

CONTROLLING OFFICER'S REPLY

SB176

(Question Serial No. 1656)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (2) Anti-narcotics Investigation

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Security

Question:

It is mentioned under Programme (2) that the Customs and Excise Department (C&ED) will carry out surveillance, investigations and operations to combat organised drug syndicates and individual drug offenders. In this connection, please advise this Committee of:

1. the numbers of cases relating to organised drug syndicates, individual drug offenders, drug manufacturing workshops and drug distribution centres detected by C&ED in the past 3 years;
2. the numbers of persons arrested by C&ED for suspected drug trafficking in the past 3 years; and
3. the staff establishment and estimated expenditure involved in relation to the previous question.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 36)

Reply:

1. The numbers of drug manufacturing workshops and distribution centres cracked down by C&ED within Hong Kong in the past 3 years are as follows:

	2018	2019	2020
Drug manufacturing workshops	5	3	4
Distribution centres	14	10	5

2. The numbers of persons arrested by C&ED for suspected drug trafficking in the past 3 years are as follows:

	2018	2019	2020
Number of persons arrested	236	225	120

3. With regard to anti-narcotics investigation, C&ED will continue to closely monitor intelligence and information around the world, and conduct risk assessment and intelligence analysis as well as collaborate with other law enforcement agencies. With respect to the above, C&ED will adopt targeted strategies and deploy manpower flexibly in a timely manner, with a view to enhancing enforcement effectiveness. In 2018-19 and 2019-20, C&ED's actual expenditures under the Programme of "Anti-narcotics Investigation" were \$249 million and \$246 million respectively and the numbers of staff involved were 386 and 383 respectively; in 2020-21, the revised estimated expenditure is \$265 million and the number of staff involved is 383.

- End -

CONTROLLING OFFICER'S REPLY**SB177****(Question Serial No. 1657)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: Not specifiedControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for SecurityQuestion:

It is mentioned in the Operating Account of the Customs and Excise Department (C&ED) that its establishment as at 31 March 2021 would be 7 866 posts. In this connection, please advise this Committee of:

1. the total number of C&ED staff members who retired in each of the past 3 years;
2. the respective total numbers of applicants for the posts of Customs Officer and Inspector of Customs and Excise in the past 3 years with breakdowns by age, gender and academic qualification;
3. the respective numbers of persons employed as Customs Officer and Inspector of Customs and Excise in the past 3 years with breakdowns by age, gender and academic qualification;
4. the respective numbers of Customs Officers and Inspectors of Customs and Excise expected to be recruited in the next financial year; and
5. the staff establishment and estimated expenditure to be involved in the recruitment exercises in the next financial year.

Asked by: Hon CHOW Ho-ding, Holden (LegCo internal reference no.: 38)

Reply:

1. The numbers of staff members in C&ED who retired in the past 3 years are as follows-

Grade	2018-19	2019-20	2020-21 (as at 28 February 2021)
Superintendent/ Inspectorate Grade	28	28	19
Customs Officer Grade	126	116	81
Trade Controls Officer Grade	24	13	18
Other Grades	19	19	21
Total	197	176	139

2. The respective numbers of applicants for the posts of Inspector of Customs and Excise and Customs Officer in the past 3 years are tabulated below. C&ED does not maintain breakdowns of the relevant figures by age, gender and academic qualification.

Post	Number of Applicants		
	2018-19	2019-20	2020-21 (as at 28 February 2021)
Inspector of Customs and Excise	No open recruitment was conducted	9 273	7 397
Customs Officer	15 869	12 927	14 345

3. The numbers of Inspectors of Customs and Excise and Customs Officers newly recruited in the past 3 years, with breakdowns by age, are as follows-

Financial Year	Inspector of Customs and Excise (Number)				
	Aged under 25	Aged between 25 and 30	Aged between 31 and 35	Aged above 35	Total
2018-19	26	35	4	0	65
2019-20	4	11	1	0	16
2020-21 (as at 28 February 2021)	13	33	8	0	54

Financial Year	Customs Officer (Number)				
	Aged under 25	Aged between 25 and 30	Aged between 31 and 35	Aged above 35	Total
2018-19	394	444	34	0	872
2019-20	140	185	8	0	333
2020-21 (as at 28 February 2021)	61	91	6	0	158

The numbers of Inspectors of Customs and Excise and Customs Officers newly recruited in the past 3 years, with breakdowns by gender, are as follows-

Financial Year	Inspector of Customs and Excise (Number)		
	Male	Female	Total
2018-19	46	19	65
2019-20	12	4	16
2020-21 (as at 28 February 2021)	37	17	54

Financial Year	Customs Officer (Number)		
	Male	Female	Total
2018-19	723	149	872
2019-20	250	83	333
2020-21 (as at 28 February 2021)	109	49	158

The numbers of Inspectors of Customs and Excise and Customs Officers newly recruited in the past 3 years, with breakdowns by academic qualification, are as follows-

Financial Year	Inspector of Customs and Excise (Number)				
	Local University* Degrees	Non-local University Degrees	Sub-degrees/ Higher Diplomas	Others@	Total
2018-19	61	4	0	0	65
2019-20	14	1	1	0	16
2020-21 (as at 28 February 2021)	48	6	0	0	54

Financial Year	Customs Officer (Number)						
	Local University* Degrees	Non-local University Degrees	Sub-degrees/ Higher Diplomas	Yi Jin Diplomas	Level 2 in Five Subjects in the Hong Kong Diploma of Secondary Education Examination	Others @	Total
2018-19	115	101	339	149	147	21	872
2019-20	59	45	106	64	54	5	333
2020-21 (as at 28 February 2021)	24	26	50	28	26	4	158

* Local universities include the University of Hong Kong, the Chinese University of Hong Kong, the Hong Kong University of Science and Technology, City University of Hong Kong, the Hong Kong Polytechnic University, Hong Kong Baptist University, Lingnan University, the Open University of Hong Kong, the Education University of Hong Kong, Hong Kong Shue Yan University and the Hang Seng University of Hong Kong.

@ Others include university degrees conferred by tertiary education institutions other than local and non-local universities.

4 and 5. C&ED expects that around 90 Inspectors of Customs and Excise and 170 Customs Officers would be recruited in the financial year 2021-22 for filling vacancies. The manpower and resources involved in the recruitment exercises have been subsumed under the general operating expenditure. C&ED does not maintain a breakdown of the relevant figures.

