State.



The Chief Executive, Mr Donald Tsang, and the Minister of the General Administration of Customs, Mr Mu Xinsheng, officiated at the opening ceremony of the “Pan-PRD Customs Trade Facilitation Forum”.

The “Pan-PRD Customs Trade Facilitation Forum” held on 10 May 2007 aimed at providing an opportunity for direct communication between the industry and the Customs of the Mainland, Hong Kong and Macau and exploring feasible measures to promote regional trade and customs co-operation. The forum was officiated by the Chief Executive of the Hong Kong Special Administrative Region, Mr. Donald Tsang, the Minister of the General Administration of Customs, Mr Mu Xinsheng, and attended by 89 officials, including representatives of the bureau and department heads of the General Administration of Customs, the leadership of the Guangdong Sub-Customs

Administration and 16 Customs heads of the Pan-PRD Region under the lead of Minister Mu Xinsheng, as well as the Macao Customs delegation led by the Director-General of Macao Customs Service, Mr Choi Lai-hang. Other participants included over 1 200 representatives of the Customs and the trade and commercial, shipping, logistics and academic sectors of the Mainland, Hong Kong and Macao. At the forum, the Customs Administrations of the Mainland, Hong Kong and Macao made the “Joint Declaration of the Customs Administrations in the Pan-PRD Region”, summing up the forum’s discussion results, which included strengthening customs co-operation in the Pan-PRD Region and speeding up customs clearance; promoting the healthy development of the trade and commerce, shipping and logistics sectors in the Region; and fostering enforcement collaboration and IPR protection.



Mainland, Hong Kong and Macao Customs officials and officiating guests pictured at the “Pan-PRD Customs Trade Facilitation Forum”.

## **11. Information Technology**

Since the early 80's, the Department has been adopting information technology in different areas of Customs works to enhance operational and enforcement efficiency and effectiveness, and to provide a high-quality service to the community.

### **Information Systems Strategy**

In September 2006, the Department commissioned a consultancy study to review its Information Systems Strategy (ISS) of 2003 and to formulate an implementation plan to take forward eleven ISS projects to cope with the existing operational needs and future development. The ISS projects are separated into three groups, viz. Enterprise-wide Infrastructure, Technology Refreshment, and Business Application Systems, having five, two and four projects respectively.

The five enterprise-wide infrastructure projects namely, Centralized Data Centre, Network and Server Infrastructure, Central Information Repository System, Secured Communication Gateway and Enterprise System Management are planned to be implemented between 2009 and 2012. Together, they will provide a reliable, secure and scalable IT infrastructure: data centres will be consolidated; an integrated backbone will be constructed; a centralized storage containing operational data will be set up; a secure platform will be provided for electronic communications and a department-wide system management framework will be installed.

The five projects' implementation will tie in with the commissioning of the Customs Headquarters Building (CHB) in 2010 where all the critical IT resources and equipment are housed.

Two Technology Refreshment Projects for replacing the ageing mission-critical IT systems, namely the Air Cargo Clearance System (ACCS) and Case Processing System are in the pipeline. In particular, the technology refreshment of ACCS is scheduled for implementation between 2009 and 2010.

Apart from these, there are four Business Application Projects which comprise the Human Resources Management System, Knowledge Management System, e-Training System and Corporate Asset Management System. As a whole, they aim at enhancing the Department's corporate resources management and e-training. Policy support will be sought from policy bureaux in the forthcoming Resource Allocation Exercise.

## **Electronic Systems in Trade Facilitation**

The Department is committed to the facilitation and promotion of e-business via the development of electronic systems for submission of certain trade documents. Mandatory electronic submission of the air, sea and rail manifest has already been in place. The “Road Cargo System” (ROCARS) for submitting and processing advance electronic road cargo information is under development.

## **Computer Facilities for New Control Points and Customs Facilities**

The Department is actively involved in the preparation for the provision of computer facilities and IT equipment to support the Customs' operation at SkyPier II, Cathay Pacific Cargo Terminal, Cruise Terminal, Hong Kong-Shenzhen-Guangzhou Express Railway Link, Hong Kong-Zhuhai-Macau Bridge and Liantang/Heung Yuen Wai Boundary Control Point. It is expected that the new control points and customs facilities will be commissioned for operation between 2010 and mid 2018.

## **Computer Forensic Laboratory (CFL)**

The rapid development of IT not only enhances the efficiency of operations at work, but also avails opportunities for offenders to exploit in perpetration of crimes. Preservation and collection of digital evidence become essential in the investigation of computer related customs offences. In 2000, the Department set up the Computer Forensic Laboratory (CFL) and established the Computer Analysis and Response Team to assist frontline investigators in the back-end analysis of digital evidence and to stand in court for substantiating the prosecution.

In 2006, the CFL was accredited with two international standards, i.e. ISO 9001 on Quality Management and ISO 27001 on Information Security and has successfully established a set of standards to meet the accreditation requirements and maintained high integrity and professional status. The CFL of the Department was the first among all Government computer forensic laboratories awarded with the two international certificates.

Since its establishment in 2000, the CFL, currently staffed by four trained officers, has processed a total of 369 cases involving 434 computers and 731 optical disc replicating machines. The majority were infringing optical disc replication and Internet piracy cases. Other types of cases included money laundering, drug trafficking, smuggling and revenue fraud.



## **12. Management Services and Development**

### **Office of Service Quality and Management Audit**

The Office of Service Quality and Management Audit (OQA) is specifically tasked to conduct review and inspection on various management systems of the Department, aiming at enhancing the quality of services provided by various major formations and ensuring their compliance with laid down policies, rules and procedures. OQA also assists in other significant management projects on an ad hoc basis.

To further enhance professionalism and capability, OQA has obtained the ISO 9001:2000 Certificate for Quality Management System since April 2005. This is a great achievement for OQA as the Certificate is the first of its kind ever awarded to the Department. The Quality Management System of OQA is subject to external audit by the ISO recognized auditors and it has successfully obtained the re-certification every year.

In setting its work plan and priority, OQA adopts a partnership approach by close collaboration with major formations. In the beginning of each financial year, a Service Quality Projects Consultative Meeting chaired by the Deputy Commissioner is held with all branch heads and heads of major formations to discuss the work proposals and determine the deliverables of OQA for the year. This co-operative mechanism has proved to work well as it can enable the pooling of ideas from major formations for fruitful and constructive discussions as well as helping OQA to set out and prioritize its annual work plan.

In 2007 and 2008, OQA completed a series of studies with its focus on enhancement of occupational safety for frontline officers and improvement of operational systems and procedures. Major ones included reviews on the safety precautions in sea operations; centralization of seizures for disposal; new design for detention cell; firearms and ammunition management; raiding, apprehending and escorting suspects; and posting policy and arrangements within major formations.

### **Office of Strategic Research**

To support the Department in its pursuance of excellence as a progressive and forward-looking customs organization, the Office of Strategic Research (OSR) plays an important role in providing the directorate with research and strategic support on issues that affect the shaping of the Department's business direction and policies in medium or a longer term. OSR conducts focused studies and proactive analysis, and translates its findings into practical ideas that facilitate management decision-making and formulation of the Department's priorities and strategies for its

sustained competitiveness.

In 2007, OSR provided dedicated research support for the Pan-Pearl River Delta (Pan-PRD) Customs Trade Facilitation Forum in Hong Kong co-hosted by the Department and the General Administration of Customs of the People's Republic of China. The Office conducted comprehensive research on various customs co-operative initiatives implemented in the Pan-PRD Region. The research product was conducive to the fruitful deliberation amongst customs representatives and industry partners at the Forum, and paved the way for further enhancement of regional co-operation on different aspects of customs enforcement and facilitation of cross-boundary clearance.

In 2008, OSR launched a strategic study on Hong Kong's capability of implementing the SAFE Framework of Standards (SAFE FoS) to Secure and Facilitate Global Trade, a set of principles and standards adopted by the World Customs Organization for enhancing supply chain security and facilitating international trade. Specifically, the Office assessed the feasibility of introducing an "Authorized Economic Operator" (AEO) programme to promote Customs-to-business partnership in Hong Kong, as a move to implementing the SAFE standards. The study laid an important groundwork for devising an AEO programme that would suit Hong Kong's unique trading environment and maintaining the Department's position as one of the world's leading customs organizations.

It remains OSR's on-going function to constantly survey the Customs' operating environment and provide strategic recommendations on issues that may impact the Department's performance and capacity to deliver its services. It also monitors regularly the Department's performance in achieving its committed business objectives and service targets.

## **13. Planning and Development**

### **New Control Points under Planning**

To support Hong Kong's continued economic development and meet the demand of passengers and cross boundary trade and business, a number of infrastructural projects are being planned which will have an impact on the provision of Customs services. These projects include:

- Guangzhou-Shenzhen-Hong Kong Express Rail Link
- Hong Kong-Zhuhai-Macao Bridge
- Liantang / Heung Yuen Wai Boundary Control Point
- SkyPier II
- Cathay Pacific Cargo Terminal
- Ocean Terminal
- Cruise Terminal

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

Construction of the XRL will commence in 2009 for the earliest completion in 2014-15. The XRL provides intercity train services from West Kowloon in Hong Kong to Futian and Longhua in Shenzhen, Humen in Dongguan and Shibi in Guangzhou as well as high speed long-haul train services between West Kowloon and various major cities in the Mainland.

The two termini of XRL will be located at West Kowloon in Hong Kong and Shibi in Guangzhou. The proposed alignment for the Hong Kong section of XRL runs wholly in a 26-km long underground tunnel from the West Kowloon terminus to join the Mainland section at the boundary at Huanggang. The total journey time will be 48 minutes from West Kowloon to Shibi and 14 minutes from West Kowloon to Futian.

### **Hong Kong-Zhuhai-Macao Bridge (HZMB)**

The planning and design work of HZMB is vigorously pursued. It is planned that the construction of HZMB will commence not later than 2010 so as to strive for an early completion of the project. The HZMB will be strategically important to the further economic development of Hong Kong, Macao and the Western Pearl River Delta region.

The HZMB will start from the artificial islands off Gongbei and Macao to the eastern artificial island west of the Hong Kong Special Administrative Region boundary. It will be a 29.6 km dual-3-lane carriageway in the form of a bridge-cum-tunnel structure

running across major navigation channels in the Pearl River Estuary. The Boundary Crossing Facilities (BCF) of each government will be set up within their own respective territories. With the completion of the HZMB, the Western PRD will fall within a reachable 3-hour commuting radius of Hong Kong.

### **Liantang / Heung Yuen Wai Boundary Control Point (LT/HYW BCP)**

The new BCP, which is expected to be operational in 2018, is of strategic importance to support Hong Kong's long-term economic growth. It will also help re-distribute the cross-boundary traffic amongst the crossings in the east and alleviate the frequent congestion at the existing land boundary crossings.

The LT/HYW BCP would adopt the "separate-location model" and "2-storey concept" design with a footprint of about 18 hectares on Hong Kong side. Facilities for goods vehicles and public transport interchange are all located at the ground level. The upper level will serve passengers as well as private cars and coaches. The distance between the passengers' immigration kiosks and customs checkpoints of the two sides will be minimized through an integrated passenger hall across the Shenzhen River.

### **SkyPier II**

In order to expand Hong Kong's intermodal transport network and enhance the transport links with the Pearl River Delta Region, the Airport Authority Hong Kong has launched the SkyPier project to provide cross-boundary passenger ferry services in the Hong Kong International Airport.

The first phase of the project, SkyPier I which commenced operation in September 2003, provides ferry services for transit passengers only. Passengers and their baggage are transferred between the passenger terminal building (PTB) and the temporary ferry terminal by sealed buses along a dedicated and bonded road which is designated as restricted area.



