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LegCo Panel on Security

Follow-up to meeting on 31 March 1999

In connection with the discussion on Hong Kong's strategy in lobbying for visa-free treatment for HKSAR passport, members requested to be provided with an information kit to facilitate their assistance in the lobbying. I enclose for members' reference the following materials from the Administration responding to members' request :

- (a) Hong Kong's case for visa-free access to the European Union (Annex A);
- (b) a fact sheet on HKSAR passport (Annex B); and
- (c) an information kit entitled "Vigilance at the Boundaries" (Annex C).

(Miss Betty MA)
for Clerk to Panel

Encl.

c.c. Hon James TO Kun-sun (Chairman)
Hon MA Fung-kwok (Non-Panel Member)
Hon Christine LOH (Non-Panel Member)
Dr Hon LEONG Che-hung, JP (Non-Panel Member)
Hon Jasper TSANG Yok-sing, JP (Non-Panel Member)
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**A case for granting visa-free access to
Hong Kong Special Administrative Region (HKSAR) passport holders**

- Transition of sovereignty has been smooth and has demonstrated that “One Country, Two Systems” is practicable and successful. Hong Kong has maintained a high degree of autonomy in all spheres of life except defence and foreign relations.
- Hong Kong remains a separate and autonomous immigration and customs territory from the Mainland of China (“Mainland”). Boundary control measures between Hong Kong and the Mainland continue to be vigorously and effectively enforced.
- Mainland Chinese have to apply for special permits to come to Hong Kong - both for short-term visits as well as long-term settlement. There is a quota of 150 a day for Mainland residents to come legally to settle in Hong Kong, mainly to cater for family reunion purposes. Any Mainland resident who enters Hong Kong illegally will be promptly repatriated to the Mainland, usually the next day after he is caught. The number of illegal immigrants from the Mainland continues on a downward trend: the number in 1998 was 14,613, a fall of 18% compared with 1997.
- Hong Kong places considerable importance on travel convenience, both for travelling and business purposes.
- Hong Kong has one of the most liberal visa policies in the world, whereby nationals from around 170 countries, including all European Union (EU) Member States, can visit Hong Kong visa free. This has helped Hong Kong to become a gateway between the Asia Pacific region and the rest of the world.
- It is in the interest of EU and Hong Kong to maintain free flow of travellers in both directions. Travel convenience will facilitate the development of the already strong economic, social and cultural relationship between the two places. In 1998, around

320,000 Hong Kong residents visited Europe, growing at around 7% per annum between 1994 and 1998.

- There has always been a significant volume of trade between EU and Hong Kong. In 1998, it amounted to US\$47 billion. Trade between EU and the Mainland routed through Hong Kong amounted to US\$27 billion.
- The HKSAR passport contains state-of-the-art anti-forgery design features. The application processing, record keeping and passport production procedures are strictly controlled.
- Only Hong Kong permanent residents (i.e. with the right of abode) are eligible for the HKSAR passport. Mainland Chinese are unable to acquire the HKSAR passport.
- There is an excellent track record for Hong Kong permanent residents. Out of over 43.6 million trips made by them in 1998, there were only 117 cases of deportation/repatriation back to Hong Kong. Even if they get into trouble overseas, there is no problem in returning them to Hong Kong.
- The HKSAR passport has been well received by the rest of the world (58 countries/territories grant visa-free access). Most APEC countries treat HKSAR passport holders favourably. These countries have created a favourable environment for improving economic, social and cultural relationship between themselves and the HKSAR.
- Visa application procedures are considered cumbersome by many Hong Kong visitors, especially business travellers who may have to embark on a trip at short notice. It would facilitate travellers' and businessmen's trips if these cumbersome procedures can be waived.

Security Bureau
April 1999

The Hong Kong Special Administrative Region (HKSAR) Passport

I. Legal Basis for the Issue of the HKSAR Passport

The Sino-British Joint Declaration on the question of Hong Kong (JD) and the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (BL) provide that the Central People's Government shall authorize the HKSAR Government to issue, in accordance with law, passports of the HKSAR to all Chinese citizens who hold permanent identity cards of the HKSAR which state their right of abode in the Region. Accordingly, the HKSAR Passports Ordinance was enacted in Hong Kong on 1 July 1997 for this purpose.