- End -

CONTROLLING OFFICER'S REPLY

SB178

(Question Serial No. 1577)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Security

Question:

It is mentioned under Matters Requiring Special Attention in 2021-22 that the Customs and Excise Department (C&ED) will “plan for the commissioning of customs clearance services for passengers at Heung Yuen Wai Boundary Control Point”. According to a paper submitted by the Government to the Legislative Council, to ensure no disruption to the operation of cross-boundary goods vehicle trade, the Transport and Housing Bureau/Transport Department will discuss with the Shenzhen authorities to cease the cargo clearance service of Huanggang Port only after the commencement of 24-hour operation at Liantang/Heung Yuen Wai Control Point and sufficient supporting facilities at both Shenzhen Bay Port and Liantang/Heung Yuen Wai Control Point are available. In this regard, please advise this Committee of whether there is a timetable for the commissioning of customs clearance services for passengers at Liantang/Heung Yuen Wai Control Point.

Asked by: Hon LAU Kwok-fan (LegCo internal reference no.: 40)

Reply:

The passenger clearance facilities of C&ED at Heung Yuen Wai Boundary Control Point have been installed, and have passed the relevant tests. C&ED will timely provide customs clearance services for passengers at Heung Yuen Wai Boundary Control Point to fully tie in with the arrangements made by the Government.

- End -

CONTROLLING OFFICER'S REPLY

SB179

(Question Serial No. 0214)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (2) Anti-narcotics Investigation

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Security

Question:

With the growing development of e-commerce, smuggling by using postal packets and express parcels has become the more popular method of drug trafficking in recent years. According to the statistics compiled by the Customs and Excise Department (C&ED), for air cargo alone, a total of 962 cases with 2.51 tonnes of smuggled dangerous drugs worth \$1.37 billion were seized in 2020, representing an increase of 72% and 124% respectively when compared with the number of cases and quantity of seizure in 2019. In this connection, will additional manpower be deployed, including experienced investigators, members of dedicated task force and canine unit, and additional resources be injected, including launching of the Customs Canine Breeding Programme? If yes, what are the staff establishment and the estimated operating expenditure involved?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 77)

Reply:

C&ED has all along been deploying resources flexibly to respond to the changing modus operandi of smuggling. Noting the trend of increase in the number of smuggling cases involving postal packets and express parcels, C&ED started targeting contrabands smuggled through such channels in 2018. Experienced investigators have also been mobilised to form dedicated task forces for intelligence collection, in-depth analysis and enhanced enforcement operations in relation to syndicate-level smuggling. In 2020, with the outbreak of the COVID-19 pandemic, restrictions were imposed on passenger passage services at boundary control points and the Airport, and more stringent quarantine and monitoring measures were introduced for cross-boundary drivers. Smugglers thus shifted to the use of air and sea cargo shipments for smuggling and drug trafficking. In view of the above, C&ED flexibly redeployed officers from boundary control points to reinforce cargo clearance at different channels and intercept the inflow of dangerous drugs, particularly targeting air and sea cargoes.

Moreover, in 2019, C&ED upgraded its canine units to the Customs Canine Force and started carrying out canine breeding programme and professional training with a view to fostering

the long-term and sustainable development of the Canine Force. In 2020, C&ED launched the Customs Canine Breeding Programme with the birth of the first batch of six self-bred puppies. These dogs will, after receiving training, assist in customs clearance and drug-detection within this year.

C&ED will continue to closely monitor intelligence and information around the world, and conduct risk assessment and intelligence analysis as well as collaborate with other law enforcement agencies. With respect to the above, C&ED will adopt targeted strategies and deploy manpower flexibly in a timely manner and step up enforcement against smuggling and drug trafficking activities, with a view to enhancing enforcement effectiveness. There is no breakdown on the manpower deployed and estimated expenditure.

- End -

CONTROLLING OFFICER'S REPLY

SB180

(Question Serial No. 0301)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Security

Question:

In recent years, there has been an increase in cases involving firearms in Hong Kong. From 2016 to 2019, the Customs and Excise Department (C&ED) detected a total of 24 such cases. In the year 2020 alone, the number of cases rocketed to 35, representing a year-on-year increase of 28 cases or 400%, involving over 550 firearm component parts. The situation is worrying. Will the Bureau provide and deploy extra manpower to tackle this issue, or devote additional resources to procure advanced inspection equipment, such as Raman spectrometers, portable trace contraband detectors and density detectors? If yes, what are the manpower establishment and the estimated operating expenditure involved?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 78)

Reply:

C&ED has all along been closely monitoring intelligence around the world with a view to effectively combating the smuggling of firearms and ammunition. In light of the recent surge in the number of smuggling cases involving suspected genuine firearms and their component parts, C&ED has fully enhanced relevant risk profiling and intelligence analysis and stepped up inspection at the air, land, and sea boundary control points to target high-risk incoming and outgoing passengers, cargoes, postal packets and conveyances through flexible deployment of manpower. Meanwhile, C&ED collaborates with local, other regional and international law enforcement agencies and adopts targeted operational strategies in a timely manner, so as to ensure that intelligence on firearms smuggling is followed up immediately. C&ED currently does not plan to seek extra manpower specifically for combating smuggling of firearms and ammunition, but will review operational needs from time to time to ensure enforcement effectiveness.

In addition, C&ED has introduced a variety of advanced inspection devices and equipment in recent years, such as trace contraband detectors, Raman spectrometers and dual-technology X-ray checkers, etc., to assist frontline officers in the detection of various types of contrabands. To further strengthen its capability in detecting firearms, ammunition and other smuggled items, C&ED is also working to introduce firearms detector dogs and procure other advanced inspection equipment, including computed tomography (CT) scanners with

artificial intelligence, and installing auto-detection devices on existing X-ray checkers at boundary control points.

The resources involved in the work above have been subsumed under the general operating expenditure. C&ED does not maintain a breakdown of the relevant figures.

- End -

CONTROLLING OFFICER'S REPLY

SB181

(Question Serial No. 0418)

Head: (31) Customs and Excise Department
Subhead: ()
Programme: (1) Control and Enforcement
Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)
Director of Bureau: Secretary for Security

Question:

According to the statistics of the Customs and Excise Department (C&ED), there was generally an upward trend in the total number of smuggling cases in recent years, with a surge of 48% from 21 021 cases in 2016 to 31 122 cases in 2019. The value of goods and articles seized was around \$1.23 billion in 2016, and rose to around \$1.73 billion in 2019. Will the Department acquire advanced equipment and deploy necessary manpower in the coming year to enforce the law and respond to the changing smuggling trends? If so, what are the staff establishment and the estimated operating expenditure involved?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 76)

Reply:

C&ED has all along been deploying a multi-pronged enforcement strategy to combat smuggling. By adopting a risk-based and intelligence-led mode of operation, C&ED aims to strike a right balance between facilitation of the passenger/cargo flow and effective enforcement. In view of the changing smuggling trends, C&ED will continue to adopt targeted investigation strategies, strengthen its corresponding enforcement efforts and deploy manpower flexibly to support customs clearance at different channels so as to combat various kinds of smuggling activities. C&ED plans to procure advanced inspection devices and equipment in 2021-22, including computed tomography (CT) scanners with artificial intelligence, trace contraband detectors and installing auto-detection devices on existing X-ray checkers at boundary control points, so as to enhance enforcement capabilities and improve the efficiency of customs clearance.