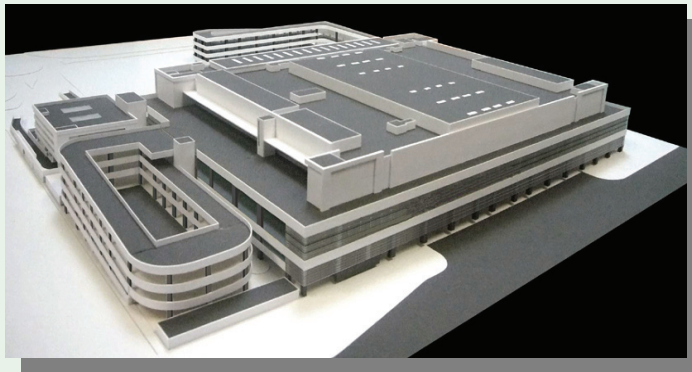
SkyPier II

SkyPier II, the second phase of the project, will be a permanent cross-boundary ferry terminal providing services to transit as well as sea arriving and departing passengers. Passengers and their baggage will be transferred between the PTBs and the SkyPier

It building by the new Automated People Mover with a connection point at SkyPlaza where customs, immigration and quarantine facilities will be provided for clearance formalities. The annual throughput of the pier is expected to be 4.48 and 5.21 million passengers by 2011 and 2014 respectively.

### **Cathay Pacific Cargo Terminal**

In March 2008, the Airport Authority Hong Kong awarded a non-exclusive 20-year franchise to the Cathay Pacific Services Limited, a wholly owned subsidiary of Cathay Pacific Airways Limited, to design, construct and operate a new cargo terminal in the



Design of the Cathay Pacific Cargo Terminal

Hong Kong International Airport. The new cargo handling facilities will be located on a 10-hectare site in the cargo terminal area. The expected handling capacity of the new cargo terminal is 2.6 million tones per annum.

### **Ocean Terminal**

The current lease for Ocean Terminal is due to expire in 2012. Permanent customs facilities will be set up in the new extension of the Ocean Terminal for provision of customs clearance services to cruise passengers.



Ocean Terminal

### **Cruise Terminal**

The Cruise Terminal project aims to develop Hong Kong into a leading regional cruise hub through the construction of a world-class cruise terminal with state-of-the-art facilities.

The Cruise Terminal will be located at the southern end of the former airport runway in Kai Tak. It will have two berths with a single multi-storey terminal building. The terminal will support the concurrent berthing and disembarking/boarding of one post-Panamax cruise ship and one super post-Panamax cruise ship, or possibly two



or more post-Panamax cruise ships. The expected passenger throughput is 1.44 million per annum by 2020.

Design of the Cruise Terminal

The Government will adopt the “Design, Build and Lease” approach to develop the project by itself. The first berth is expected to commence operation in mid 2013 with temporary facilities, pending completion of the full-fledged cruise terminal building in 2014-15.

### **The Customs Headquarters Building**

The Department obtained funding approval from the Finance Committee of the Legislative Council in June 2006 on the construction of the Customs Headquarters Building. The construction work commenced in April 2007 and the building is scheduled for completion by the end of 2010.

The Customs Headquarters Building will be located at the junction of Java Road and Tin Chiu Street in North Point carrying a net operational office area of 26 608 square metres in 32 storeys to accommodate offices, carparks, and special and general facilities. About 1 850 Customs staff from 23 administrative and investigation formations will be re-located to the building.

The headquarters building will provide additional office areas and new facilities such as a radio command control centre, an indoor firing range, a multi-purpose auditorium, an exhibition centre, and an up-to-date information technology centre. The building will contribute to enhancing the operational efficiency of the Department by co-locating its offices together. It will also improve the security measures of the investigation formations to support safe processing of cases, seizures and arrestees. It will as well improve the Department’s public services by centralizing customer services at one point.



Design of the New Customs Headquarters Building

## 14. Administration

### Human Resources Management

The Department's human resources management programme aims at strengthening the capabilities of staff in achieving the Department's mission and in delivering business results in a more efficient and effective manner. Through the various best practices in recruitment system, posting panels, promotion qualifying examinations and promotion boards etc, the Department achieved effective human resources management in 2007 and 2008. Moreover, the Departmental Training Steering Committee employed a comprehensive training and development policy to equip staff with diversified job-related skills so as to cope with the increasing demands arising from changing environment.

### Promotion of Staff Integrity and "Healthy Lifestyle"

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

On the educational front, an inspiring video entitled "Say 'NO' to Drink Driving" was published in November 2008 to heighten staff awareness of the serious consequences of "drink driving" and "careless driving". To further instill the value of good discipline and integrity, the quarterly newsletter "The Pine" regularly published articles on topics to promote staff awareness of discipline and healthy lifestyle with emphases on "conflict of interest situations" and "prudent personal financial management".

The Department continues to work closely with the Independent Commission Against Corruption to reinforce integrity awareness through seminars and workshops. The seminars for senior officers focused on the importance of leadership by example to nourish the culture of integrity in the work place, while the workshops for junior staff aimed to heighten their caution against pitfalls of corruption and misbehaviour.

On the publicity front, the Department organized a *Departmental Seminar cum Mental Health Promotion Exhibition* in September 2008 to enhance staff awareness on mental health. Medical and mental health professionals were invited to deliver talks on stress and emotion management. Exhibition booths and game counters were set up on site to reinforce learning in mental health and ultimately to improve staff's psychological well-being.

In addition, a departmental electronic resource centre, “*Customs and Excise Information Portal*”, was launched in January 2008 providing staff with easy access, through the Internet, to various editions of “*The Pine*”, the updates on departmental recreational information and reference materials on integrity and healthy lifestyle.

## **Welfare, Sports and Recreation**

The Staff Relations Group (SRG) manages 1 623 departmental quarters, two holiday houses and one physical fitness room. It also provides assistance to retired members of the Department.

The SRG assisted the Departmental Sports and Recreation Club in organizing and participating in over 150 sports and recreational events including charitable activities and inter-command competitions.



In 2007 and 2008 respectively, 72 officers and 80 officers in various commands were designated as Health and Welfare Managers. In addition to conducting periodic welfare visits, they act as contact points for officers in need of assistance on welfare, health or job-related matters.

Apart from in-house assistance, the Department has 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 also provided training sessions to Health and Welfare Managers on counselling skills and knowledge.



## **Information and Publicity**

The Information Unit is responsible for the Department's media relations, publicity, publications, and public relations activities aiming at explaining to the public the work of the Department and enhancing the Department's public image.

In line with the government's open policy, the Unit makes full use of the mass media, in particular newspapers, television and radio stations, to disseminate information on the Department's activities by means of press releases, press conferences, briefings and interviews as well as press visits.

In view of the media interest in Customs' enforcement efforts on various fronts (such as in curbing copyright piracy, drug trafficking, smuggling, use of illicit fuel, contraband cigarette activities and illegal transshipment of textiles, in ensuring children's products safety and in enhancing consumer protection), officers from various formations frequently give press briefings after making major seizures and successful operations.

In 2007 and 2008 respectively, the Unit handled 11 960 and 11 470 enquiries from the press and television and radio stations. Apart from issuing 361 press releases relating to seizures and arrests, successful prosecutions and departmental policies, the Unit also arranged a total of 61 media interviews, and 67 press conferences and media briefings to explain various aspects of the Department's work in 2007. In 2008, the Unit issued 211 press releases, and arranged 15 media interviews and held 46 press conferences and media briefings.

## 15. Training

### Training and Development

To sustain the professionalism and expertise of its staff and to develop them throughout their careers, the Department took significant efforts on staff training and development. It basically pursues a competency-based strategy which is, where appropriate, 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 co-ordinating training and development programmes for members of the Customs and Excise Service as well as the Trade Controls Grade officers. It also implements training policies determined by the Department's Training Steering Committee, which is chaired by the Deputy Commissioner. In brief, it is responsible for cross-formation training and development while individual major formations are responsible for organizing formation-specific training.

### Training and Development Activities

The Department formulates its human resources development strategies on the basis of the competency requirements of its staff who are tasked to fulfil specific departmental functions. OTD organized a wide range of training programmes in 2007 and 2008 to enhance the core competencies and functional competencies of officers (Appendix 13). Training and development activities were principally designed in accordance with the training roadmap for officers at individual grades and ranks.



Firearms Training





Physical Training

For benchmarking international best practices and providing officers with exposure opportunities, the Department sent 173 officers to attend different training and attachment programmes hosted by academic institutions, customs organizations and law enforcement administrations in the Mainland and overseas in 2007 and 2008.



Sport Climbing

## Language Proficiency

The increases in passenger flow between Hong Kong and the Mainland and the business contact between the Department and various government organizations on the Mainland require officers at various levels to be proficient in Putonghua. The Department organized Putonghua courses at three different levels (elementary, intermediate and advanced) for all mid-ranking officers and above. It also tailor-made job-related Putonghua courses for frontline officers.

## Personal Development of Staff

For gearing up staff for advancement, the Department actively implements a schematic development arrangement whereby senior and mid-level managers are systematically developed through a designated training roadmap. In 2007 and 2008, 14 senior officers were sent to renowned overseas training institutes, and 10 officers attended executive training or visits on the Mainland.

## Continuous Learning and Development

The Department attaches great importance to promote the culture of continuous learning and development. The Department adopts a multi-faceted training approach that aims to enhance the operational knowledge and personal growth of its staff in order to meet the ever-changing enforcement environment and rising public expectation to Customs services. In addition to organizing conventional classroom-type training, the Department encourages e-Learning through the launching of the Customs and Excise Information Portal (CEIP) in January 2008. Staff can learn the latest information about the Department from the portal through the Internet anytime and anywhere. CEIP not only facilitates staff's self-learning at their

own paces, but also enhances the spread of knowledge. At present, there are about 400 documents of different categories such as operational procedures, significant cases, healthy life style, etc. in the portal.

The Department also collaborates with the Civil Service Training and Development Institute in delivering e-Learning courseware through the Cyber Learning Centre Plus. The existing 13 coursewares encompass different job-related topics including Code on Conduct and Discipline, Prudent Financial Management, Safety Measures in Conducting Ship Rummaging, and many others.

As a driving force for continuous development, the Department also holds annual Promotion Qualifying Examinations for Inspectors and Customs Officers. This is one of the measures taken in sustaining the high level of customs professionalism. So far, 358 Inspectors and 1 699 Customs Officers have passed the examinations.

### **Regional Training Centre of the World Customs Organization (WCO)**

The Department is one of the designated regional training centres in the Asia Pacific region. The staff of the Department regularly attend capacity building meetings and seminars held in various Asian countries as well as by the WCO in Brussels.

After the completion of the renovation of the training school, OTD organized the first WCO regional workshop on Corporate Risk Management at its training school in July 2008 that was attended by officers of Customs administrations in the Asia Pacific region. OTD also hosted the 6<sup>th</sup> Heads of WCO Asia Pacific Regional Training Centres Meeting in December 2008. The Department will continue to organize regional training activities to fulfil its obligations as the regional training centre.

### **Mutual Training Assistance**

Sharing of invaluable expertise among counterparts in the global customs community is one of the ways to build up professionalism. In many of the co-operation agreements established with other Customs administrations, the Department has fostered a framework whereby mutual training assistance is to be provided to each other whenever possible. In 2007 and 2008, the Department sent 146 officers to attend training and attachments to other Customs administrations. It also provided training of various kinds to 124 visiting customs officers.

### **Occupational Safety and Health**

Our Department is committed to providing a safe and healthy working environment for our staff and adopting a holistic framework on safety management system. In

2007-2008, a number of tailor-made courses such as “Basic Safety Management”, “Accident Investigation and Prevention”, “Risk Assessment”, “Safety Inspection”, “Safety Audit” as well as “Train-the-Trainer Occupational Safety and Health” were provided to our safety managers so as to equip them with the knowledge to identify and eliminate potential risks at work and to develop the safety management system of the Department.

### **Prosecution-related training**

For the sake of enhancing officers’ professionalism in case preparation and prosecution matters, a series of prosecution-related training were organized in 2007 and 2008. These included talks on fundamental case processing techniques and experience sharing sessions with frontline officers on the preparation of case papers. Court Prosecutors/Public Prosecutors of Department of Justice were also invited to



Mock Court

deliver seminars on court’s requirements and to conduct an in-depth analysis and deliberation on the legal provisions enforced by the Customs and Excise Department.

### **Cultural Sensitivity Programme: Self-learning Package and Talk on European and South-east Asian Countries**

In order to enhance officers’ awareness towards cultural diversity of air passengers coming from different countries, especially during the time of the 2008 Beijing Olympic Equestrian, the Airport Command organized a series of cultural sensitivity programme for its frontline officers at the airport. In 2008, an e-learning cultural sensitivity disc covering 4 European countries, namely Spain, the Netherlands, Germany and France, was prepared for the above purpose. With the information, officers can learn more about the cultural backgrounds of the said countries and therefore enhance the techniques in dealing with visitors coming from these countries. Moreover, staffs of the Race Relations Unit under the Constitutional and Mainland Affairs Bureau were invited to deliver a cultural sensitivity talk relating to South-east Asian countries to our frontline officers. Through these activities, frontline officers could further enhance their ability in communication and improve the overall Customs service.