II. Eligibility

HKSAR passports are issued **only** to Hong Kong residents who are Chinese citizens and have the right of abode in the HKSAR **and** are holding Hong Kong permanent identity cards. A total of 5.5 million Hong Kong permanent residents are eligible for the HKSAR passport.

Residents of Mainland of China are **not** eligible for and will **not** be able to obtain HKSAR passports. The previous immigration controls on them have not been changed after the reunification. Hong Kong remains a separate travel area from the Mainland of China and continues to apply its immigration controls as guaranteed by the JD and BL.

III. Returnability

The HKSAR passport holders' returnability to the HKSAR **is guaranteed**.

IV. Issuing Authority

To give assurance to the integrity of the production, issuing and distribution of HKSAR passports, a secured system is put in place for the Immigration Department in the HKSAR to-

- order the blank passports which are manufactured in Hong Kong. (The security laminates of the passports are supplied and controlled by the Immigration Department).
- verify the personal details from a computer database kept **only** in the Immigration Department.
- enter the personal details onto the data page of the passport with a secure and unique computer system.
- process applications for HKSAR passports.

V. Overseas Issue of HKSAR Passport

On the issuing of HKSAR passports by overseas Chinese diplomatic and consular posts, the modus operandi is as follows:

- applications for the HKSAR passport are processed **centrally** by the Immigration Department.
- overseas posts receive applications, despatch them to Hong Kong for processing and distribute the personalised passport **prepared in Hong Kong** to the applicant. They do not keep any stock of the blank HKSAR passports.
- there is **only** one central database, the access to which is restricted to authorized officials of the Immigration Department.

VI. Security Features

The passport has advanced and sophisticated security features making it one of the best anti-forgery travel documents in the world. It is distinct from other Chinese passports issued by the Central People's Government to residents of the Mainland of China. The state-of-art anti-forgery features include-

- intaglio and micro-printing.
- features only visible under ultra-violet light.
- the holder's digitised photograph printed by computer onto the back of security laminate sealed on the inside back cover of the passport book.
- a 2-dimension block code that will reproduce the digitised photograph image by a special reader.
- fragilization lines on the laminate that will break when someone attempts to open the laminate by mechanical force.

VII. The HKSAR Passport Issuing System

The HKSAR passport issuing system is a technologically advanced system utilizing up-to-date technologies such as client-server and imaging to produce a high quality and secure passport which meets the international security and travel facilitation standards. The Immigration Department conducts comprehensive checks through its computer database to ensure that only those who are qualified can get a passport. An applicant will be interviewed in person either at the application stage or upon the issue of the passport to verify his identity against his identity card and other relevant identity documents. The processing procedures for HKSAR passports ensure that HKSAR passports will not get into the hands of ineligible persons.

VIII. Record Check System for Authentication of the HKSAR Passport

The passport system is able to respond promptly round-the-clock to enquiries on the authenticity of any individual passport. After a passport is issued, the application documents will be digitised for storage on optical discs at the Immigration Department Headquarters. Only authorized immigration staff are able to retrieve and examine on the monitor of a computer terminal the personal data of individual passport holders and the details of the applications as well as their photographic images. This allows the Immigration Department to give quick responses **at all hours** to requests for verifying the identity of HKSAR passport holders both locally and overseas. For example, if an official of a foreign country has doubts about a traveller's HKSAR passport, he can fax a copy of the data page of the traveller's HKSAR passport to the Immigration Department (Faxline 2574 7876 or 2716 6252, telephone 2769 8499). The immigration officer in the HKSAR will retrieve the relevant record from the computer right away for comparison and revert the result as quickly as possible **at any time of the day**.