The manpower and resources involved in the work above have been subsumed under the general operating expenditure. C&ED does not maintain a breakdown of the relevant figures.

- End -

CONTROLLING OFFICER'S REPLY**SB182****(Question Serial No. 1588)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (1) Control and EnforcementControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for SecurityQuestion:

The value of seizures of articles other than dutiable commodities seized by the Customs and Excise Department (C&ED) increased from around \$390 million in 2019 to around \$750 million in 2020. Will the Department advise this Committee of -

1. the relevant reasons and whether there was any impact on the workload and staff establishment of the Department, as well as the Government expenditure? If yes, what are the details; and
2. the types and values of the seized articles concerned in the past 2 years in table form?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 29)Reply:

With the outbreak of the COVID-19 pandemic, smugglers shifted to the use of air and sea cargo shipments for larger-scale smuggling for benefit in 2020. C&ED correspondingly stepped up its enforcement efforts and the value of articles seized under the Programme of "Control and Enforcement" increased substantially. The types and values of articles other than dutiable commodities seized in 2019 and 2020 are tabulated as follows -

Type of Articles Seized	Total Value of Seizures	
	2019	2020
Food	Around \$38 million	Around \$175 million
Meat	Around \$68 million	Around \$126 million
Electrical and electronic goods	Around \$62 million	Around \$118 million
Animals and plants (including endangered species)	Around \$132 million	Around \$91 million
Computer products and accessories	Around \$34 million	Around \$53 million
Chemicals, antibiotics and pharmaceutical products	Around \$24 million	Around \$49 million
Cosmetics	Around \$1.44 million	Around \$37 million
Clothing, shoes and leather goods	Around \$5 million	Around \$21 million
Other articles	Around \$26 million	Around \$80 million
Total:	Around \$390 million	Around \$750 million

In view of the changing smuggling trends, C&ED will continue to adopt targeted investigation strategies, strengthen its corresponding enforcement efforts and deploy manpower flexibly to support customs clearance at different channels so as to combat various kinds of smuggling activities. The manpower and resources involved in the work above have been subsumed under the general operating expenditure. C&ED does not maintain a breakdown of the relevant figures.

- End -

CONTROLLING OFFICER'S REPLY

SB183

(Question Serial No. 3085)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (2) Anti-narcotics Investigation

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Security

Question:

The Customs and Excise Department (C&ED) will continue to step up enforcement actions against drug trafficking via airport and land boundary control points through closer co-operation with the Mainland authorities and overseas counterparts. How many drug trafficking cases were detected at the airport and various land boundary control points respectively in 2020-21, and what were the quantities and values of drugs involved? How would the Mainland authorities assist and co-ordinate with C&ED in carrying out the relevant enforcement work? What specific measures are expected to be taken in 2021-22 to step up enforcement actions against drug trafficking via the airport and land boundary control points? What are the details of these measures, and the manpower and expenditure to be involved?

Asked by: Hon YUNG Hoi-yan (LegCo internal reference no.: 29)

Reply:

In 2020, the number of dangerous drugs cases detected as well as the quantity and total value of dangerous drugs seized by C&ED at the Hong Kong International Airport (HKIA) and land boundary control points are as follows -

	HKIA	Land Boundary Control Points
Number of Cases	1 002	59
Quantity of Dangerous Drugs Seized	2 672 kg	69 kg
Total Value of Dangerous Drugs Seized	\$1.54 billion	\$54.1 million

C&ED has established designated intelligence liaison points with the Mainland's law enforcement agencies for maintaining close liaison among dedicated officers of relevant parties, and enhancing the efficiency of intelligence exchange on drug trafficking in both places. The Customs authorities on both sides also conduct joint operations at boundary control points from time to time to combat drug trafficking activities. C&ED will continue to closely monitor intelligence and information around the world, and conduct risk assessment and intelligence analysis as well as collaborate with other law enforcement agencies. With respect to the above, C&ED will adopt targeted strategies and deploy manpower flexibly in a timely manner and step up enforcement against drug trafficking activities, with a view to enhancing enforcement effectiveness. The manpower and resources involved in the above work have been subsumed under the general operating expenditure. C&ED does not maintain a breakdown of the relevant figures.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)196

(Question Serial No. 0761)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) -
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)
Director of Bureau: Secretary for Commerce and Economic Development

Question:

Please list the numbers of inspections, complaints and arrests in relation to anti-epidemic products last year.

Regarding cases suspected of contravening the Trade Descriptions Ordinance (TDO), please list the number of prosecutions and total value of goods by types of products involved.

Asked by: Hon CHENG Chung-tai (LegCo internal reference no.: 57)

Reply:

The Customs and Excise Department (C&ED) launched a large-scale territory-wide special operation codenamed "Guardian" on 27 January 2020 to conduct inspections, test purchases and examinations of surgical masks and other anti-epidemic products for sale on the market in various districts to ensure that these products comply with the Trade Descriptions Ordinance (TDO) and the Consumer Goods Safety Ordinance (CGSO). As at end of February 2021, during 399 consecutive days of operation, more than 6 600 officer-deployments have been made by C&ED to conduct over 40 000 inspections at retail spots that sell surgical masks and other anti-epidemic products. The officers have also test-purchased more than 790 types of surgical masks for sale on the market for tests on bacterial counts, more than 40 types of hand sanitiser for safety tests, and more than 110 types of disinfectant alcohol for tests on their composition.

During the operation, C&ED has detected a total of 39 cases in which traders were suspected of contravening the TDO and CGSO when supplying anti-epidemic products, arrested a total of 99 persons involved, and seized more than 6.56 million surgical masks, 317 bottles of disinfectant alcohol and 23 bottles of normal saline with an estimated total market value of over \$38 million. As at end of February 2021, there have been a total of 8 successful prosecutions, in which the traders and persons involved have been fined between \$2,000 and \$40,000, and the surgical masks involved with an estimated market value of about \$380,000 have been confiscated. The remaining cases are still under investigation.