## **16. Financial Administration**

### **Revenue**

The Department collected HK\$8,539 million of revenue in 2007-08, representing an increase of 1.7 percent against that for 2006-07. The increase in revenue was mainly attributable to the increase in duty revenue from tobacco and trade declaration charges.

The Department collected HK\$7,492 million of revenue in 2008-09, representing a decrease of 12.3 percent against that for 2007-08. The decrease in revenue was mainly attributable to the decrease in duty revenue due to the removal of duty rate for Euro V diesel and liquor with alcoholic strength of not more than 30 percent in 2008.

A summary of the revenue collected in 2007-08 and 2008-09 is at Appendix 8.

### **Expenditure**

The total expenditure of the Department in 2007-08 amounted to HK\$2,053 million, of which 83.2 percent was on Personal Emoluments, 16.2 percent on Departmental Expenses and 0.6 percent on Capital Account Expenditure. The increase in expenditure of 10.8 percent over that for 2006-07 is mainly due to the impact of the 2007 pay rise, revised starting salaries, creation of new posts, the increase in operating expenses for new facilities and the increase in cash flow requirements for capital account items.

The total expenditure of the Department in 2008-09 amounted to HK\$2,288 million, of which 79.5 percent was on Personal Emoluments, 19.2 percent on Departmental Expenses and 1.3 percent on Capital Account Expenditure. The increase in expenditure of 11.5 percent over that for 2007-08 is mainly due to the impact of the 2008 pay rise, creation of new posts, the increase in operating expenses for new facilities and the increase in cash flow requirements for capital account items.

A summary of the total expenditure in 2007-08 and 2008-09 is at Appendix 9.

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

	<b>2007-08</b>	<b>2008-09</b>
	<b>HK\$M</b>	<b>HK\$M</b>
(a) Control and Enforcement	1,370	1,582
(b) Anti-narcotics Investigation	128	133
(c) Intellectual Property Rights and Consumer Protection	222	233
(d) Revenue Protection and Collection	125	127
(e) Trade Controls	208	213

### **Seizure Management**

The provision of service for the storage and disposal of seized goods is one of the major tasks of the Department. Taking into account the return of the vehicle detention site in Kai Tak and the allocation of additional area for vehicle detention in Shatin, the total average storage space available for accommodating seized goods and vehicles in government storehouses and private godowns were 81 570 sq.m. and 4 850 cu.m. respectively in 2007-08 and 2008-09.

After forfeiture, the seized goods are disposed of by auction or destruction. The Department disposed of about 50 020 and 46 570 items of confiscated goods in 2007-08 and 2008-09 respectively, which included cigarettes, optical discs, drugs, fuel oil, computer equipment, vessels and vehicles. The proceeds from the sale of these forfeited goods during the period amounted to about HK\$20 million.

# Chronicle

## 2007

### January 2007

- Smashed three cannabis plantations in the New Territories in which 650 pots of cannabis plants, 14 kilograms of herbal cannabis and 3 kilograms of ketamine were seized and four local persons were arrested.
- Seized a total of 10.53 kilograms of methamphetamine with a retail value of about HK\$4.3 million in Operation “Headwinds” , including 6 kilograms in liquid form concealed inside 3 rubber cushions destined for Australia with one local arrest and 4.53 kilograms by body-pack from the Mainland via Hong Kong to Indonesia with the arrest of two Taiwan people and two Malaysians.
- Seized 1.5 kilogram of cocaine with a retail value of HK\$1.3 million concealed inside 2 hollow wooden plaques in the baggage of a local man from Venezuela.
- Seized 3 336 stun guns and blast knuckles valued at HK\$1.24 million at an incoming lorry at Lok Ma Chau Control Point.

### February 2007

- Seized 36 kilograms of herbal cannabis with a retail value of HK\$1.2 million from two passengers arriving from Johannesburg, South Africa.
- Regional Seminar on SAFE Framework of Standard (SAFE FoS) to Secure and Facilitate Global Trade in Hong Kong.

### March 2007

- Seized 6 kilograms of methamphetamine from a local person and 2 tablets of MDMA in a follow-up premises search with retail value of about HK\$2.2 million.
- Seized 4.3 kilograms of methamphetamine with a retail value of HK\$1.5 million from the check-in baggage of an outgoing Indonesian.
- With information provided by the Department, China Customs arrested a Thai passenger at the airport in Guilin originating from India and transiting at Hong Kong for smuggling 1 kilogram of heroin.
- Launching Ceremony of Youth Ambassador Secretariat Office and Lineament Monitoring System - The Youth Ambassador Secretariat Office and Lineament Monitoring System (LMS) were jointly launched on 31 March 2007. The Secretariat Office organized various educational activities for the 200 000 Youth Ambassadors so that they would further promote the message of



intellectual property rights protection among their peers. The LMS performed the monitoring work on the Internet round-the-clock.



Launching Ceremony of Youth Ambassador Secretariat Office and Lineament Monitoring System on 31 March 2007

### April 2007

- Seized 2 kilograms of heroin with a retail value of HK\$888,000 concealed inside the false compartment of the suitcase of a Thai in transit from India to the Mainland.

### May 2007

- Seized a total of 16.2 kilograms of methamphetamine with a retail value of HK\$7.5 million at the airport in 6 cases and arrested 12 persons attempting to export the drugs to Indonesia by body pack.
- Seized 9 kilograms of “Golden Crescent” heroin with a retail value of HK\$2.9 million in Operation “Curry” and “Hockey” between March and May and arrested 14 Thais.
- Co-hosted the Pan-Pearl River Delta Customs Trade Facilitation Forum cum Regional Customs Commissioners’ Joint Conference in Hong Kong with the General Administration of Customs of the People’s Republic of China.

### June 2007

- Seized 20 kilograms of herbal cannabis with a retail value of HK\$1.04 million from a check-in transit baggage from Johannesburg, South Africa to the Mainland and arrested a South African.

### July 2007

- Seized from two containers a total of 160 kilograms (in 640 slabs) of cocaine with a retail value of HK\$110 million in Operation “Hippo”.

- With information provided by the Department, Japan Customs arrested three people in Japan for importing 1 kilogram of ketamine.
- Invoked the Organized and Serious Crimes Ordinance (OSCO) in Operation “Touchdown”, whereby a syndicate importing and selling pirated optical discs in Kwun Tong area was smashed. Crime proceeds valued at HK\$9.17 million were restrained.
- Implementation of the Copyright (Amendment) Ordinance in relation to “Parallel Imports” - The relevant amendment entered into force on 6 July 2007, which included the relaxation of the restrictions on the use of parallel imported copies of copyright works by business end-users, and the shortening of the period during which dealing in parallel imported copies would attract criminal liability. Presumption provisions concerning “Imported Copy” were introduced and the use of “Affidavit” was extended to cover licence matters.
- Restrained HK\$80 million of drug proceeds from an international drug trafficking syndicate under the Mutual Legal Assistance in Criminal Matters Ordinance (MLAO).

### **August 2007**

- Seized at the airport 10.74 kilograms of cannabis resin with a retail value of HK\$945,120 from the false compartment of each of the suitcase carried by two incoming Indians.
- Seized 20 kilograms of herbal cannabis with a retail value of HK\$1,220,000 from a knapsack carried by a South African arriving from Johannesburg, South Africa.
- Seized 48 825 bottles of wine with retail value of HK\$34 million and arrested 3 directors and 3 staff in a revenue fraud case.

### **September 2007**

- Seized 843.4 grams of ketamine with a retail value of HK\$132,400 and arrested an incoming local passenger at Lok Ma Chau Control Point.
- Seized 1 kilogram of ketamine with a retail value of HK\$157,000 from an incoming local passenger at Lok Ma Chau Control Point.

### **October 2007**

- Seized 2 kilograms of heroin with a retail value of HK\$984,000 from the suitcase of a Malaysian arriving from Delhi, India. Three days later, another 1.5 kilograms with a retail value of HK\$858,000 was seized from the suitcase of an Indian arriving from Delhi, India.

## November 2007

- Seized 1.1 kilogram of heroin with a retail value of HK\$606,320 from an incoming Kenyan passenger arriving from Nairobi, Kenya.

## December 2007

- Conducted joint operation “Sparkles I” with Shenzhen Customs, and seized 1.24 kilogram and 503 tablets of assorted drugs and arrested 26 persons in the Mainland and Hong Kong.
- Seized 1 kilogram of methamphetamine with a retail value of HK\$419,000 from a Hong Kong man who joined a tour group to Australia.
- With information provided by the Department, Japan Customs arrested two Japanese passengers at the airport in Japan for importing 3 kilograms of methamphetamine.

## 2008

### January 2008

- Conducted a joint operation “Sky Sword” with the Anti-smuggling Bureau of Shenzhen Customs with the seizure of 19 kilograms of assorted drugs, 200 kilograms of precursor chemicals and 16 arrests in the Mainland, and 10 070 tablets of nimetazepam and 1 arrest in Hong Kong.
- Signed Customs Co-operative Arrangements with the Customs Administration of Japan

### February 2008

- Seized 507 grams of ketamine with a retail value of HK\$73,140 from an incoming local passenger at Lok Ma Chau Control Point.
- “Youth Ambassador of the Year” under Youth Ambassador Against Internet Piracy Scheme - “Youth Ambassador of the Year” held at Customs & Excise Training School was officiated by the then Secretary for Commerce and Economic Development, Mr. Frederick Ma, as a round-up activity for the first year of the Youth Ambassador Against Internet Piracy Scheme, and as a means of recognition for the support from the Youth Ambassadors to curb online piracy activities.



Youth Ambassador Against Internet Piracy Scheme – “Ambassador of the Year” on 16 February 2008.

## March 2008

- Seized 1.9 kilograms of cocaine with a retail value of HK\$1.7 million and arrested a local passenger arriving from Brazil via South Africa. 3 local persons were arrested in a subsequent controlled delivery operation.
- Seized 1.34 kilograms of cocaine with a retail value of HK\$1.2 million and arrested a Malaysian arriving from Brazil via South Africa.

## April 2008

- Seized 15.28 kilograms of heroin with a retail value of about HK\$10 million, and arrested 2 Filipinos and 6 Africans at the airport in Operation “Mango” between March and April 2008.
- Seized 3.97 kilograms of cannabis resin with a retail value of HK\$256,320 and arrested 4 Indians arriving from India via Bangladesh.
- Started off a notification mechanism with Mainland Customs for monitoring high-risk liquor consignments for revenue protection.
- Smashed a pirated optical discs storage in To Kwa Wan. About 200 000



Customs smashed a pirated discs storage in To Kwa Wan in April 2008.

pirated discs, most of which were Japanese and foreign TV drama series, were seized. The total seizure value amounted to HK\$5 million.



- Implementation of the Copyright (Amendment) Ordinance in relation to Anti-circumvention - The relevant amendment entered into force on 25 April 2008. Criminal liability in regard to commercial dealing of circumvention tools or providing circumvention services on a commercial basis for the circumvention of technological measures was introduced.

## May 2008

- Seized 2.98 kilograms of methamphetamine with a retail value of HK\$1.5 million from an incoming cross-boundary private car at Lok Ma Chau Control Point and arrested two local persons.

- Seized 7.8 kilograms of cocaine with a retail value of HK\$5.4 million and arrested a Malaysian arriving from Suriname via the Netherlands. Later, a Beninese man was arrested in Kowloon during a controlled delivery operation.
- As a result of intelligence exchange between Hong Kong Customs, India Customs and Malaysian Customs, 3 kilograms of ketamine were seized at the airport in Malaysia.

## June 2008

- Seized 2.1 kilograms of ketamine with a retail value of HK\$276,318 and arrested a local person in Kowloon.
- With intelligence provided by Indian Customs, seized 1.6 kilograms of heroin with a retail value of HK\$841,500 and arrested a Kenyan passenger arriving from India via Malaysia.
- With information provided by the Department, three Hong Kong passengers were arrested by the Australian Customs at the airport for importing 220.1 grams of methamphetamine and 3.9 grams of heroin.
- Signed Customs Co-operative Arrangements with the General Customs Administration of Mexico.
- Signed a Memorandum of Understanding on Mutual Administrative Assistance in Customs Matters with the Tax and Customs Administration of The Netherlands.