**HONG KONG:
VIGILANCE AT THE BOUNDARIES**

This information kit contains 7 briefs -

- 1. The Boundary and Basic Law Provisions**
- 2. Boundary Control : Air
Land
Sea**
- 3. Law and Order**
- 4. Anti-Smuggling Efforts**
- 5. Alien Smuggling and Illegal Immigration**
- 6. Triads**
- 7. Money Laundering**

**Prepared by Security Bureau
March 1998**

The Boundary and Basic Law Provisions

The Boundary

Hong Kong Special Administrative Region (HKSAR) maintains its own boundary after reunification with the Mainland. The police patrols the land and sea boundaries, as provided for in Article 14 of the Basic Law, and Immigration Department and Customs and Excise Department control the flow of goods and people through the control points.

2. The Basic Law expressly states that the Government of the HKSAR is responsible for the maintenance of public order in the Region. The police is responsible for, *inter alia*, patrolling the land and sea boundaries.
3. The Custom and Excise Department safeguards HKSAR's status as a separate customs territory, as provided for under Article 116 of the Basic Law.
4. The Government of the HKSAR may apply immigration controls on entry into, stay in and departure from the Region by persons from foreign states and regions, as provided for in Article 154 of the Basic Law. The Government of HKSAR also controls entry into the HKSAR from other parts of the mainland, as provided for in Article 22 of the Basic Law.
5. These Basic Law provisions are backed up by local legislation which are rigorously enforced. The Immigration Department is the sole authority for processing and issuing HKSAR passports.

Control of Mainland residents entering HKSAR

6. Article 22 of the Basic Law states that people from the Mainland must apply for approval for entry into Hong Kong. Entry of Mainland residents into Hong Kong is regulated in an orderly and well-controlled manner. Mainland residents entering for visits are subject to our immigration control, and those entering for settlement are regulated by a quota system.

7. Through the control points, people from the Mainland can enter HKSAR legally with the following types of documents:

- One-Way Permit - for taking up permanent residence in Hong Kong, normally for family reunion. There is an agreed quota of 150 per day controlling the number of entry under this category.
- Two-Way Permit - for visit only.
- Chinese Travel Permit - for Mainland professionals, officials and workers to enter to take up employment, receive training, undertake study or visit in HKSAR. Prior approval by Hong Kong Immigration Department is needed.
- People's Republic of China passport - for transit through Hong Kong to overseas countries, required to have onward visa and flight ticket.

Boundary Control

There are immigration and customs controls of passengers and goods at all arrival and departure points in the territory. The Hong Kong International Airport is the control point for air passengers and goods. There are two ferry terminals and three quarantine anchorages for sea-borne passengers and cargo. They are the Macau Ferry Terminal, China Ferry Terminal, Eastern Immigration Anchorage, Western Immigration Anchorage and Tuen Mun Immigration Anchorage. There are five control points serving cross-boundary land traffic, viz Lo Wu, Hung Hom, Man Kam To, Lok Ma Chau and Sha Tau Kok.

Boundary Control : Air

Airport Control

Undesirable persons and goods are kept from entering the HKSAR through the Hong Kong International Airport by means of controls effected by the Immigration Department and the Customs and Excise Department respectively. The Immigration Department is also responsible for curbing illegal migration activities through the airport to fulfil the HKSAR's international obligations.

Operations of Air Control Points

2. Several categories of passengers are identified as undesirables including doubtful visitors (potential overstayers seeking unapproved residence and transit abusers), fraudulent travel document users coming for illicit activities, drug smugglers, alien smugglers and criminals.
3. To guard against their entry, all passengers have to go through immigration clearance procedures at the counters at the Airport. Doubtful cases are taken away for secondary examination by immigration officers. A dedicated team of officers conducts detailed examinations on passengers from flights which are more likely to carry problematic passengers. Intercepted passengers not qualified for entry will be refused permission to land and removed to the last port or place of origin by the first available means.
4. To assist the immigration control officers in detecting forged travel documents, each immigration counter is equipped with an ultra-violet scanner and a hand-held security laminate verifier. Advanced equipment for forgery detection have been installed at the backroom office. These include the Questioned Document Examination System for detecting counterfeit and altered travel documents; the Photophone for transmitting high-resolution images to and from other countries installed with the same system for comparison of travel documents; the Electronic Documentation Information System on Network (EDISON) containing images of over 1,000 genuine travel document samples from over 190 countries for verifying various passport security features; and the Video Spectral Comparator for verification of passports and visas and examination of questioned documents.