The operation “Guardian” will continue and C&ED will take appropriate enforcement action against traders whose selling practice is found to be in potential violation of the relevant legislation.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)197

(Question Serial No. 1092)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) -
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)
Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding Matters Requiring Special Attention in 2021-22, the Customs and Excise Department will continue to strengthen the co-operative alliance with the industries and enforcement agencies in detecting online sale of infringing goods. What are the specific plans for the related work, and the expenditure and manpower to be involved? What was the expenditure on such work in 2020-21 and how effective was the work?

Asked by: Hon CHUNG Kwok-pan (LegCo internal reference no.: 22)

Reply:

The Customs and Excise Department (C&ED) has been closely monitoring the latest trend of intellectual property rights (IPR) infringing activities on the Internet and the related technology crimes, and would timely review the strategy and effectiveness of its enforcement work. As a result of the continuous and vigorous enforcement actions taken by C&ED, the IPR infringement situation in the local market is now substantially under control.

The cases of online sale of IPR infringing goods detected by C&ED last year mainly involved the sale of counterfeit goods through social media platforms and online community market places. Currently, C&ED has 3 anti-Internet piracy teams dedicated to online investigation; and has established the Electronic Crime Investigation Centre to enhance the capabilities of anti-Internet piracy team members in online investigation and evidence collection. Moreover, C&ED has set up various online monitoring systems to automatically conduct round-the-clock cyber patrols and detect online IPR infringing activities, with a view to further enhancing the effectiveness of its enforcement work.

Details of online IPR infringing cases detected by C&ED in 2020 are as follows:

Number of cases	76 cases
Total value of seizures	\$3.5 million
Number of successful prosecutions (Note)	117 cases
Penalties imposed by the Court (Note)	Fine: \$500 - \$30,000; Community service order: 40 - 160 hours; Imprisonment: 14 days - 3 months

Note: Cases with trial concluded in 2020

In addition to vigorous enforcement, C&ED has been maintaining close collaboration with network service providers in striving to remove messages, links or users that have been confirmed as infringing IPR. C&ED has also been working in alliance with online platform operators and trademark owners to monitor IPR infringing activities on the Internet and to step up promotion and education work.

In 2020-21, there were a total of 44 C&ED officers dedicated to the investigation of IPR infringing activities on the Internet, and the related salary expenditure was about \$20.83 million. In 2021-22, the resources and manpower devoted by C&ED to the relevant work will be similar to the existing level, and C&ED will continue to take action against IPR offences through flexible deployment of existing resources and manpower.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)198****(Question Serial No. 2200)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

With regard to the prevention and detection of copyright and trade mark infringement, please advise this Committee of the following:

(a) What were the numbers of online infringing activities detected; the products involved and their market values; the numbers of persons arrested, prosecuted and convicted; as well as the maximum and minimum penalties imposed in the past 5 years? (Please list the above information by year)

(b) Regarding strengthening law enforcement and publicity education related to intellectual property rights, what are the Government's future work plans and timetables, as well as the expenditure and manpower to be involved?

Asked by: Hon NG Wing-ka, Jimmy (LegCo internal reference no.: 323)

Reply:

Details of online intellectual property rights (IPR) infringing cases detected by the Customs and Excise Department (C&ED) in the past 5 years are as follows:

	2016	2017	2018	2019	2020
Number of cases	201	202	207	203	76*
Number of persons arrested	227	242	246	240	94

	2016	2017	2018	2019	2020
Total value of seizures (mostly leather products, clothing and accessories)	\$1.8 million	\$2.6 million	\$3.5 million	\$2.8 million	\$3.5 million
Number of persons convicted (Note)	175	160	157	146	119
Amount of fines	\$500-\$90,000	\$300-\$30,000	\$500-\$25,000	\$500-\$18,000	\$500-\$30,000
Length of Community Service Order	30-160 hours	40-240 hours	40-160 hours	50-160 hours	40-160 hours
Term of imprisonment	7 days-8 months	3-27 months	28 days-2 months	3 months	14 days-3 months

Note: Cases with trial concluded during the year.

* Due to the COVID-19 pandemic, cases of online sale of IPR infringing goods involving face-to-face delivery had decreased correspondingly.

Currently, C&ED has 3 anti-Internet piracy teams dedicated to online investigation; and has established the Electronic Crime Investigation Centre to enhance the capabilities of anti-Internet piracy team members in online investigation and evidence collection. Moreover, C&ED has set up various online monitoring systems to automatically conduct round-the-clock cyber patrols and detect online IPR infringing activities, with a view to further enhancing the effectiveness of its enforcement work. In 2020-21, there were a total of 44 C&ED officers dedicated to the investigation of IPR infringing activities on the Internet, and the related salary expenditure was about \$20.83 million. In 2021-22, the resources and manpower devoted by C&ED to the relevant work will be similar to the existing level, and C&ED will continue to take action against IPR offences through flexible deployment of existing resources and manpower.

In addition to vigorous enforcement, C&ED has been maintaining close collaboration with network service providers in striving to remove messages, links or users that have been confirmed as infringing IPR; and working in alliance with online platform operators and trademark owners to monitor IPR infringing activities on the Internet. C&ED has also been stepping up promotion and education work to enhance the public's awareness of IPR protection and consumer rights through various channels, including organising seminars and thematic talks from time to time in collaboration with the Intellectual Property Department, the Consumer Council, industry associations, major chambers of commerce and relevant Government departments. In 2021-22, C&ED will continue the work in this area. Since the expenditure involved has been subsumed within the Department's provision, it is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)199****(Question Serial No. 2418)**

Head: (31) Customs and Excise Department

Subhead: (-) -

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the enforcement of the Trade Descriptions Ordinance (TDO) by the Customs and Excise Department (C&ED), will the Government advise this Committee of:

- (a) the number of spot checks conducted by C&ED under the TDO in 2020;
- (b) the figures in relation to C&ED's enforcement against the relevant offences under the TDO (including but not limited to the numbers of complaints, investigations and prosecutions) in 2020?

Asked by: Hon OR Chong-shing, Wilson (LegCo internal reference no.: 53)

Reply:

Customs and Excise Department (C&ED) officers will conduct spot checks on traders to verify if they have complied with the Orders under the Trade Descriptions Ordinance (TDO) for provision of information on stones, precious metals and regulated electronic products, as well as the requirements on trade descriptions and trade practices. C&ED sets an annual indicator for spot checks. In 2020, the actual number of spot checks conducted by C&ED in relation to the enforcement of the TDO is 1 936.

