

For discussion
on 8 July 2008

Legislative Council Panel on Security
Anti-Smuggling Work of the Customs and Excise Department

PURPOSE

This paper briefs Members on the latest smuggling¹ situation in Hong Kong and the enforcement strategies deployed by the Customs and Excise Department (C&ED).

OVERVIEW OF SMUGGLING SITUATION

2. Smuggling activities can be broadly classified into the following three categories:

- (a) organized cases involving syndicates and organized activities;
- (b) individual cases where individual travellers bringing in undeclared dutiable goods (e.g. cigarettes, liquors and hydrocarbon oil); and
- (c) licensing offences involving importation of meat/poultry, animals/plants, endangered species, etc. without an import licence or health certificate required by the law.

3. C&ED is the principal anti-smuggling enforcement agency in Hong Kong. As part of its crime prevention activities, the Police, especially the Marine Police, also play an active role in the fight against smuggling. All smuggling cases intercepted by the Police are referred to C&ED for follow-up investigation and prosecution. The two enforcement agencies regularly exchange intelligence and undertake joint operations to combat smuggling syndicates and raid smuggling black spots.

¹ Smuggling generally refers to importing or exporting any article contrary to the provisions of the Import and Export Ordinance (Cap. 60) or any other laws controlling the import or export of any articles.

4. The number of smuggling cases detected in the last five years is shown at the Annex. The downward trend in respect of organized and individual cases indicates that the smuggling situation is generally under control. However, the number of licensing offences showed a marked increase in 2007. This was due to enhanced enforcement actions taken by C&ED against food smuggling to protect food safety and reduce the risk of unwanted diseases, especially against individuals bringing in small quantities of fresh meat or live poultry through the land boundary control points.

Common Smuggled Items

5. The majority of smuggling cases involve goods smuggled into the Mainland to evade duties or import control. The most popular items smuggled are high value goods such as consumer electronic products (e.g. mobile phones, computer accessories, etc.). Optical discs of old Chinese movies, Chinese medicine, fur and precious metals for industrial use are also popular smuggled items.

6. On a smaller scale, illicit cigarettes, pirated video discs and counterfeit goods (e.g. watches, clothing and memory sticks) transshipping through Hong Kong are often seized from outgoing airmail parcels and express cargo at the airport.

7. Items smuggled into Hong Kong are mainly illicit cigarettes, counterfeit goods and motor spirit.

8. To protect public health, C&ED has stepped up enforcement actions by intercepting passengers who attempt to bring in small quantities of fresh meat and poultry, frozen meat, animals and plants, and endangered species without the necessary health certificates or import licences at the land boundary control points. These cases are subsequently referred to the respective authorities, namely, the Food and Environmental Hygiene Department and the Agriculture, Fisheries and Conservation Department for follow-up actions.

Mode of Smuggling

Sea Smuggling

9. Sea smuggling often involves large-scale and organized activities. The prevailing mode of operation adopted by syndicates is to first convey the goods to a remote pier or seashore by vehicle. The goods are then loaded on board speedboats or motorized sampans during the small hours. Once laden, these speedboats or motorized sampans will head towards the Mainland waters at high speed. Common loading points include Lau Fau Shan, Tuen Mun, Lantau Island, Sai Kung and Sha Tau Kok.

10. The other mode of operation commonly adopted by smuggling syndicates is to convey the goods by cargo vessel to waters close to the Hong Kong/Mainland sea boundary. The goods are then transferred to speedboats quickly. Once laden, the speedboats will head towards the Mainland waters at high speed. This tactic was once very popular in 2006, but has since subsided as a result of rigorous enforcement actions.

11. Cargo vessels are sometimes used to smuggle dismantled vehicles and electronic waste into the Mainland.

12. Fishing vessels with altered cargo holds are also used to smuggle marked oil and edible oil into the Mainland or cigarettes into Hong Kong.

Land Smuggling

13. The most common mode of smuggling across the land boundary is conducted with the use of cross-boundary goods vehicles and private cars. Sophisticated concealment methods, including using false compartments in a container and hiding in a tractor, trailer or the body of a goods vehicle or a private car, are often detected.

14. Making false declarations on cargo manifest (i.e. the goods declared on the cargo manifest are not those smuggled across the boundary) is another common method adopted by smugglers.

Air Smuggling

15. Smuggling by air is less prevalent. Most cases detected involved airmail parcels, especially Speedpost parcels.

ENFORCEMENT STRATEGY

16. C&ED will continue to deploy a multi-pronged enforcement strategy to combat smuggling.

17. To balance the need to provide speedy and convenient customs clearance for bona fide passengers and cargoes and the duty of countering illegal activities, C&ED adopts a risk-based and intelligence-led mode of operation to identify suspicious persons, vehicles and vessels for detailed search and investigation. C&ED also maintains close liaison with the Mainland and overseas customs authorities to exchange information and intelligence on smuggling trends. Timely intelligence is forwarded to the respective control points and investigative formations for taking appropriate enforcement actions.

Internal Strategy

18. To deter syndicates from taking advantage of the voluminous cross-boundary traffic to convey smuggled goods, C&ED profiles all goods vehicles and private cars crossing the boundary control points and conducts detailed inspections on high-risk vehicles. Advanced equipment, including X-ray scanning machines, is used to detect concealed compartments of vehicles.