5. Intelligence collation and analysis plays an important role in combating illegal activities. Training programs are organised regularly to keep our immigration officers abreast of the recent trends and modus operandi employed by forgers. Officers from the local consulates are also invited from time to time to give talks on forgery detection to our staff.

6. To take advantage of information technology to enhance our efficiency, the Immigration Control Automation System (ICAS) has been in full operation since September 1995 with the wide use of optical character recognition (OCR) readers at all control points for reading machine readable passports and Hong Kong Identity Cards.

7. A total of 21.8 million passenger movements in both directions were recorded in 1997.

Boundary Control : Land

Land Boundary Control

The land boundary is constantly patrolled by the Hong Kong Police to detect illegal immigrants. The current 35 km boundary fence erected along the land boundary is equipped with a sensor cable system which is connected to three control sectors, namely Lok Ma Chau, Sha Tau Kok and Man Kam To. This, together with an array of technical aids, enables the Police to maintain vigilant control of the land boundary.

2. The Police's enforcement actions at the land boundary are supplemented by land use control. The land adjacent to the boundary has been designated as a Closed Area and is subject to access and development restrictions. This serves as an effective buffer zone to assist in combating illegal immigration and smuggling. These control measures have proved to be very effective.

Operations of Land Control Points

3. Of the five boundary control points, Lo Wu and Hung Hom deal with train passengers; while the other three control points (namely, Lok Ma Chau, Sha Tau Kok and Man Kam To) control both vehicle and passenger movements.

4. There are altogether 292 immigration counters for passenger clearance and 32 vehicle kiosks for vehicle clearance in both directions. They handled an average of some 178,000 passengers and 26,000 vehicles a day in 1997.

5. Each counter and kiosk is equipped with a computer workstation and an optical character recognition (OCR) reader, all linked up to a mid-range central hub and connected through a territory-wide network to other control points and the headquarters' mainframe. Machine readable passports and Hong Kong Identity Cards are scanned by the OCR reader with the movement over the counter captured by the workstation and checked against the database for watchlist targets, stolen passports and overstayer records.

6. Other than the advanced equipment installed at the control points, a set of forgery manuals listing details of the defects of forged travel documents and visas are available at the backroom for reference. All control officers are regularly briefed and trained on the latest trends and modes of forgery.

Boundary Control : Sea

Sea Boundary Control

Sea boundary control is effected by the Marine Region of the Hong Kong Police. Their main tasks are to combat illegal immigration and smuggling activities at sea. With a fleet of 66 launches and 89 small boats, 24-hour patrol of Hong Kong waters is conducted. The latest series of launches are equipped with thermal imaging and electronic navigational aids to enhance effectiveness of the control. A dedicated Anti-Smuggling Task Force, with members drawn from the Police and the Customs and Excise Department, has been established since 1991 to focus on the tackling of smuggling between the Hong Kong Special Administrative Region (HKSAR) and the Mainland.

Operations at Sea Control Points and Anchorages

2. Passengers arriving at the HKSAR by sea use either the China Ferry Terminal or the Macau Ferry Terminal. In 1997, the number of passengers who used the two terminals reached 6.89 million and 10.54 million respectively. Passengers are subject to the same immigration and customs clearance as those who enter through the land and airport control points.

3. In respect of incoming and outgoing cargo vessels, they are all required to go through immigration clearance at immigration anchorages unless otherwise directed or exempted. There are currently three immigration anchorages, namely Western Immigration Anchorage, Eastern Immigration Anchorage and Tuen Mun Immigration Anchorage. The Western Immigration Anchorage provides immigration and quarantine services around the clock.

4. After completion of immigration clearance, incoming cargo vessels will proceed to the public cargo working areas on the waterfront for loading and unloading of cargo. Customs checks are conducted at either the anchorages or the cargo working areas.

Law and Order

Hong Kong is one of the safest cities in the world. The overall crime rate is at roughly the same level as Singapore and lower than Tokyo, London and many other metropolitan cities in the United States and Canada.