The figures in relation to C&ED's enforcement of the TDO in 2020 are as follows:

Type of offence	Breakdown of figures		
	Number of complaints	Number of investigations	Number of prosecutions
False trade descriptions	7 541	106	37
Misleading omissions	159	1	6
Aggressive commercial practices	185	4	10
Bait advertising	17	0	0
Bait and switch	7	0	0

Type of offence	Breakdown of figures		
	Number of complaints	Number of investigations	Number of prosecutions
Wrongly accepting payment	2 380	28	37
Other offences under the TDO [^]	18	3	4

Note: [^]Such as the offences under sections 4 and 12 of the TDO.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)200

(Question Serial No. 0684)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As indicated in Matters Requiring Special Attention in 2021-22, the Department will upgrade the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights. What are the specific measures to be taken? What are the staff establishment and expenditure involved?

Asked by: Hon QUAT Elizabeth (LegCo internal reference no.: 22)

Reply:

The Customs and Excise Department (C&ED) has been closely monitoring the latest trend of intellectual property rights (IPR) infringing activities on the Internet and the related technology crimes, and would timely review the strategy and effectiveness of its enforcement work. Currently, C&ED has 3 anti-Internet piracy teams dedicated to online investigation; and has established the Electronic Crime Investigation Centre to enhance the capabilities of anti-Internet piracy team members in online investigation and evidence collection. Moreover, C&ED has set up various online monitoring systems to automatically conduct round-the-clock cyber patrols and detect online IPR infringing activities, with a view to further enhancing the effectiveness of its enforcement work. In 2020-21, there were a total of 44 C&ED officers dedicated to the investigation of IPR infringing activities on the Internet, and the related salary expenditure was about \$20.83 million. In 2021-22, the resources and manpower devoted by C&ED to the relevant work will be similar to the existing level, and C&ED will continue to take action against IPR offences through flexible deployment of existing resources and manpower.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)201****(Question Serial No. 1590)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

The Customs and Excise Department (C&ED) indicates that it will continue to strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services in 2021-22. Will the Department advise this Committee of:

1. the numbers of the relevant offences and unfair practices detected and prosecuted in each of the past 3 years (with a breakdown in table form); and
2. the staff establishment and the estimated expenditure for the relevant work.

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 31)Reply:

The figures in relation to the Customs and Excise Department's (C&ED) enforcement of the Trade Descriptions Ordinance (TDO) in the past 3 years are as follows:

Type of offence	Breakdown of figures	2018	2019	2020
False trade descriptions	Number of complaints	9 021	6 520	7 541
	Number of investigations	89	106	106
	Number of prosecutions*	34	49	37
Misleading omissions	Number of complaints	278	456	159
	Number of investigations	5	6	1
	Number of prosecutions*	10	6	6
Aggressive commercial practices	Number of complaints	312	602	185
	Number of investigations	13	21	4
	Number of prosecutions*	0	26	10

Type of offence	Breakdown of figures	2018	2019	2020
Bait advertising	Number of complaints	9	18	17
	Number of investigations	0	2	0
	Number of prosecutions*	0	2	0
Bait and switch	Number of complaints	3	7	7
	Number of investigations	2	1	0
	Number of prosecutions*	3	0	0
Wrongly accepting payment	Number of complaints	1 195	626	2 380
	Number of investigations	16	4	28
	Number of prosecutions*	5	2	37
Other offences under the TDO [^]	Number of complaints	0	4	18
	Number of investigations	17	8	3
	Number of prosecutions*	14	8	4

Note: [^]Such as the offences under sections 4 and 12 of the TDO.

*As some prosecutions were initiated in earlier years, the total number of cases may be higher/lower than the number of investigations initiated in the same year.

Currently, there are 231 C&ED officers responsible for the enforcement of the TDO, involving an expenditure of about \$127 million in 2021-22.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)202

(Question Serial No. 1806)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) -
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)
Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. In each of the past 5 years, what were the manpower and resources devoted by the Customs and Excise Department in detecting online sale of infringing goods and Internet and electronic crimes relating to intellectual property rights infringement?
2. Regarding Question 1, how effective was the work in each year during the period, including the types of enforcement action, the amount of money involved in the goods seized / crimes, etc.? Please set out the details in table form.

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 71)

Reply:

The Customs and Excise Department (C&ED) has been closely monitoring the latest trend of intellectual property rights (IPR) infringing activities on the Internet and the related technology crimes, and would timely review the strategy and effectiveness of its enforcement work. As a result of the continuous and vigorous enforcement actions taken by C&ED, the IPR infringement situation in the local market is now substantially under control.

Details of the manpower and resources devoted by C&ED in detecting online sale of infringing goods and Internet and electronic crimes relating to IPR infringement, as well as the online IPR infringement cases detected in the past 5 years are as follows:

	2016	2017	2018	2019	2020
Manpower	50	45	45	45	44
Salary expenditure involved	\$19.23 million	\$18.75 million	\$20.1 million	\$21.13 million	\$20.83 million
Number of cases	201	202	207	203	76*
Number of persons arrested	227	242	246	240	94
Total value of seizures (mostly leather products, clothing and accessories)	\$1.8 million	\$2.6 million	\$3.5 million	\$2.8 million	\$3.5 million

* Due to the COVID-19 pandemic, cases of online sale of IPR infringing goods involving face-to-face delivery had decreased correspondingly.

- End -

CONTROLLING OFFICER'S REPLY**CEDB(CIT)203****(Question Serial No. 1807)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (5) Trade ControlsControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

In the coming year, the Customs and Excise Department (C&ED) will maintain effective enforcement actions on strategic trade controls by strengthening disposal checks and outreaching programmes. Please advise this Committee of:

1. the manpower and resources involved in the relevant work and operations in each of the past 5 years; and
2. the number of cases of contravention of controls detected each year, and the goods and the amount of money involved in table form.

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 72)Reply:

In 2020-2021, apart from the staff responsible for on-site examination of cargoes at entry and exit points, a total of 63 C&ED officers are dedicated to the implementation of strategic trade controls, the control of provision of services to assist in the development of weapons of mass destruction, and the enforcement work against the supply, sale or transfer of arms and other items subject to sanction under the United Nations Sanctions Ordinance, involving a salary expenditure of around \$40.9 million. As the enforcement duties in relation to strategic trade controls are part of the many enforcement duties of the above-mentioned personnel, the relevant manpower and resources involved cannot be quantified separately.

Statistics on cases detected by C&ED in relation to contravention of strategic trade controls in the past 5 years (2016-2020) are tabulated below:

	2016	2017	2018	2019	2020
Number of cases detected	93	107	116	157	163
Total value of seizures* (\$ million)	154.18	4.58	13.74	20.13	27.5

* The goods involved are mostly integrated circuits, information security systems/equipment, etc.