## July 2008

- Seized 500 grams of cocaine from an express air-consignment with a retail value of HK\$408,000 and arrested a local person upon collection of the consignment.
- Smashed a syndicate involved in the packaging and distribution of counterfeit medicine, and seized about 60 000 tablets/pills of counterfeit medicine, including those for treatment of impotence, antidepressants, sleeping pills and diet pills, with an estimated value of HK\$2.7 million. The syndicate smuggled the counterfeit medicine from the Mainland to Hong Kong, stored and re-packaged it in a rented flat and brought it to the market for sale, claiming it to be parallel imports.



In July 2008, Customs smashed a syndicate involved in the packaging and distribution of counterfeit medicine, and seized about 60 000 tablets/pills of counterfeit medicine.

- Held the Regional Workshop on Corporate Risk Management at the Regional Training Centre in Hong Kong, China
- The Copyright (Amendment) Ordinance in relation to director's liability in corporate piracy was implemented - The relevant amendment entered into force on 11 July 2008, which introduced criminal liability on directors and partners whose organizations have committed acts attracting business end-user liability relating to possession of infringing copies of computer programmes, movies, television dramas or musical (sound or visual) recordings for use in business.

### **August 2008**

- Seized 4.5 kilograms of heroin with a retail value of HK\$2.6 million and arrested two Kenyan passengers arriving from Kenya via Dubai.
- Conducted joint operation "Sparkles II" with Shenzhen Customs, which led to the seizure of 7.4 kilograms and 173 tablets of assorted drugs and the arrest of 25 persons in the Mainland and Hong Kong.
- Restrained HK\$8 million of drug proceeds from an international drug trafficking syndicate under the Mutual Legal Assistance in Criminal Matters Ordinance (MLAO).
- Operational arrangement during Olympic Equestrian Events in Hong Kong (June – September) - Customs stepped up enforcement action to stamp out counterfeit Olympic souvenir items. In June 2008, Customs smashed an online auction site selling counterfeit Olympic torches and seized 5 such items. During the Olympic Equestrian Events, Customs established a 24-hour Incident Command Centre and fast response teams to step up our enforcement action. During that period, a total of 29 cases involving counterfeit Olympic items valued at HK\$60,000 were detected and 33 persons were arrested.

### **September 2008**

- Seized 206 grams of ketamine from a Hong Kong man in the New Territories, which sparked off further raids with additional seizure of 428 grams of ketamine and packing paraphernalia in various premises with a total drug retail value of HK\$109,480.

### **October 2008**

- Seized 253 grams of ketamine with a retail value of HK\$33,276 and arrested an incoming local person at Lok Ma Chau Control Point.
- Established the Customs-Wine Industry Alliance with 18 representatives of the wine trade to enhance communication and co-operation in tackling wine counterfeits and false descriptions of wine origin.

- Smashed an Internet Café involving corporate piracy and seized 93 sets of computers and seven servers pre-loaded with a large quantity of pirated movies, songs and TV dramas. Pirated operating system software was also found in the equipment. The total seizure value was about HK\$0.53 million.



Customs effected a copyright infringement and corporate piracy case at an upstairs Internet café in North Point in October 2008. In this case, Customs officers seized 93 sets of computers and seven servers stored with a large quantity of pirated movies, songs and TV dramas. Also, these computers and servers were found installed with pirated operating system software. The total seizure valued at HK\$0.53 million.



- Signed a Revised Customs Co-operative Arrangement with the French Customs and Excise Administration.

### **November 2008**

- Made a record seizure of 298 kilograms of ketamine and 10 kilograms of methamphetamine at the airport from an air cargo shipment from India via Singapore with a total retail value of HK\$40.6 million.
- Invoked the Organized and Serious Crimes Ordinance (OSCO) in Operation “Hatchet”, whereby an illicit cigarette syndicate was smashed. Crime proceeds valued at HK\$9.18 million were restrained.

### **December 2008**

- Seized 7.2 kilograms of pseudoephedrine with a retail value of HK\$77,539 and arrested three local passengers departing for New Zealand.
- Seized 288 grams of cocaine with a retail value of HK\$272,000 from an air parcel from USA.
- Participated as speaker in the “Mainland Customs Administrations Liquor Import Valuation Management Seminar” in Xiamen, Fujian organized by the General Administration of Customs, and introduced to Mainland Customs officers the control on dutiable commodities, and the liquor valuation and revenue fraud investigation work in Hong Kong.
- Held the 6th Meeting of the Heads of World Customs Organization Asia Pacific Regional Training Centres at the RTC in Hong Kong, China.