19. C&ED launches are deployed 24 hours a day to patrol Hong Kong waters to deter and detect smuggling activities. High-speed pursuit craft are used to intercept speedboats involved in smuggling activities. A radar system is used to monitor the movements of fast moving objects within Hong Kong waters. This will in turn facilitate formulation of appropriate operational strategies and deployment of necessary resources to combat sea smuggling.

20. At the airport, C&ED monitors all import/export consignments with the aid of a computer system for risk assessment and cargo clearance purposes.

Cooperation with Other Parties

21. C&ED and the Police have established a Joint Anti-smuggling Task Force to facilitate sharing of intelligence and conducting joint operations against sea smuggling activities. In addition, a multi-agency working group comprising C&ED, the Police, Marine Department and other government departments concerned has been established to take concerted enforcement actions on suspicious cargo vessels at sea. Since its establishment in 2006, the working group has detected 94 smuggling cases, with a seizure value of \$280 million.

22. In view of the close geographical proximity and the huge daily flow of passengers and vehicles between Hong Kong and the Mainland, combating cross-boundary smuggling activities is a common objective of C&ED and the Mainland customs authorities. C&ED maintains close liaison and cooperation with the General Customs Administration (GAC) of the Mainland. Regular meetings are held with the GAC and the Shenzhen customs authorities to exchange intelligence and tackle any new trend of smuggling activities. Telephone hotlines have been set up at the land boundary control points to facilitate direct contact between frontline officers of both sides. C&ED and the Shenzhen customs authorities also mount regular joint operations to deter and clamp down on cross-boundary smuggling activities.

23. In the light of public concern about food smuggling, C&ED has established a Task Force against Smuggling of Food and Animals with the Food and Environmental Hygiene Department, the Agriculture, Fisheries and Conservation Department and the Police. The objective of the Task Force is to coordinate government efforts in deterring and detecting the smuggling of food and live animals into Hong Kong. The Task Force has drawn up a series of measures to tackle food smuggling, including enhanced publicity on the law governing the importation of food, poultry and live animals into Hong Kong; closer intelligence exchange among

enforcement departments concerned; more frequent joint operations against suspicious organised food smuggling activities; and enhanced inspections of passengers, vessels and vehicles at boundary control points.

24. In addition, since February 2008, the Quarantine Detector Dogs Teams of the Food and Environmental Hygiene Department and the Agriculture, Fisheries and Conservation Department have regularly conducted joint operations at the land boundary control points to detect and deter smuggling of meat and live animals (including birds and endangered species) by passengers. Publicity has been stepped up at the land boundary control points to increase public awareness of the health concern about and import control of animals and meat.

CONCLUSION

25. The multi-pronged approach adopted by C&ED and its enhanced cooperation with its partners have successfully contained smuggling activities. The significant traffic flow between Hong Kong and the Mainland will continue to be a challenge. C&ED will remain vigilant and continue to enhance its intelligence gathering capability and cooperation with the Mainland customs authorities as well as other local and overseas law enforcement agencies so as to effectively combat smuggling.

Customs and Excise Department
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Annex**Organised Smuggling Cases 2003-07**

| | Number of Cases | | | | |
|--------------|-----------------|------------|------------|------------|------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| LAND | 165 | 180 | 156 | 95 | 83 |
| Import | 67 | 54 | 41 | 37 | 40 |
| Export | 98 | 126 | 115 | 58 | 43 |
| SEA | 119 | 177 | 137 | 120 | 94 |
| Import | 29 | 40 | 48 | 14 | 20 |
| Export | 90 | 137 | 89 | 106 | 74 |
| AIR | 22 | 9 | 10 | 16 | 8 |
| Import | 3 | 2 | 5 | 5 | 3 |
| Export | 19 | 7 | 5 | 11 | 5 |
| TOTAL | 306 | 366 | 303 | 231 | 185 |

Individual Smuggling Cases 2003-07*

| | Number of Cases | | | | |
|--------------|-----------------|--------------|--------------------------|---------------------------|---------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| LAND | 1 369 | 2 766 | 4 416[#] | 10 350[#] | 9 295 |
| SEA | 191 | 290 | 189 | 766[#] | 575 |
| AIR | 111 | 267 | 272 | 269 | 439 |
| TOTAL | 1 671 | 3 323 | 4 877 | 11 385 | 10 309 |

* Mainly import cases involving individuals bringing in excessive quantities of dutiable commodities, mainly cigarettes.

[#] The introduction of the Red and Green Channel passenger clearance system in November 2005 and the stepped-up enforcement action at air, land and sea entry/exit points led to the noticeable increase in detection.

Licensing Offences 2003-07**

| | Number of Cases | | | | |
|--------------|-----------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| LAND | 783 | 1 973^{##} | 1 766^{##} | 1 512^{##} | 2 906^{##} |
| SEA | 79 | 241 | 235 | 180 | 219 |
| AIR | 153 | 201 | 167 | 180 | 223 |
| TOTAL | 1 015 | 2 415 | 2 168 | 1 872 | 3 348 |

** Mainly import cases involving individuals bringing in meat/poultry, animals/plants, endangered species, etc. without an import licence or a health certificate.

^{##} The stepped-up inspections led to the noticeable increase in detection, mostly involving meat/poultry.