2. The overall crime rate in 1997 stood at 1,036 per 100,000 population. The violent crime rate was 211. This compares to 1,253 and 241 in 1996 respectively.

3. Compared to 1996, the overall crime rate and the violent crime rate in 1997 dropped by 17% and 12% respectively. Overall crime rate in 1997 was also the lowest in the past 24 years. Our detection rate was 51.4% in 1997.

4. As compared with that of 1996, the overall robbery figure in 1997 dropped by 24%. There was also a decrease in robbery with pistol-like object by 13%.

5. The number of luxury vehicles reported missing in 1997 was 128, a decrease of 38% as compared to 207 in 1996. In 1997, there were 17,819 illegal immigrants (IIs) detected, a drop of 23% against that in 1996. In addition, the number of IIs arrested for crimes dropped by 31% as compared with 1996.

6. The above decreases were results of increased police presence on the streets and better liaison with Mainland law enforcement agencies to stop the smuggling of stolen vehicles and the entry of illegal immigrants.

7. There are now 1,500 more police officers on the streets than there were in 1992. In 1997/98, we deployed an additional 600 police officers to perform front-line operational duties.

[Note : The Hong Kong Police Force has a total strength of 27,600 disciplined officers and 5,500 auxiliaries.]

8. There was a drop of 8% for juvenile offenders (aged between 7 and 15) and 14% for young offenders (aged between 16 and 20) in 1997 when compared with 1996. The most common offences committed by juvenile and young offenders were shop theft, miscellaneous thefts, robbery, wounding and serious assault.

9. The Police will continue to deploy officers in the vicinity of schools and other places frequented by students to tackle the problem of juvenile crime. Close liaison with the Education Department and schools will continue.

10. The number of serious narcotics offences recorded in 1997 decreased by 22% when compared with 1996, reflecting constant vigilance by both the Police and Customs and Excise against the narcotics trade.

Anti-Smuggling Efforts

Anti-Smuggling Efforts

The most effective means to curtail smuggling is sustained action against smugglers both in the HKSAR and in the Mainland. To achieve this, the Government has adopted the following strategies -

(a) **Tough anti-smuggling legislation**

There is adequate legislative backing for the Customs and Excise Department to combat different types of smuggling activities. Major powers for the Customs officers are vested in the Import and Export Ordinance (Chapter 60). Other ordinances include the Dutiable Commodities Ordinance (Chapter 109), Dangerous Drugs Ordinance (Chapter 134), Control of Chemicals Ordinance (Chapter 145) and the Firearms and Ammunition Ordinance (Chapter 238) etc. The maximum penalty for conviction on indictment of the most serious smuggling offence is life imprisonment and a fine of \$5 million.

(b) **Increased enforcement operations**

Dedicated task forces are established to tackle different smuggling activities, such as the setting up of the Anti-Smuggling Task Force in 1991 to tackle smuggling by speedboats, the Anti-Cigarette Smuggling Task Force in 1994 to provide rigorous enforcement against syndicated cigarette smuggling activities and the Diesel Oil Enforcement Division in 1996 to collect intelligence and conduct investigation relating to illicit diesel oil activities. The Intellectual Property Investigation Bureau has been strengthened to increase its law enforcement capabilities against infringement of intellectual property rights.

(c) Increased rewards for information

An incentive scheme which rewards informers of important intelligence is in place to encourage the public to participate in the fight against smuggling.

(d) Enhanced co-operation with the tobacco and copyright industries Co-operation with the tobacco and copyright industries has continued to provide valuable information and intelligence for investigation in smuggling.

(e) Increased liaison with the Mainland authorities and in neighbouring areas

Enhanced liaison with the Mainland authorities and the customs authorities in neighbouring areas to share information and intelligence on both a regular and ad hoc basis has been effective in leading to significant seizures in different areas of smuggling, for example, cigarette smuggling.