## Appendices





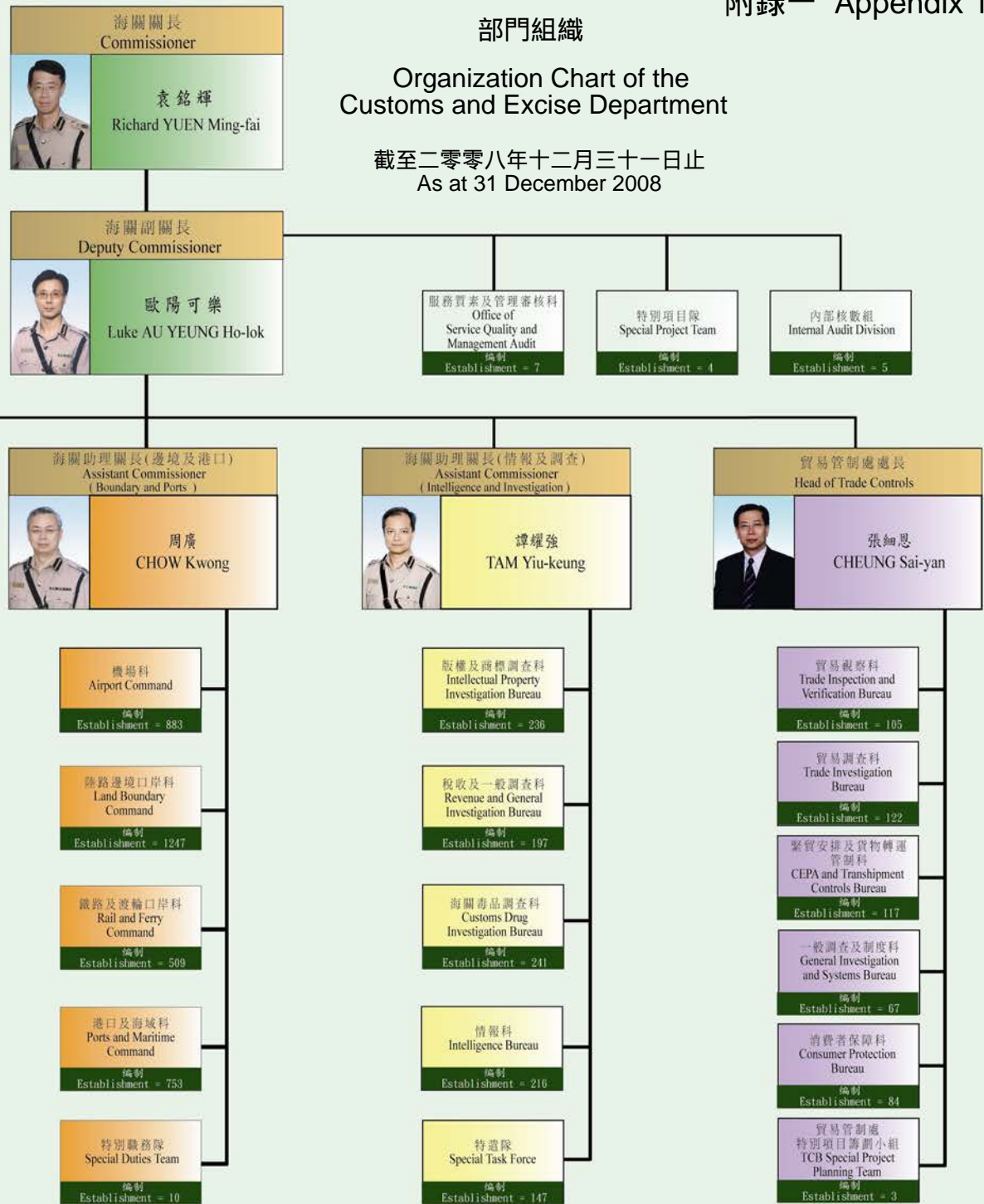
香港海關

CUSTOMS AND EXCISE DEPARTMENT

部門組織

Organization Chart of the Customs and Excise Department

截至二零零八年十二月三十一日止  
As at 31 December 2008

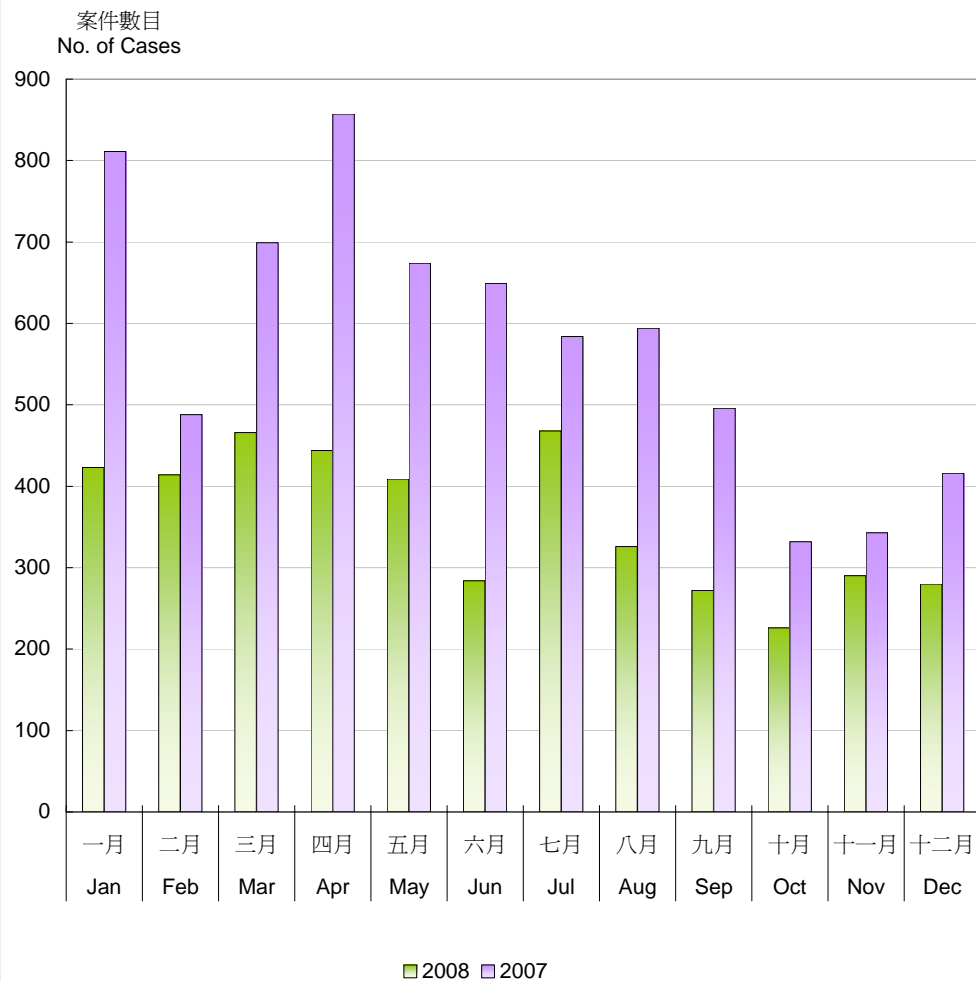


## 編制及在職人數 Establishment and Strength Position

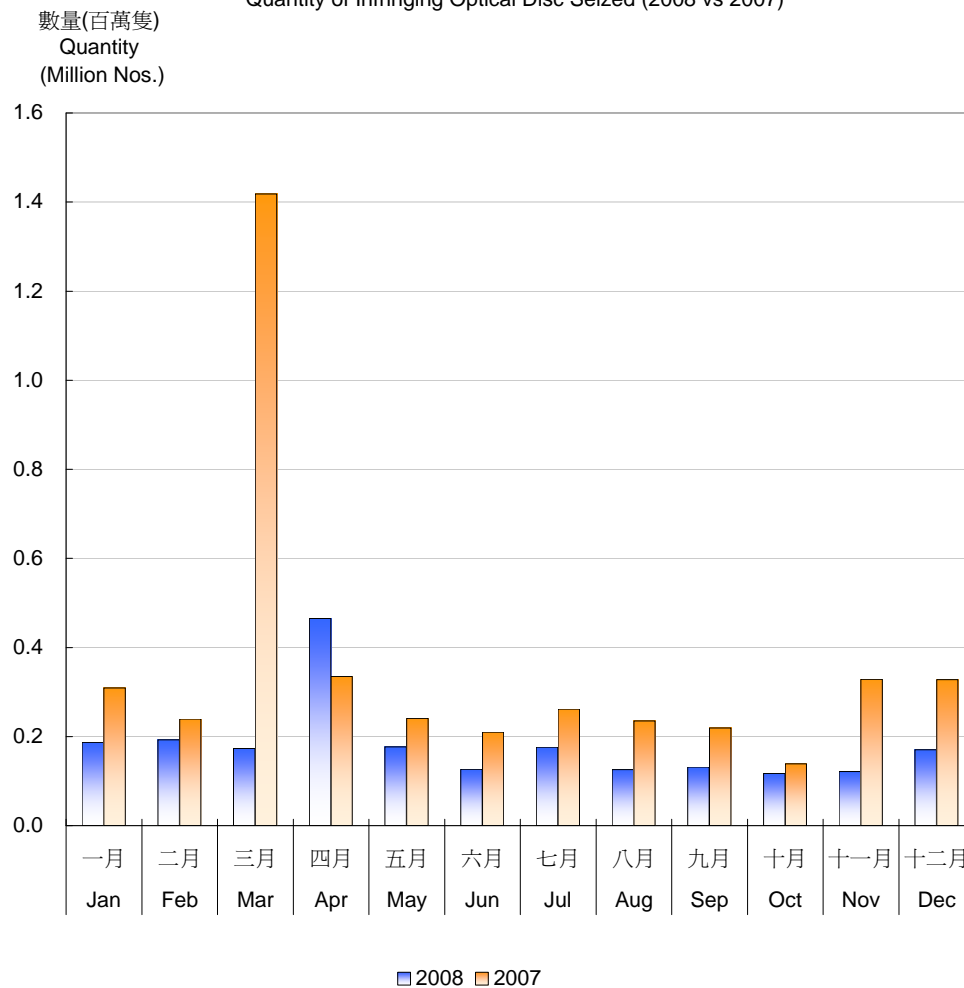
類別/職系 Category/Grade	2007 (截至2007年12月31日止) (as at 31 December 2007)		2008 (截至2008年12月31日止) (as at 31 December 2008)	
	編制 Establishment (數目No.)	在職人數 Strength (數目No.)	編制 Establishment (數目No.)	在職人數 Strength (數目No.)
首長級職位 Directorate Posts	9	7	9	11
<b>部門職系</b> <b>Departmental Grades</b>				
海關監督/督察職系 Superintendent/Inspector of Customs and Excise Grades	839	798	843	810
關員職系 Customs Officer Grade	3 686	3 573	3 690	3 594
貿易管制主任職系 Trade Controls Officer Grade	457	431	459	414
小計 Sub-total	4 982	4 802	4 992	4 818
<b>一般及共通職系</b> <b>General and Common Grades</b>				
行政主任/訓練主任職系 Executive Officer/Training Officer Grades	27	26	28	26
庫務會計師/會計主任職系 Treasury Accountant/Accounting Officer Grades	12	12	12	12
法定語文主任/繕校員職系 Official Languages Officer/Calligraphist Grades	10	9	18	18
統計師/統計主任職系 Statistician/Statistical Officer Grades	5	5	5	5
秘書職系 Secretarial Grades	57	56	57	54
文書人員職系 Clerical Grades	262	261	261	259
物料供應人員職系 Supplies Grades	49	45	49	41
其他 Others	185	168	208	195
小計 Sub-total	607	582	638	610
合計 Total	5 598	5 391	5 639	5 439

盜版光碟案件統計數字 Statistics on Infringing Optical Disc Cases

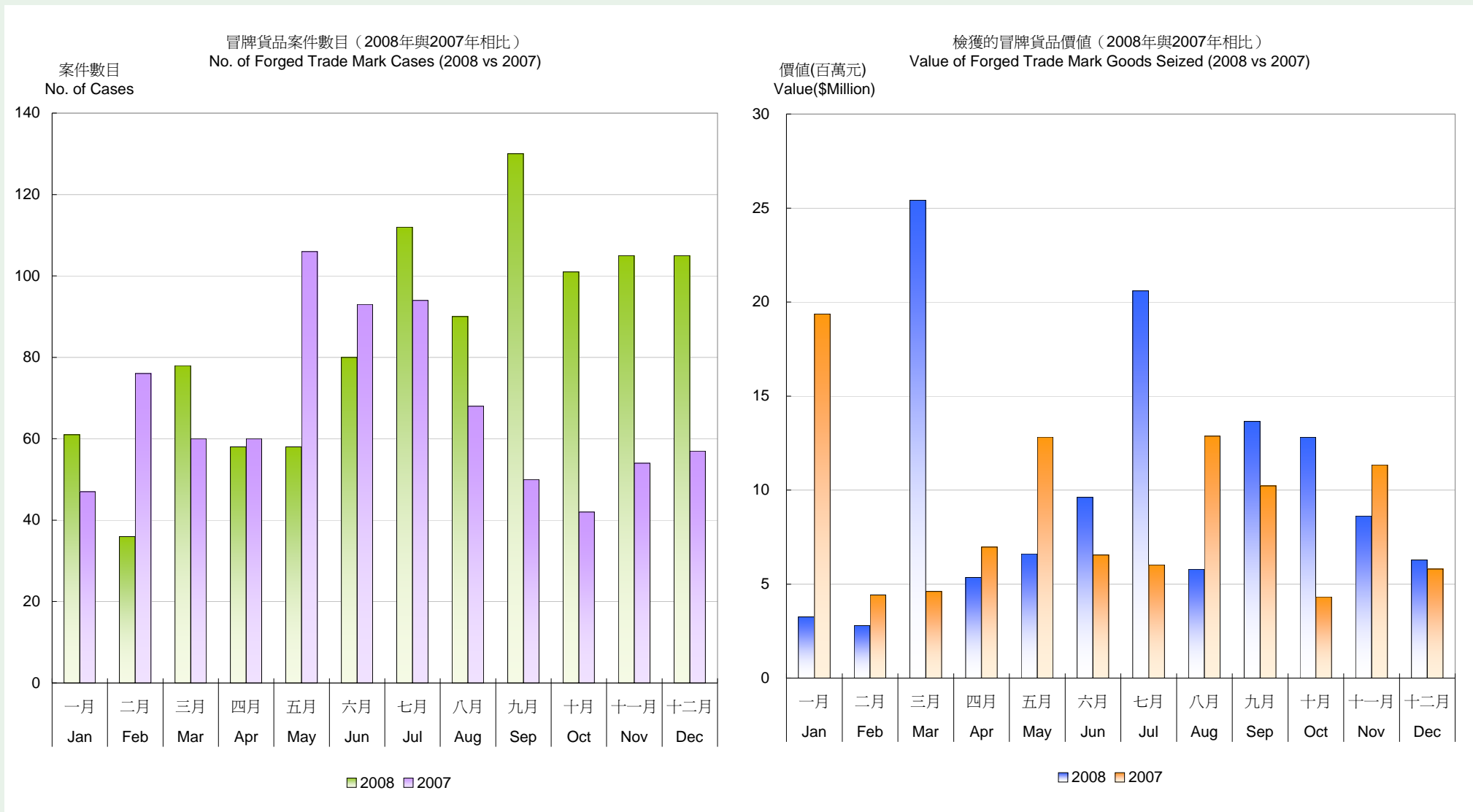
盜版光碟案件數目 (2008年與2007年相比)  
No. of Infringing Optical Disc Cases (2008 vs 2007)



檢獲的盜版光碟數量 (2008年與2007年相比)  
Quantity of Infringing Optical Disc Seized (2008 vs 2007)