- End -

CONTROLLING OFFICER'S REPLY

CEDB(CIT)204

(Question Serial No. 2254)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) -
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)
Director of Bureau: Secretary for Commerce and Economic Development

Question:

1. As regards spot checks on fair trading in articles (trade descriptions), there were 1 936 spot checks last year, less than the 4 018 spot checks conducted in the year before last year. What are the reasons? The estimated number of spot checks this year will increase to around 4 000 again. Is there sufficient manpower for the relevant work?
2. The provision for this year is \$74.7 million (16.9%) higher than the revised estimate. This is mainly due to the increased operating expenses. Which aspect of work will incur the increased operating expenses?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 25)

Reply:

Customs and Excise Department (C&ED) officers will conduct spot checks on traders to verify if they have complied with the Orders under the Trade Descriptions Ordinance for provision of information on stones, precious metals and regulated electronic products, as well as the requirements on trade descriptions and trade practices. C&ED sets an annual indicator for spot checks. In 2020, the original indicator for the number of spot checks was 4 000. The decrease in the actual number of spot checks and those targeting trade and exhibition activities was attributable to cancellations of trade and exhibition activities originally scheduled to be held last year due to the COVID-19 outbreak. Considering that the epidemic situation may start to be under control later this year, it is estimated that travel, trade and exhibition activities may resume gradually. Therefore, the indicator for the number of spot checks on fair trading in articles (trade descriptions) in 2021 is maintained at 4 000. C&ED will ensure that sufficient manpower is provided for discharging the relevant duties.

Under Programme (3), the provision for 2021-22 is higher than the revised estimate for 2020-21. It is mainly due to the decrease (8.2%) in the revised estimate for 2020-21 against the original estimate for the same year. With the onset of the COVID-19 outbreak,

C&ED had postponed all overseas activities such as duty visits and training. General procurement was also delayed. In addition, the plans for filling new vacancies were postponed. Therefore, the revised estimate for 2020-21 is lower than the original estimate by around 8.2% (mainly includes the expenditure on personal emoluments and departmental expenses, etc.). In preparing the estimate for 2021-22, C&ED considered that the epidemic situation may start to be under control later this year, so the operation would generally resume normal. Besides, new vacancies arising in mid-year of 2020-21 would be filled in 2021-22. Therefore, although the estimate for 2021-22 (including the full-year effect due to filling of new vacancies) is higher than the revised estimate for 2020-21 by 16.9%, it is higher than the original estimate for 2020-21 by only 7.4%. This is mainly due to increased expenditure on manpower and operating expenses.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0637)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards enhancing the efficiency of cargo transportation and facilitating customs clearance, please inform this Committee of the latest progress of the work below, the work plans in 2021-22 and the estimated expenditure involved:

1. Enhancing the efficiency of cargo clearance;
2. Operation of the electronic Road Cargo System;
3. Operation of the Inter-modal Transshipment Facilitation Scheme;
4. Single E-lock Scheme;
5. Free Trade Agreement Transshipment Facilitation Scheme; and
6. Hong Kong Authorized Economic Operator Programme.

Asked by: Hon YICK Chi-ming, Frankie (LegCo internal reference no.: 44)

Reply:

In 2021-22, the Customs and Excise Department (C&ED) will continue to enhance customs clearance efficiency for facilitating cross-boundary cargo flow. The latest progress of various customs clearance facilitation measures and their work plans in 2021-22 are as follows:

To further facilitate cargo flow between Hong Kong and the Mainland, cargo clearance service at the Heung Yuen Wai Boundary Control Point commenced on 26 August 2020, and round-the-clock cargo clearance service has also been provided at the Shenzhen Bay Boundary Control Point since 10 December 2020. C&ED will continue to enhance different electronic customs clearance platforms (including the Air Cargo Clearance System and the Road Cargo System), make use of big data analytics and artificial intelligence to facilitate risk management and introduce more advanced inspection equipment, including Raman Spectrometers, Gantry type X-ray Vehicle Inspection System, Computed Tomography Scanners with artificial intelligence functions etc. Moreover, C&ED will

continue to promote and develop various cargo clearance facilitation schemes, and closely liaise with the trade to coordinate arrangements on customs clearance.

The Road Cargo System (ROCARS) is an electronic advance cargo information system used for road cargo customs clearance. The ROCARS has been operating smoothly since its implementation, and the trade can enjoy seamless cargo clearance service at six land boundary control points (including Lok Ma Chau, Man Kam To, Sha Tau Kok, Shenzhen Bay, Hong Kong-Zhuhai-Macao Bridge and Heung Yuen Wai which commenced operation on 26 August 2020). C&ED will continue to enhance the system functions to provide stable and reliable services for the trade.

The Single E-lock Scheme (SELS) connects the Inter-modal Transshipment Facilitation Scheme of C&ED with the Speedy Customs Clearance System of the Mainland Customs, and facilitates cargo flow between Hong Kong and the Mainland and enhance clearance efficiency by means of electronic locks and Global Positioning System devices. Extension of the SELS to the new Heung Yuen Wai Boundary Control Point further facilitates cross boundary cargo flow to and from the clearance points in the eastern Guangdong. In 2020, 12 new clearance points were added under the SELS, expanding the SELS' clearance point network to 76. With a new clearance point at the Hong Kong International Airport Air Mail Centre (AMC), the number of clearance points in Hong Kong had increased from 12 to 13. The number of clearance points in Guangdong also increased from 52 to 63, covering all nine Mainland municipalities of the Guangdong-Hong Kong-Macao Greater Bay Area. The expanded clearance point network provides the trade with 819 cross-boundary route options. With new clearance points at the AMC in Hong Kong and Guangdong mail processing centres set up by C&ED and the Guangdong Customs respectively, the coverage of the SELS had been extended from cargo to China Post's Mainland postal items passing through Hong Kong. C&ED will continue to further promote trade participation in the SELS, including organising promotional activities in the Guangdong Province to encourage the logistics industry to join the SELS; strengthening exchanges with the trade and the Mainland Customs to further explore the feasibility of enhancing the SELS; and studying further improvements to the design and system of the SELS to enhance efficiency.

Through the Free Trade Agreement Transshipment Facilitation Scheme (FTA Scheme), C&ED provides customs supervision service and issues Certificate of Non-manipulation to facilitate transshipment cargoes passing through Hong Kong to apply for preferential tariffs under free trade agreements signed between the Mainland and her trading partners. Since 24 June 2020, traders can submit online applications for Certificate of Non-manipulation through the Trade Single Window electronic platform, which helps save time and operating cost. Starting from 1 October 2020, the Government waived charges under the FTA Scheme for one year so as to reduce the trade's operating costs. Also, C&ED has continued to explore streamlined procedures and extension of service scope for the FTA Scheme, including actively liaising with Mainland authorities on the inclusion of the Regional Comprehensive Economic Partnership (RCEP) into the FTA Scheme after the RCEP comes into effect.