Drug Smuggling

2. Hong Kong Special Administrative Region (HKSAR) is committed to curbing all drug smuggling activities. The Customs and Excise Department plays an important role in the interdiction and suppression of drug trafficking at all control points. Customs officers at the airport and all the land-boundary crossings at (i.e. Lo Wu, Lok Ma Chau, Man Kam To and Sha Tau Kok, the Kowloon (Hung Hom) Train Station, the Hong Kong-Macau Ferry Terminal and the Hong Kong-China Ferry Terminal) process and search passengers, cargo and carriers in an effort to detect and prevent drug smuggling.

3. Ocean-going vessels in the harbour and container vessels at the container terminals are searched by Customs officers. The cargo on board is examined. Postal materials, such as parcels, are also subject to Customs inspection.

4. In respect of land boundary crossings, apart from regular Customs clearance, control against drug smuggling is supported by the Customs Drug Investigation Bureau (CDIB). Officers from CDIB conduct long-term surveillance on drug syndicates and provide intelligence for the action of control points. They are also equipped with advanced equipment and camouflaged vehicles for surveillance operations.

5. CDIB's Airport Investigation Division is stationed at the Airport. It conducts covert observation on arriving/transit/departing passengers to interdict any trafficking of drugs through the airport. It is also responsible for conducting follow-up investigations on drug seizures intercepted by the uniformed officers of the Airport Command. Whenever possible, controlled delivery operations are conducted by the Division to apprehend the local recipients of the drugs.

6. A joint intelligence unit manned by the CDIB and the Police Narcotics Bureau was established in 1979. The Unit enables the sharing of drug intelligence between the two departments and co-ordinates joint operations at the airport.

7. The Customs and Excise Department maintains a close working relationship with drug enforcement agencies in the region, e.g. Mainland China, Thailand and the US, to exchange intelligence and conduct joint operations to suppress drug smuggling.

Statistics

Drug seizures by the Customs and Excise Department for the years 1994-97 are as follows -

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
No. 4 heroin	78.73 kg	84.95 kg	68.49 kg	38.84 kg
Prepared opium	0.41 kg	0.74 kg	4.74 kg	2.49 kg
Raw opium	8.31 kg	6.62 kg	5.91 kg	1.46 kg
Herbal cannabis	1,025.66 kg	7.89 kg	7,884.21 kg	825.35 kg
Cannabis resin	21.90 kg	21.08 kg	26.18 kg	32.37 kg
Cocaine	5.15 kg	-	4.38 kg	32.99 kg
Methylamphetamine	-	3.86 kg	4.52 kg	0.05 kg
Psychotropic drugs	167,160 tab	254,728 tab 0.4 kg	34,310 tab 997.73 kg	15,604 tab 0.01 kg

tab = tablets

Alien Smuggling and Illegal Immigration

Alien Smuggling

Alien smuggling refers to organised migrant trafficking activities of criminal syndicates who use a variety of methods and routes to arrange for illegal immigration from the Mainland to Europe, South America and the US.

2. Hong Kong is not directly involved in alien smuggling activities. However, it has been used by some alien smugglers as a stepping stone for transit to other countries.

Hong Kong Special Administrative Region's Enforcement Effort

3. The Hong Kong Special Administrative Region (HKSAR) has taken rigorous actions to halt alien smuggling -

- (a) The Immigration Department and the Customs and Excise Department have continued to identify suspect vessels used in sea-borne smuggling operations and to harass and delay vessels believed to be modified/adapted for use in transporting illegal immigrants.
- (b) The Immigration Department exercises full vigilance at airport immigration counters. Surveillance operations are conducted at the transit lounge, transfer area, docks and departure gates to combat the increasing use of HKSAR as a transit avenue of Mainland migrants who enter on legitimate travel documents that are then exchanged in transit locations for forged or falsely acquired third country documents. Checks on Mainland nationals entering via the land boundary have been stepped up.

- (c) The Hong Kong Police investigate suspect organisers and have conducted joint investigations with other enforcement agencies.
- (d) There are exchanges of intelligences between different law enforcement agencies and with local consulates and foreign authorities on activities of forgery syndicates, trends and related matters.
- (e) There is cooperation with the international community in the fight against alien smuggling, For instance, in 1993 and 1995, investigators of the Immigration Department visited the Netherlands Immigration to assist them in anti-illegal immigration work. In May 1995, two immigration officials of the Netherlands came to Hong Kong on attachment to the Immigration Department.
- (f) We adopt a tough prosecution policy against forged travel document users, couriers and suppliers. The courts view these as serious offences and the normal sentence meted out is imprisonment for 6 to 9 months for forgery users, and 3 years and above for syndicate members.