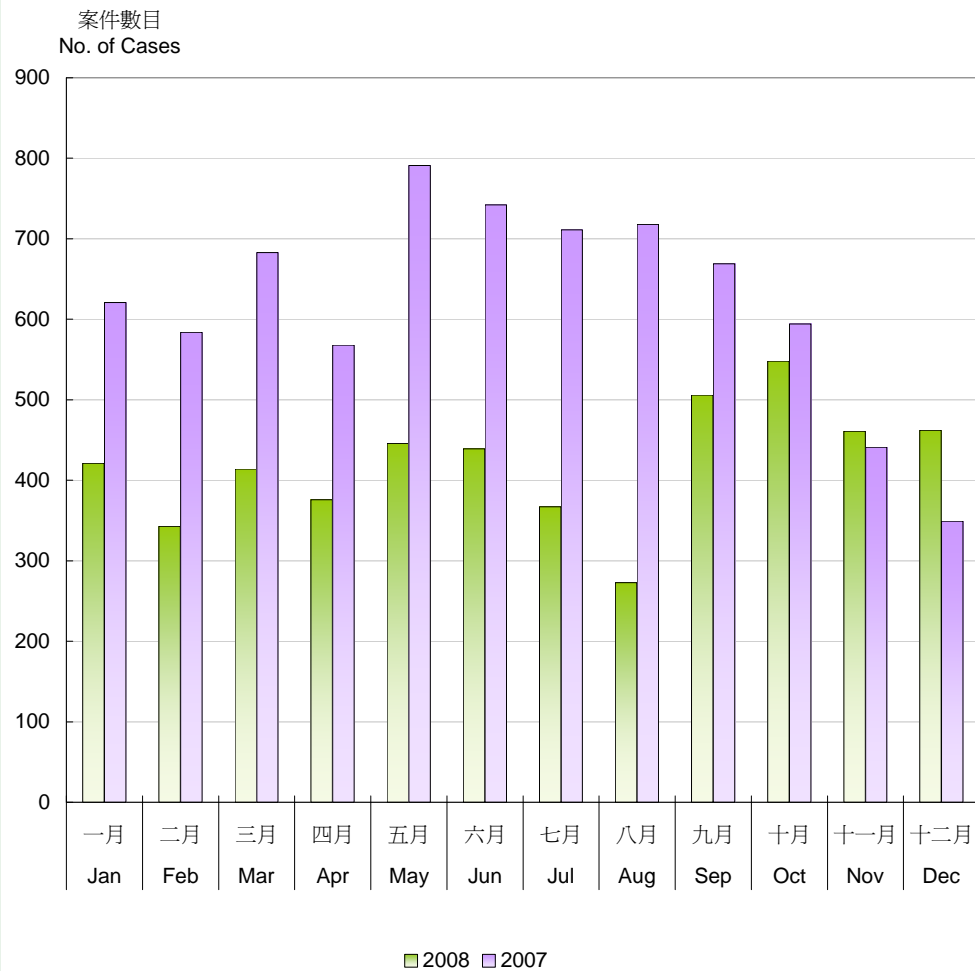


冒牌貨品案件統計數字 Statistics on Forged Trade Mark Cases

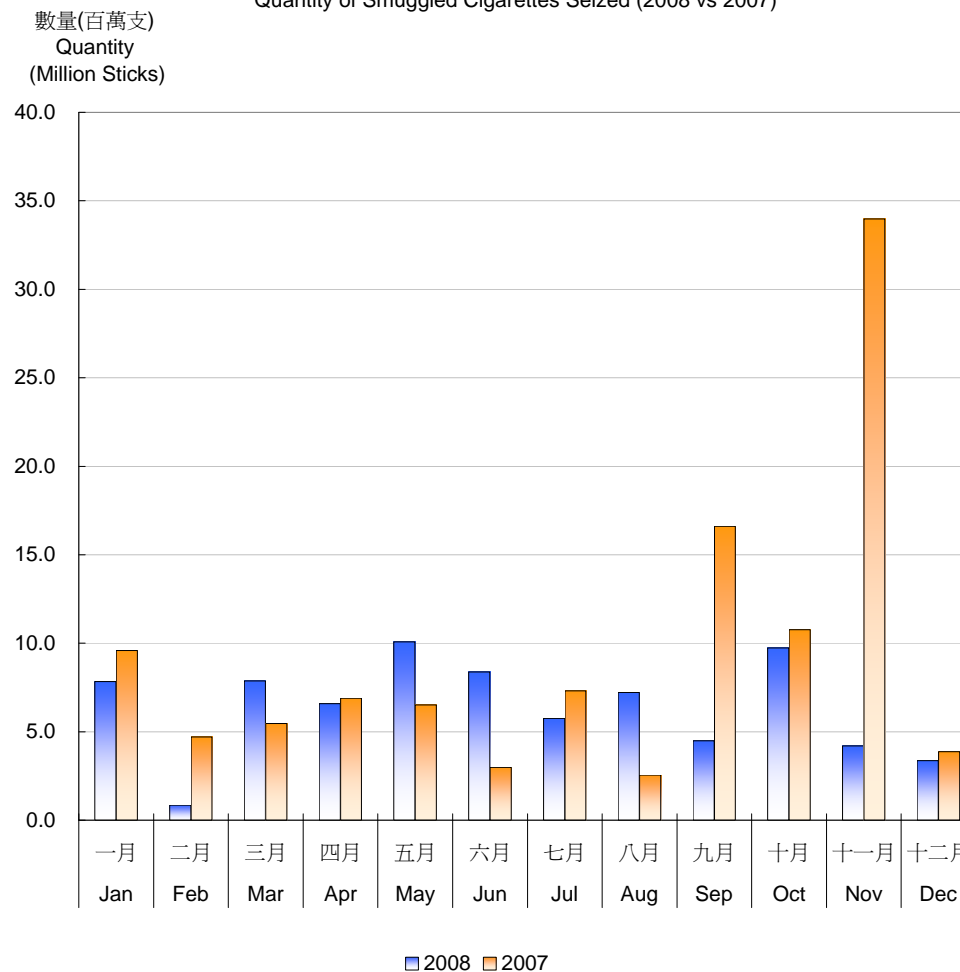


反走私香煙行動的成效 Result of Anti-cigarette Smuggling Operations

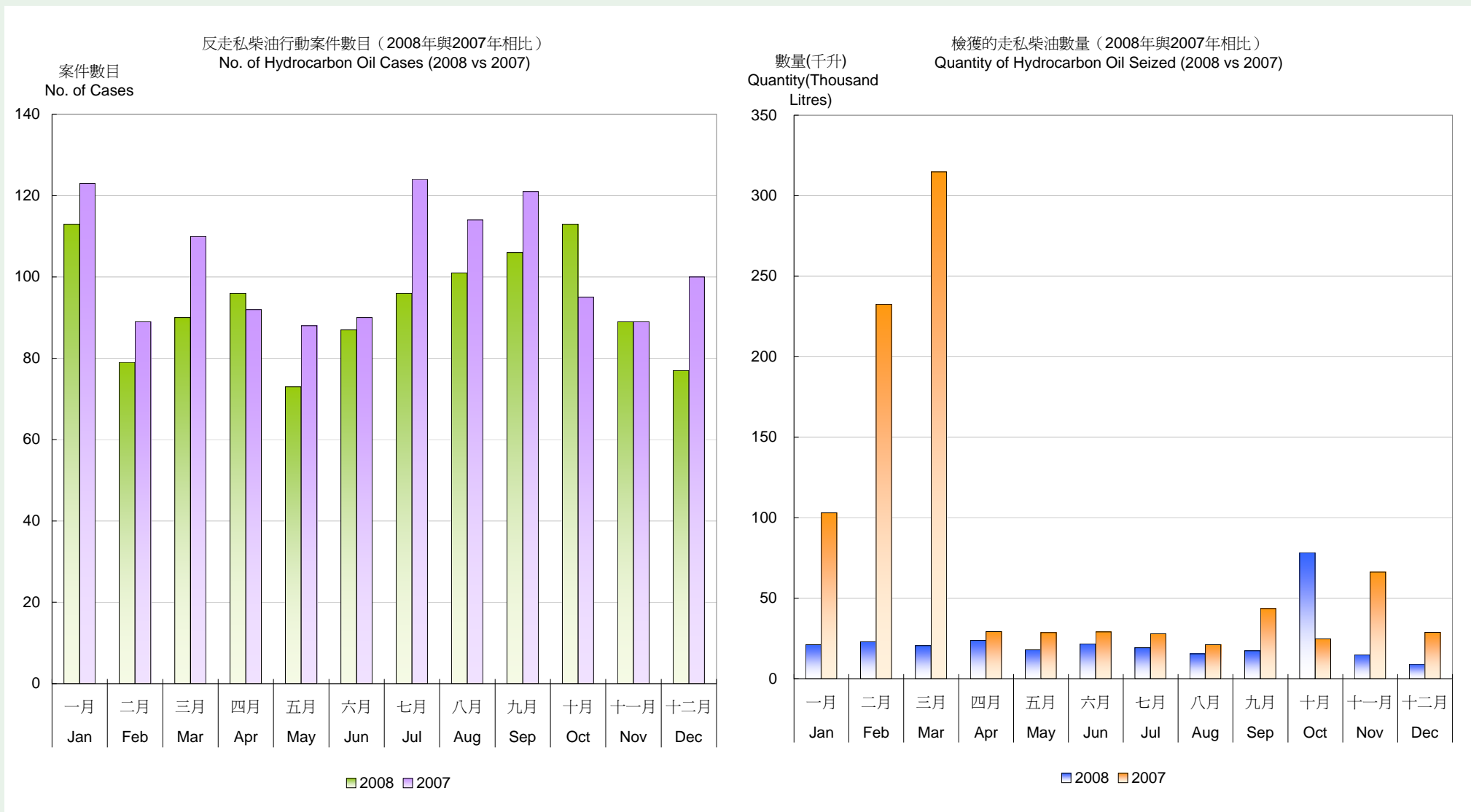
反走私香煙行動案件數目 (2008年與2007年相比)  
No. of Cigarette Smuggling Cases (2008 vs 2007)



檢獲的走私香煙數量 (2008年與2007年相比)  
Quantity of Smuggled Cigarettes Seized (2008 vs 2007)



反走私柴油行動的成效 Result of Diesel Oil Enforcement Operations



## 香港海關執行的法例 Legislation under which Customs staff can act

1	《釋義及通則條例》 Interpretation and General Clauses Ordinance	第1章 Cap. 1
2	《進出口條例》 Import and Export Ordinance	第60章 Cap. 60
3	《度量衡條例》 Weights and Measures Ordinance	第68章 Cap. 68
4	《郵政署條例》 Post Office Ordinance	第98章 Cap. 98
5	《電訊條例》 Telecommunications Ordinance	第106章 Cap. 106
6	《應課稅品條例》 Dutiable Commodities Ordinance	第109章 Cap. 109
7	《入境條例》 Immigration Ordinance	第115章 Cap. 115
8	《公共收入保障條例》 Public Revenue Protection Ordinance	第120章 Cap. 120
9	《公眾衛生及市政條例》 Public Health and Municipal Services Ordinance	第132章 Cap. 132
10	《除害劑條例》 Pesticides Ordinance	第133章 Cap. 133
11	《危險藥物條例》 Dangerous Drugs Ordinance	第134章 Cap. 134
12	《抗生素條例》 Antibiotics Ordinance	第137章 Cap. 137
13	《藥劑業及毒藥條例》 Pharmacy and Poisons Ordinance	第138章 Cap. 138
14	《公眾衛生(動物及禽鳥)條例》 Public Health (Animals and Birds) Ordinance	第139章 Cap. 139
15	《化學品管制條例》 Control of Chemicals Ordinance	第145章 Cap. 145
16	《刑事罪行條例》 Crimes Ordinance	第200章 Cap. 200
17	《植物(進口管制及病蟲害控制)條例》 Plant (Importation and Pest Control) Ordinance	第207章 Cap. 207
18	《武器條例》 Weapons Ordinance	第217章 Cap. 217
19	《裁判官條例》 Magistrates Ordinance	第227章 Cap. 227
20	《警隊條例》 Police Force Ordinance	第232章 Cap. 232
21	《火器及彈藥條例》 Firearms and Ammunition Ordinance	第238章 Cap. 238
22	《海魚(統營和輸出)規例》 Marine Fish (Marketing and Exportation) Regulations	第291章 Cap. 291
23	《危險品條例》 Dangerous Goods Ordinance	第295章 Cap. 295
24	《儲備商品條例》 Reserved Commodities Ordinance	第296章 Cap. 296
25	《空氣污染管制條例》 Air Pollution Control Ordinance	第311章 Cap. 311
26	《船舶及港口管制條例》 Shipping and Port Control Ordinance	第313章 Cap. 313
27	《工業訓練(製衣業)條例》 Industrial Training (Clothing Industry) Ordinance	第318章 Cap. 318
28	《非政府簽發產地來源證保障條例》 Protection of Non-Government Certificates of Origin Ordinance	第324章 Cap. 324
29	《汽車(首次登記稅)條例》 Motor Vehicles (First Registration Tax) Ordinance	第330章 Cap. 330
30	《香港海關條例》 Customs and Excise Service Ordinance	第342章 Cap. 342
31	《廢物處置條例》 Waste Disposal Ordinance	第354章 Cap. 354
32	《商品說明條例》 Trade Descriptions Ordinance	第362章 Cap. 362
33	《吸煙(公眾衛生)條例》 Smoking (Public Health) Ordinance	第371章 Cap. 371
34	《淫褻及不雅物品管制條例》 Control of Obscene and Indecent Articles Ordinance	第390章 Cap. 390
35	《保護臭氧層條例》 Ozone Layer Protection Ordinance	第403章 Cap. 403
36	《販毒(追討得益)條例》 Drug Trafficking (Recovery of Proceeds) Ordinance	第405章 Cap. 405
37	《狂犬病條例》 Rabies Ordinance	第421章 Cap. 421
38	《玩具及兒童產品安全條例》 Toys and Children's Products Safety Ordinance	第424章 Cap. 424
39	《有組織及嚴重罪行條例》 Organized and Serious Crimes Ordinance	第455章 Cap. 455
40	《消費品安全條例》 Consumer Goods Safety Ordinance	第456章 Cap. 456
41	《逃犯條例》 Fugitive Offenders Ordinance	第503章 Cap. 503
42	《刑事事宜相互法律協助條例》 Mutual Legal Assistance in Criminal Matters Ordinance	第525章 Cap. 525
43	《大規模毀滅武器(提供服務的管制)條例》 Weapons of Mass Destruction (Control of Provision of Services)	第526章 Cap. 526
44	《版權條例》 Copyright Ordinance	第528章 Cap. 528
45	《聯合國制裁條例》 United Nations Sanctions Ordinance	第537章 Cap. 537
46	《防止盜用版權條例》 Prevention of Copyright Piracy Ordinance	第544章 Cap. 544
47	《商船(本地船隻)條例》 Merchant Shipping (Local Vessels) Ordinance	第548章 Cap. 548
48	《中醫藥條例》 Chinese Medicine Ordinance	第549章 Cap. 549
49	《廣播條例》 Broadcasting Ordinance	第562章 Cap. 562
50	《聯合國(反恐怖主義措施)條例》 United Nations (Anti-Terrorism Measures) Ordinance	第575章 Cap. 575
51	《化學武器(公約)條例》 Chemical Weapons (Convention) Ordinance	第578章 Cap. 578
52	《防止兒童色情物品條例》 Protection of Child Pornography Ordinance	第579章 Cap. 579
53	《保護瀕危動植物物種條例》 Protection of Endangered Species of Animals and Plants Ordinance	第586章 Cap. 586
54	《截取通訊及監察條例》 Interception of Communications and Surveillance Ordinance	第589章 Cap. 589