The Hong Kong Authorized Economic Operator (HKAEO) Programme is a voluntary accreditation scheme. As at February 2021, 70 local companies have been accredited as HKAEOs, who are eligible for customs facilitation such as reduced inspection and prioritized clearance. Meanwhile, C&ED has signed mutual recognition arrangements (MRAs) with 12 economies, namely the Mainland of China, India, Korea, Singapore,

Thailand, Malaysia, Japan, Australia, New Zealand, Israel, Canada and Mexico. The MRAs are being implemented gradually. In the coming year, C&ED will continue to discuss MRAs with other trading partners of Hong Kong.

The above work will be carried out by C&ED with existing manpower and resources. The related expenditure is subsumed under the establishment of and provision for C&ED. It is difficult to quantify such expenditure separately.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)001

(Question Serial No. 2665)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise this Committee of the following:

1. The numbers of cases involving duty-not-paid cigarettes and the quantities of illicit cigarettes detected by the Customs and Excise Department (C&ED) in the past 3 years;
2. The numbers of cases involving smuggled emerging tobacco products, including e-cigarettes containing nicotine, e-cigarettes not containing nicotine and heat-not-burn (HNB) cigarettes, and the quantities of smuggled products detected by C&ED in the past 3 years (set out respectively in table form);
3. Some members of the tobacco industry consider that the increase in the proportion of health warnings on cigarette packets after the passage of the Smoking (Public Health) (Notices) (Amendment) Order 2017 (Amendment Order) will aggravate the illicit cigarette problem because it will be more difficult to include labels with anti-forgery feature on cigarette packets. In this regard, has C&ED compared the situation of the illicit cigarette problem in Hong Kong since the passage of the Amendment Order with that in the same periods in the past 3 years? What are the changes?

Asked by: Hon CHAN Pierre (LegCo internal reference no.: 30)

Reply:

1. The relevant information on duty-not-paid cigarettes (including heat-not-burn (HNB) tobacco products) seized locally by the Customs and Excise Department (C&ED) between 2018 and 2020 is as follows:

	2018	2019	2020
Number of cases	13 573	17 351	3 112
Quantity (million sticks)	53	54	193

2. The relevant information on HNB tobacco products seized by C&ED between 2018 and 2020 is as follows:

	2018	2019	2020
Number of cases	971	638	687
Quantity (million sticks)	8	6	6.3

E-cigarettes not containing tobacco are not dutiable commodities and no dutiable value is involved. For e-cigarette products containing over 0.1% of nicotine, they are categorised as Part 1 poisons and regarded as pharmaceutical products, which are governed by the Pharmacy and Poisons Ordinance (Cap. 138). The relevant figures on the law enforcement actions are as follows:

	2018	2019	2020
Number of cases	25	53	51
Total value (\$ million) (Note)	1.3	21	4

Note: Since the e-cigarette products containing nicotine seized are of different types and in different units of measurement, only the total values instead of the quantities of seizures can be provided.

E-cigarettes not containing nicotine are not controlled articles. Therefore, C&ED has no relevant figures on the law enforcement actions.

3. C&ED has been rigorously combating illicit cigarette activities. Since the implementation of the Smoking (Public Health) (Notices) (Amendment) Order 2017 in December 2017, no noticeable impact on illicit cigarette activities has been observed. C&ED will continue to closely monitor the market conditions and take resolute law enforcement actions against illicit cigarette activities.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)002

(Question Serial No. 3161)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Illicit cigarette smuggling activities in Hong Kong have been rampant. Recently, the Police seized a 5.5-tonne box truck containing 3.6 million heat-not-burn (HNB) cartridges and duty-not-paid cigarettes with a total value of about \$10 million. It is the largest case of HNB cigarettes detected in the past 4 years. Although a fairly large number of smokers have switched to HNB cigarettes in recent years, illicit cigarette activities continue to grow. The Estimates revealed that the number of illicit cigarettes seized last year had increased multiple times and reached 200 million sticks, causing an enormous loss in duty revenue to the Hong Kong Government. In order to improve air quality and safeguard public health, will the Government advise this Committee of the following:

1. Have the relevant departments assessed the share of illicit cigarettes in the cigarette market of Hong Kong?
2. What specific measures will the relevant departments take to prevent the rampant illicit cigarette activities from undermining the Government's anti-smoking efforts?
3. Quite a large number of illicit cigarette syndicates are controlled by triads. From the point of view of crime fighting, taking stringent measures to combat illicit cigarette activities is the only effective way to cut off the source of funding for triads and to reduce crime rate in Hong Kong. Will the Government step up actions to combat illicit cigarette activities, such as increasing the imprisonment term and penalty, and recovering punitive duty on cigarettes so as to strengthen the deterrent effect of the legislation?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 11)

Reply:

1. The Customs and Excise Department (C&ED) has all along been adopting a holistic enforcement strategy in combating illicit cigarette activities, i.e. intercepting smuggling in the upper stream, smashing storehouses in the middle, and tackling sales at the lower end. In 2020, the total quantity of duty-not-paid cigarettes seized by C&ED in local illegal activities and export or transshipment reached 205 million sticks. The number of illicit cigarettes involved in local illegal activities was approximately 193 million sticks, representing an increase of approximately 2.6 times as compared with 2019.
2. Apart from taking stringent law enforcement actions, C&ED continues to step up publicity and public education, and strengthen co-operation with community partners, estate management companies, front-line staff, etc. with a view to combating illicit cigarette activities.
3. Illicit cigarette smuggling is a serious crime. Pursuant to the Import and Export Ordinance (Cap. 60), any person who imports any unmanifested cargo (including illicit cigarettes) shall be guilty of an offence and liable to a maximum penalty of a fine of \$2 million and imprisonment for seven years. Besides, pursuant to the Dutiable Commodities Ordinance (Cap. 109), any person who has in his possession, sells, buys or in any way deals with dutiable commodities shall be guilty of an offence and liable to a maximum penalty of a fine of \$1 million and imprisonment for two years. C&ED can also invoke the Organised and Serious Crimes Ordinance (Cap. 455) to take prosecution actions as appropriate, and freeze or confiscate the proceeds of crime involving illicit cigarette activities.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)003****(Question Serial No. 1589)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Hermes TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding anti-illicit-cigarette enforcement, will the Customs and Excise Department (C&ED) inform this Committee of the following:

1. The quantity of illicit cigarettes seized has increased significantly from some 50 million sticks in 2019 to over 200 million sticks in 2020. What were the market value and duty potential of the seizure? Has the Department looked into the reasons for such a significant increase in this figure?
2. What were the quantities and values of illicit cigarettes, cheap whites and heat-not-burn (HNB) tobacco products seized by C&ED in each of the past 3 years (please set out the information in table form)?
3. What were the staff establishment and expenditures for carrying out the relevant work in the past 3 years?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 30)Reply:

1. The quantities, values and duty potential of duty-not-paid cigarettes seized locally by the Customs and Excise Department (C&ED) in 2019 and 2020 are tabulated below:

	2019	2020
Quantity of seizure (million sticks)	54	193
Total value (\$ million)	147	530
Total amount of duty potential (\$ million)	103	368

If the duty-not-paid cigarettes in export or transshipment cases were included, the total quantity of duty-not-paid cigarettes seized in 2020 would become 205 million sticks, the total value of which was \$563 million and the total amount of duty potential was \$391 million.

There was an increase in the quantity of duty-not-paid cigarettes seized locally by C&ED in 2020, mainly because the strategy of enforcement at source has been effective. With the outbreak of the pandemic, there has been a change in the mode of cigarette smuggling where cigarettes are smuggled into Hong Kong by sea in large quantities instead of using the “ants moving home” tactic through land boundary control points. At the same time, through strengthened international cooperation and intelligence exchange, coupled with rigorous raids on illicit cigarette storehouses in the city, C&ED has successfully interdicted the flow of illicit cigarettes into the local market. During the year, C&ED detected 17 major cases of inbound cigarette smuggling and 14 major cases of illicit cigarette storage and distribution (i.e. cases involving more than 500 000 sticks), resulting in the seizure of some 83 million sticks and 97.6 million sticks of illicit cigarettes respectively. The quantity of seizures increased by around 1.8 times and 24.6 times respectively when compared with 2019 (30 million sticks and 3.8 million sticks).

2. The respective quantities and values of duty-not-paid conventional cigarettes and heat-not-burn (HNB) tobacco products seized locally by C&ED in the past three years are tabulated below:

		2018	2019	2020
Duty-not-paid conventional cigarettes	Quantity of seizure (million sticks)	45	48	187
	Total value (\$ million)	120	130	513
Duty-not-paid HNB tobacco products	Quantity of seizure (million sticks)	8	6	6.3
	Total value (\$ million)	22	17	18
Total (Note)	Quantity of seizure (million sticks)	53	54	193
	Total value (\$ million)	142	147	530

Note: Figures may not add up to the total due to rounding.

C&ED does not have a breakdown of the figures by brand in relation to cigarettes or cheap whites seized.

3. Since the front-line officers stationed at various control points are tasked with other clearance duties in addition to combating illicit cigarette activities, C&ED cannot separately quantify the number of officers and the actual expenditures involved in combating illicit cigarette activities. Apart from intercepting illicit cigarettes at various control points, C&ED is also committed to combating the storage, distribution and peddling (including telephone ordering) of illicit cigarettes. In the past three financial years, C&ED deployed a total of 61 officers each year to specifically combat illicit cigarette activities. The annual expenditure on emoluments is tabulated below:

Financial year	Expenditure on emoluments (\$ million)
2018-19	24.98
2019-20	26.27
2020-21	26.27

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)004

(Question Serial No. 1587)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The number of “persons compounded for offences relating to illicit cigarettes” by the Customs and Excise Department (C&ED) has reduced from 15 430 in 2019 to 1 796 in 2020. Please advise this Committee of:

1. the circumstances under which the offences relating to illicit cigarettes will be compounded; and
2. the reasons for the reduction of the relevant figure; and whether the workload and staff establishment of the Department as well as the Government expenditure are affected. If yes, what are the details?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 28)

Reply:

1. Under the Dutiable Commodities Ordinance (Cap. 109) (the Ordinance), incoming passengers who fail to declare to an officer of the Custom and Excise Department (C&ED) the quantity of dutiable goods in their possession which exceeds the exempted quantity commit an offence and are liable to criminal prosecution. C&ED may also impose compound penalty under the Ordinance. When determining whether the case should be handled by means of compound penalty, C&ED officers will assess the facts of an individual case, and consider factors such as the amount of duty involved and whether the person concerned has violated the Ordinance before, etc.

2. With the outbreak of the COVID-19 epidemic, a major drop was observed in the number of cigarette smuggling cases (including illicit cigarette cases involving compoundable offences) detected at the passenger channels due to the suspension of passenger clearance services at most of the control points. C&ED has flexibly deployed manpower to reinforce cargo clearance at different channels and step up enforcement actions against smugglers who have shifted to cargo channels for smuggling. Suspension of passenger clearance services at certain control points is a temporary measure. C&ED currently has no plan to adjust the number of staff for this aspect of work but will review operational needs from time to time to ensure enforcement effectiveness.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)005

(Question Serial No. 0636)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the First Registration Tax, please advise this Committee of:

1. the respective numbers of new and second-hand vehicles among different vehicle types involved in the assessment of provisional taxable value on imported vehicles conducted by the Customs and Excise Department (C&ED) in 2019 and 2020;
2. the respective numbers of new and second-hand vehicles among different vehicle types involved in the re-assessment of provisional taxable value on imported vehicles conducted by C&ED in 2019 and 2020; and
3. the manpower and estimated expenditure to be involved in the assessment of provisional taxable value on vehicles in 2021-22.

Asked by: Hon YICK Chi-ming, Frankie (LegCo internal reference no.: 43)

Reply:

1 and 2. The respective numbers of assessments and re-assessments of provisional taxable value on imported vehicles conducted by C&ED in 2019 and 2020 are as follows (no breakdown of the statistics on new and second-hand vehicles is available):

Year	Number of assessment of provisional taxable value	Number of re-assessment of provisional taxable value
2019	57 866	20 399
2020	56 117	15 284

3. The valuation of the First Registration Tax is part of the duties carried out by the Motor Vehicles Valuation Group of C&ED. In 2021-22, its estimated number of staff is 32 and the expenditure involved is about \$18.46 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)080

(Question Serial No. 2813)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not Specified

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list the number of money laundering cases detected by the Customs and Excise Department (C&ED), the number of persons and the value involved in the past 3 years.

Asked by: Hon CHENG Chung-tai (LegCo internal reference no.: 17)

Reply:

In the past 3 years, the number of money laundering cases detected by C&ED, the number of persons and the value involved are as follows:

	2018	2019	2020
Number of cases detected	7	7	9
Number of persons involved	11	19	38
Value involved as frozen under "restraint orders" made by court (\$ million)	6	5.6	34.8

- End -