## 2007-08年度及2008-09年度實際收入

	實際收入	
	2007-08	2008-09
	HK\$'000	HK\$'000
<b>稅項</b>		
碳氫油類	3,359,729	2,836,130
煙草	3,005,127	2,962,847
含酒精飲品	687,198	235,898
甲醇及其他含酒精產品	7,471	11,779
<b>小計</b>	<b>7,059,525</b>	<b>6,046,654</b>
<b>根據應課稅品條例徵收的各項費用</b>		
牌照費	5,162	3,655
出勤費	296	273
酒精變質費	358	721
儲存費	2	0
<b>小計</b>	<b>5,818</b>	<b>4,649</b>
<b>貿易報關費</b>		
進出口報關費	1,278,518	1,263,200
成衣稅服務費(註)	684	625
罰款	151,358	137,885
<b>小計</b>	<b>1,430,560</b>	<b>1,401,710</b>
<b>雜項</b>	<b>42,813</b>	<b>38,887</b>
<b>合計</b>	<b>8,538,716</b>	<b>7,491,900</b>
註： 代製衣業訓練局徵收的成衣業訓練附加稅	11,631	5,654

## Actual revenue for 2007-08 and 2008-09

	Actual Revenue	
	2007-08	2008-09
	HK\$'000	HK\$'000
<b>Duties</b>		
Hydrocarbon Oils	3,359,729	2,836,130
Tobacco	3,005,127	2,962,847
Alcoholic Beverages	687,198	235,898
Methyl Alcohol & Other Alcoholic Products	7,471	11,779
<b>Sub-total</b>	<b>7,059,525</b>	<b>6,046,654</b>
<b>Fees charged under Dutiable Commodities Ordinance</b>		
Licence Fees	5,162	3,655
Attendance Fees	296	273
Denaturing Fees	358	721
Storage Fees	2	0
<b>Sub-total</b>	<b>5,818</b>	<b>4,649</b>
<b>Trade Declaration Charges</b>		
Imports and Exports Declaration Charges	1,278,518	1,263,200
Clothing Levy Service Charges (see Note)	684	625
Penalties	151,358	137,885
<b>Sub-total</b>	<b>1,430,560</b>	<b>1,401,710</b>
<b>Miscellaneous</b>	<b>42,813</b>	<b>38,887</b>
<b>Total</b>	<b>8,538,716</b>	<b>7,491,900</b>
Note : Clothing Industry Training Levy collected on behalf of the Clothing Industry Training Authority	11,631	5,654



2007-08年度及2008-09年度實際開支

	實際開支	
	2007-08	2008-09
	HK\$'000	HK\$'000
<b>經營帳</b>		
個人薪酬		
薪金	1,654,634	1,767,910
津貼	47,234	45,442
工作相關津貼	6,890	7,345
<b>小計</b>	<b>1,708,758</b>	<b>1,820,697</b>
其他支出		
與員工有關連的開支	9,273	15,124
酬金及特別服務	7,801	7,895
一般部門開支	278,220	370,219
土地使用費	3,241	3,559
香港海關福利基金補助金	248	262
檢獲物品的管理	33,366	41,388
<b>小計</b>	<b>332,149</b>	<b>438,447</b>
<b>資本帳</b>		
機器、車輛及設備	-	21,681
小型機器、車輛及設備	12,079	7,669
<b>小計</b>	<b>12,079</b>	<b>29,350</b>
<b>合計</b>	<b>2,052,986</b>	<b>2,288,494</b>

Actual expenditure for 2007-08 and 2008-09

	Actual Expenditure	
	2007-08	2008-09
	HK\$'000	HK\$'000
<b>Operating Account</b>		
Personal Emoluments		
Salaries	1,654,634	1,767,910
Allowances	47,234	45,442
Job-related allowances	6,890	7,345
<b>Sub-total</b>	<b>1,708,758</b>	<b>1,820,697</b>
Other Expenses		
Personnel related expenses	9,273	15,124
Rewards and special services	7,801	7,895
General departmental expenses	278,220	370,219
Land usage cost	3,241	3,559
Grant to the Customs and Excise Service Welfare Fund	248	262
Seizure management	33,366	41,388
<b>Sub-total</b>	<b>332,149</b>	<b>438,447</b>
<b>Capital Account</b>		
Plant, vehicles and equipment	-	21,681
Minor plant, vehicles and equipment	12,079	7,669
<b>Sub-total</b>	<b>12,079</b>	<b>29,350</b>
<b>Total</b>	<b>2,052,986</b>	<b>2,288,494</b>

案件統計 (2007年)

條例	案件數目	拘捕人數	檢獲物品 估計總值 (千元)
抗生素	3	1	600.9
消費品安全	59	1	38.7
化學品管制	4	-	908.1
淫褻及不雅物品管制	377	81	9,368.3
版權	9 194	1 217	116,863.5
刑事罪行	7	8	1,440.5
香港海關	55	64	9,794.3
危險藥物	691	626	181,251.3
危險品	25	39	543.5
應課稅品	44 909	8 075	172,319.6
火器及彈藥	22	12	2,087.6
逃犯	3	4	16.5
氣體安全	1	-	2.6
入境	599	737	46,895.4
進出口	1 067	585	563,437.1
有組織及嚴重罪行	5	17	1,440.8
保護臭氧層	3	3	5.4
除害劑	2	2	597.1
藥劑業及毒藥	27	25	421.0
植物(進口管制及病蟲害控制)	21	21	4.1
警隊	1	-	458.8
郵政署	1	3	1.3
防止盜用版權	1	-	0.5
防止虐畜	3	3	4.1
保護瀕危動植物物種	123	102	4,169.1
非政府簽發產地來源證保障	13	1	303.2
公眾衛生及市政	3 434	240	1,415.9
公眾衛生(動物及禽鳥)	10	10	1.8
狂犬病	20	18	23.7
儲備商品	5	6	3.1
電訊	2	1	522.4
盜竊罪	3	-	2,938.2
玩具及兒童產品安全	133	-	142.6
商品說明	974	770	173,365.7
廢物處置	139	-	16,551.6
武器	36	11	1,743.6
度量衡	54	-	63.1
其他	62	106	0.6
<b>所有條例 *</b>	<b>60 735</b>	<b>11 640</b>	<b>1,137,386.2</b>

\* 實際案件數目。一宗案件可能牽涉多於一條法例。因此，法例總和與實際案件數目可能有差異。

Case Statistics (2007)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Antibiotics	3	1	600.9
Consumer Goods Safety	59	1	38.7
Control of Chemicals	4	-	908.1
Control of Obscene & Indecent Articles	377	81	9,368.3
Copyright	9 194	1 217	116,863.5
Crimes	7	8	1,440.5
Customs & Excise Service	55	64	9,794.3
Dangerous Drugs	691	626	181,251.3
Dangerous Goods	25	39	543.5
Dutiable Commodities	44 909	8 075	172,319.6
Firearms & Ammunition	22	12	2,087.6
Fugitive Offenders	3	4	16.5
Gas Safety	1	-	2.6
Immigration	599	737	46,895.4
Import & Export	1 067	585	563,437.1
Organized & Serious Crimes	5	17	1,440.8
Ozone Layer Protection	3	3	5.4
Pesticides	2	2	597.1
Pharmacy & Poisons	27	25	421.0
Plant (Importation & Pest Control)	21	21	4.1
Police Force	1	-	458.8
Post Office	1	3	1.3
Prevention of Copyright Piracy	1	-	0.5
Prevention of Cruelty to Animals	3	3	4.1
Protection of ES of Animals & Plants	123	102	4,169.1
Protection of Non-Govt. Cert. of Origin	13	1	303.2
Public Health & Municipal Services	3 434	240	1,415.9
Public Health (Animals & Birds)	10	10	1.8
Rabies	20	18	23.7
Reserved Commodities	5	6	3.1
Telecommunication	2	1	522.4
Theft	3	-	2,938.2
Toys & Children's Products Safety	133	-	142.6
Trade Descriptions	974	770	173,365.7
Waste Disposal	139	-	16,551.6
Weapons	36	11	1,743.6
Weights & Measures	54	-	63.1
Other Ordinances	62	106	0.6
<b>All Ordinances *</b>	<b>60 735</b>	<b>11 640</b>	<b>1,137,386.2</b>

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

案件統計 (2008年)

條例	案件數目	拘捕人數	檢獲物品 估計總值 (千元)
廣播	1	-	2.0
消費品安全	36	1	59.1
化學品管制	6	2	1,495.6
淫褻及不雅物品管制	41	27	2,726.4
版權	7 679	987	78,319.3
刑事罪行	2	1	1,016.1
香港海關	63	69	5,110.1
危險藥物	685	648	112,549.7
危險品	10	17	1,084.5
應課稅品	25 076	5 220	114,543.6
火器及彈藥	10	3	1,196.8
入境	532	651	34,685.5
進出口	867	483	618,939.3
有組織及嚴重罪行	8	30	1,163.6
除害劑	1	-	483.1
藥劑業及毒藥	34	54	949.5
植物(進口管制及病蟲害控制)	20	20	1.9
防止虐畜	3	3	2.1
保護瀕危動植物物種	123	88	9,349.2
非政府簽發產地來源證保障	12	1	66.0
公眾衛生及市政	3 475	2 504	846.1
公眾衛生(動物及禽鳥)	16	14	197.8
狂犬病	13	13	29.6
人事登記	4	4	0.8
儲備商品	6	-	225.7
電訊	4	1	308.0
玩具及兒童產品安全	238	-	13.4
商品說明	1 824	860	170,601.9
廢物處置	105	-	8,578.0
武器	14	4	2.0
度量衡	118	-	63.0
其他	44	37	3.7
<b>所有條例 *</b>	<b>40 165</b>	<b>10 737</b>	<b>1,084,908.8</b>

\* 實際案件數目。一宗案件可能牽涉多於一條法例。因此，法例總和與實際案件數目可能有差異。

Case Statistics (2008)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Broadcasting	1	-	2.0
Consumer Goods Safety	36	1	59.1
Control of Chemicals	6	2	1,495.6
Control of Obscene & Indecent Articles	41	27	2,726.4
Copyright	7 679	987	78,319.3
Crimes	2	1	1,016.1
Customs & Excise Service	63	69	5,110.1
Dangerous Drugs	685	648	112,549.7
Dangerous Goods	10	17	1,084.5
Dutiable Commodities	25 076	5 220	114,543.6
Firearms & Ammunition	10	3	1,196.8
Immigration	532	651	34,685.5
Import & Export	867	483	618,939.3
Organized & Serious Crimes	8	30	1,163.6
Pesticides	1	-	483.1
Pharmacy & Poisons	34	54	949.5
Plant (Importation & Pest Control)	20	20	1.9
Prevention of Cruelty to Animals	3	3	2.1
Protection of ES of Animals & Plants	123	88	9,349.2
Protection of Non-Govt. Cert. of Origin	12	1	66.0
Public Health & Municipal Services	3 475	2 504	846.1
Public Health (Animals & Birds)	16	14	197.8
Rabies	13	13	29.6
Registration of Person	4	4	0.8
Reserved Commodities	6	-	225.7
Telecommunication	4	1	308.0
Toys & Children's Products Safety	238	-	13.4
Trade Descriptions	1 824	860	170,601.9
Waste Disposal	105	-	8,578.0
Weapons	14	4	2.0
Weights & Measures	118	-	63.0
Other Ordinances	44	37	3.7
<b>All Ordinances *</b>	<b>40 165</b>	<b>10 737</b>	<b>1,084,908.8</b>

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

主要檢獲物品

條例 主要檢獲物品	2007		2008	
	數量	檢獲物品 估計總值(千元)	數量	檢獲物品 估計總值(千元)
<b>危險藥物</b>				
海洛英 (公斤)	26.65	13,475.9	43.27	27,774.5
大麻 (公斤)	262.98	14,232.8	79.07	7,545.2
氯胺酮 (公斤)	27.06	4,140.2	325.23	37,809.5
可卡因 (公斤)	182.41	129,305.8	38.57	27,753.4
甲基安非他明 (冰) (公斤)	42.00	17,767.1	14.21	8,487.8
搖頭丸 (片)	2 427	151.9	3 028	234.9
其他精神科藥物 (片)	27 092	628.3	19 956	846.8
<b>應課稅品<sup>(1)</sup></b>				
香煙 (千枝)	119 211.65	178,158.7	81 558.10	123,743.6
其他煙草 (公斤)	1 494.83	467.7	4 414.61	1,618.8
碳氫油類 (千公升)	950.15	7,165.2	283.29	3,610.6
酒類 (升)	53 699.65	14,148.8	24 703.76	3,102.9
<b>進出口</b>				
電視機 (台)	16	13.3	126	112.1
汽車 (輛) <sup>(2)</sup>	62	5,786.4	330	7,403.2
船隻 / 快艇 (艘)	43	5,647.8	30	1,350.0
<b>版權</b>				
光碟 (隻)	4 263 523	99,233.6	2 163 862	52,304.3
遊戲盒帶 (盒)	6 918	671.1	1 169	116.9
書刊 (本)	1 197	11.6	1 079	44.7
<b>冒牌貨品</b>				
成衣及配件 (件)	220 283	12,308.7	165 812	11,099.3
皮革製品 (件)	78 251	10,236.1	74 133	14,942.8
手錶及零件 (件)	106 962	20,209.3	636 072	33,504.4
鞋類 (對)	65 685	5,449.5	23 937	2,780.8
與藥品及醫療 有關 (件)	457 392	17,875.0	71 185	3,757.6
電子及電器產品 (件)	584 016	32,304.5	1 240 718	49,122.4
<b>其他</b>				
象牙及有關產品 (公斤)	164.67	373.5	2 710.72	5,596.9
炮竹 (公斤)	77.90	10.6	1.16	0.7
色情錄影帶/光碟 (件)	139 005	3,340.5	84 649	2,049.3
槍械及零件 (件)	13	12.5	3	0.6

Major Seized Items

Ordinance Major Seized Items	2007		2008	
	Quantity	Estimated value of seized items(HK\$'000)	Quantity	Estimated value of seized items(HK\$'000)
<b>Dangerous Drugs</b>				
Heroin (kg)	26.65	13,475.9	43.27	27,774.5
Cannabis (kg)	262.98	14,232.8	79.07	7,545.2
Ketamine (kg)	27.06	4,140.2	325.23	37,809.5
Cocaine (kg)	182.41	129,305.8	38.57	27,753.4
Methylamphetamine (kg)	42.00	17,767.1	14.21	8,487.8
MDMA (tab)	2 427	151.9	3 028	234.9
Other psychotropic drugs (tab)	27 092	628.3	19 956	846.8
<b>Dutiable Commodities<sup>(1)</sup></b>				
Cigarettes (mille)	119 211.65	178,158.7	81 558.10	123,743.6
Other tobacco (kg)	1 494.83	467.7	4 414.61	1,618.8
Hydrocarbon oil ('000 litre)	950.15	7,165.2	283.29	3,610.6
Liquor (litre)	53 699.65	14,148.8	24 703.76	3,102.9
<b>Import &amp; Export</b>				
Television sets (no.)	16	13.3	126	112.1
Vehicles (no.) <sup>(2)</sup>	62	5,786.4	330	7,403.2
Vessels / speedboats (no.)	43	5,647.8	30	1,350.0
<b>Copyright</b>				
Optical Discs (no.)	4 263 523	99,233.6	2 163 862	52,304.3
Games Cartridge (no.)	6 918	671.1	1 169	116.9
Book (no.)	1 197	11.6	1 079	44.7
<b>Counterfeit Goods</b>				
Garments and accessories (pc)	220 283	12,308.7	165 812	11,099.3
Leather goods (pc)	78 251	10,236.1	74 133	14,942.8
Watches and parts (no.)	106 962	20,209.3	636 072	33,504.4
Footwear (pair)	65 685	5,449.5	23 937	2,780.8
Pharmaceutical & medical related (no.)	457 392	17,875.0	71 185	3,757.6
Electronic & Electrical goods (no.)	584 016	32,304.5	1 240 718	49,122.4
<b>Others</b>				
Ivory & Related Product (kg)	164.67	373.5	2 710.72	5,596.9
Fireworks (kg)	77.90	10.6	1.16	0.7
Pornographic video tapes/ optical disc (no.)	139 005	3,340.5	84 649	2,049.3
Firearms and parts (no.)	13	12.5	3	0.6

(1) Include all ordinances

(2) Exclude dismantled/compressed vehicles and bicycles.

(1) 包括所有條例

(2) 不包括已拆散／壓縮的汽車及單車。

## 截停、搜查和道路檢查 Stop, Search and Road Checks

截查 Stop & search		2007	2008
1	在各出入口岸截查的人數 No. of persons stopped and searched at entry and exit points	56 699	72 410
<b>檢查車輛 Vehicle check</b>			
2	檢查的車輛數目 No. of vehicles intercepted and checked (i) 在各出入口岸 at entry and exit points (ii) 路障 during road block / road check operatio	834 606 18 740	958 745 8 031
3	設置路障的次數 No. of road block / road check operations	518	259

培訓及發展活動

項目	課程數目	
	2007	2008
<b>入職及持續培訓</b>		
入職課程:		
為見習督察提供的入職課程	3	0
為見習關員提供的入職課程	11	8
為助理貿易管制主任提供的入職課程	1	0
持續培訓課程:		
為見習督察提供的持續培訓課程	0	2
<b>職責才能</b>		
為海關部隊人員提供的培訓		
旅檢截查控制技巧教官訓練課程	0	1
紀律聆訊培訓課程(檢控員)	1	1
紀律聆訊培訓課程(審裁員)	1	1
經驗分享會(製備案件檔案)	0	1
進出口業務運作	5	0
紀律聆訊證據法課程	0	1
督察級法律培訓工作坊	2	1
國情研習與基本法研討會	1	0
入屋行動技巧實習課程	1	0
突擊行動技巧課程	1	5
了解平等機會研討會	1	0
拘捕程序導師培訓課程	1	0
錄影會面系統教官訓練課程	0	1
法庭舉證技巧訓練	0	1
旅檢截查控制技巧工作坊	0	1
衝突管理工作坊	5	2
步操教官訓練課程	1	1
槍械及特別設備訓練課程	132	108
使用伸縮警棍訓練		
控制戰略進階訓練		
使用胡椒噴劑訓練		
使用槍械訓練		
遊繩下降管理員訓練課程		
運動攀登訓練課程		
運動攀登教練訓練課程		
靶場管理訓練		
清潔槍械訓練		
HK MP5輕機槍訓練		
周年HK MP5輕機槍複修課程		
散彈槍訓練		
周年散彈槍複修課程		
HK 53輕機槍訓練		
周年HK 53輕機槍複修課程		
大腿手拔槍袋訓練		
大腿手拔槍袋複修課程		

Training and Development Activities

Programme	No. of classes	
	2007	2008
<b>Induction and Continuation</b>		
Induction Course:		
For probationary Inspectors	3	0
For probationary Customs Officers	11	8
For Assistant Trade Controls Officer	1	0
Continuation Course:		
For probationary Inspectors	0	2
<b>Functional Competency</b>		
For C&E Service members		
Control Tactics in Passenger Clearance Train-the-Trainer Course	0	1
Departmental Disciplinary Proceedings and Practices: The Prosecuting Officer's Perspective	1	1
Departmental Disciplinary Proceedings and Practices: The Adjudicating Officer's Perspective	1	1
Experience Sharing Session (Preparation of Case Bundle)	0	1
Import & Export Trade Practice	5	0
Law of Evidence for Disciplinary Proceedings	0	1
Legal Training Workshop for Inspectorate Officers	2	1
National Studies cum Basic Law Seminar	1	0
Practical exercise on 'Room Entry Tactics'	1	0
Raiding Techniques Course	1	5
Seminar of Valuing Diversity in the Workplace	1	0
Train-the-Trainer Course for Arrest Processing System	1	0
Train-the-Trainer Course on Video Interview System	0	1
Training Session on "Techniques in Giving Evidence in Court"	0	1
Workshop on Control Tactics in Passenger Clearance	0	1
Workshop on Conflict Management	5	2
Foot Drill Instructor Course	1	1
Firearms and special equipment training courses	132	108
Use of extendible baton		
Advanced control tactics		
Use of Oleoresin Capsicum foam		
Use of firearms		
Abseiling Supervisor Training course		
Sports Climbing Training course		
Sports Climbing Supervisor Training course		
Firing range management		
Arms cleaning		
HK MP5 sub-machine gun		
Annual HK MP5 sub-machine gun refresher		
Shotgun training course		
Annual shotgun refresher training course		
HK 53 sub-machine gun training course		
Annual HK 53 sub-machine refresher training course		
Thigh draw holster training course		
Thigh draw holster refresher training course		

<i>為海關部隊人員及貿易管制主任級人員提供的培訓</i>		
基本調查課程	0	1
証據搜集及情報處理課程	2	0
<i>為貿易管制主任級人員提供的培訓</i>		
情報分析及調查技巧課程	1	0
法律培訓深化課程	1	0
商品說明條例及相關運用技巧複修課程	4	0
出入口實務初階(一)	1	0
出入口實務初階(二)	1	0
船務文件系列—基礎編	1	0
商業實務知識	0	5
調查技巧-個案分享	0	2
商品說明(修訂)條例複修課程	0	10
<b>管理發展</b>		
<i>為海關部隊人員提供的培訓</i>		
關員級督導課程	4	2
關員發展課程	1	3
持廉守正研討會	0	3
<i>為海關部隊人員及貿易管制主任級人員提供的培訓</i>		
海關指揮課程	1	1
了解平等機會研討會	1	0
<i>為貿易管制主任級人員提供的培訓</i>		
發揮影响力和談判技巧	6	0
衝突處理工作坊	2	0
壓力管理及跨逆境闖高峰的3Q工作坊	2	0
職業安全講座	1	0
團隊建立/個人發展工作坊	2	0
公務員持廉守正講座	1	0
<b>溝通技巧</b>		
<i>為海關部隊人員提供的培訓</i>		
有效溝通技巧工作坊	0	2
為前線人員提供與工作有關的普通話課程	17	25
<i>為海關部隊人員及貿易管制主任級人員提供的培訓</i>		
初級普通話課程	2	2
中級普通話課程	4	7
<i>為貿易管制主任級人員提供的培訓</i>		
英文寫作技巧課程	1	0
簡化字研習課程	8	3
實用普通話課程	1	1
會議應用普通話課程	0	1
<b>為訪港海關人員提供的培訓</b>		
反走私及緝毒培訓課程	1	1
通關監管培訓課程	1	1
人力資源管理課程	1	0
知識產權保護培訓課程	1	0
風險評核及揀選目標工作坊	1	0
企業管理培訓課程	1	0

<i>For both C&amp;E Service members and TCOG officers</i>		
Basic Investigation Course	0	1
Evidence Collection and Intelligence Handling Course	2	0
<i>For TCOG officers</i>		
Intelligence analysis & Investigation Techniques	1	0
Legal Training Advanced Workshop	1	0
Refresher Course on TDO & Related Operation Skills	4	0
Practices of Import/Export (Elementary I)	1	0
Practices of Import/Export (Elementary II)	1	0
Shipping Documents - Fundamental of Shipping	1	0
Commercial Knowledge Course	0	5
Investigation Techniques Through Case Studies	0	2
Refresher Course on Trade Descriptions Ordinance (Amendment) 2008	0	10
<b>Management Development</b>		
<i>For C&amp;E Service members</i>		
COG Supervisory Course	4	2
Customs Officer Development Course	1	3
Integrity Awareness Seminar	0	3
<i>For both C&amp;E Service members and TCOG officers</i>		
Customs Command Course	1	1
Valuing Diversity in Workplace	1	0
<i>For TCOG officers</i>		
Effective Influencing and Negotiation Skills Course	6	0
Workshop on Conflict Management	2	0
Workshop on Managing Stress & 3Qs (IQ, EQ & AQ)	2	0
Seminar on Occupational Safety and Health	1	0
Team Building/Self Development Workshop	2	0
Integrity Training Workshop - Prevention of Bribery Ordinance	1	0
<b>Communication</b>		
<i>For C&amp;E Service members</i>		
Effective Communication Skills Workshop for Senior Inspectors	0	2
Job-related Putonghua for Frontline Officers	17	25
<i>For both C&amp;E Service members and TCOG officers</i>		
Elementary Putonghua Course	2	2
Intermediate Putonghua Course	4	7
<i>For TCOG officers</i>		
English Written Communication Course for TCOG Officers	1	0
Simplified Chinese Characters Course	8	3
Practical Putonghua Course	1	1
Putonghua in Meeting for TCOG Officers	0	1
<b>Training for Visiting Customs Officials</b>		
Anti-Smuggling and Narcotics Control Course	1	1
Customs Clearance Monitoring Course	1	1
Human Resources Management Course	1	0
Intellectual Property Rights Protection Course	1	0
Risk Assessment and Targeting Workshop	1	0
Enterprise Management Course	1	0