Statistics

- No. of forged travel documents intercepted by the Immigration Department.

Year	1994	1995	1996	1997
No. of forged travel documents detected territory-wide	2,465	2,660	3,192	3,083
No. of forged travel documents detected at Airport	1,700	1,690	1,878	2,184

- No. of illegal immigrants arrested territory-wide

	Total no. of Illegal Immigrants Arrested	+/-% compared with previous year
1994	31,521 (86)	-15.98%
1995	26,824 (73)	-14.90%
1996	23,180 (63)	-13.58%
1997	17,819 (49)	-23.23%

Note :

() denotes daily average

Triads

Hong Kong is one of the safest cities in the world. The overall crime rate is at roughly the same level as Singapore and lower than London and many other metropolitan cities in the United States and Canada.

2. Combating Triads is a high priority for the HKSARG, and the Hong Kong Police.
3. There is no evidence of a growing Triad problem in Hong Kong. The ratio of Triad involvement in overall crimes has remained stable at about 4-5% during the past 5 years and only 4% in 1997.
4. In 1996, the number of Triad-related crimes including, blackmail, intimidation, wounding and unlawful societies offences dropped by 21% when compared with 1995. In 1997, the downward trend continued with a decrease of 16.9% compared with 1996.
5. The Hong Kong Police Force have dedicated units (Organised Crime and Triad Bureau (OCTB) and Criminal Intelligence Bureau (CIB)) to take proactive action against Triads.
6. We have, over the past 3 years, strengthened the Police's capability in tackling Triads by creating 277 Police posts devoted to proactive anti-Triad duties.
7. We have the Police Central Witness Protection Unit established in 1995 to enhance the Police's witness protection ability.
8. We have a comprehensive publicity package to reveal the truth and evils of Triad life. In addition, the Junior Police Call is a well established network for disseminating anti-Triad message to youths. The Crime Prevention Bureau liaises with shops and businesses to encourage them to report Triad activities.

9. We keep our legislation under constant review to ensure there are adequate legal power for the Police to deal with the Triads. In particular, the Organised and Serious Crimes Ordinance, fully implemented in 1995, has enhanced the Police's ability to investigate organised and serious crimes, including Triad-related offences. It also empowers the Police to apply to the court for heavier sentences and confiscation of proceeds arising from certain crimes including money laundering.

10. There has been, and will continue to be, close co-operation between Hong Kong Police Force and overseas Police, particularly those with a fairly large Chinese community, to tackle Triad activities.

Money Laundering

Hong Kong is committed to the fight against money laundering. We have an effective legal and financial system to tackle the problem.

2. Hong Kong is a member of the Financial Action Task Force on Money Laundering (FATF), an inter-governmental organisation established by the G-7 Economic Summit in 1989 as a response to calls for concerted international efforts to combat money laundering. We have implemented most of the FATF 40 Recommendations either by legislation or through guidelines issued by the financial regulators. We are also a member of the Asia/Pacific Group on Money Laundering, a FATF-style regional body established in February 1997.

3. The Drug Trafficking (Recovery of Proceeds) Ordinance is our main weapon to trace, restrain and confiscate proceeds of drug trafficking and to stop drug traffickers retaining their illicit profits through different forms of money laundering. Together with the Organised and Serious Crimes Ordinance, they provide a good basis for countering money laundering.

4. In 1995, these two ordinances were amended to make it more difficult for drug traffickers and other offenders to launder and retain their illicit profits from drug trafficking and other organised crimes. Specifically, the legislative amendments :

- (a) permit the Court of First Instance to make a confiscation order where proceedings in respect of a drug trafficking offence or an organised crime have been instituted but not concluded because the defendant has died or absconded;
- (b) permit authorised officers to detain specified property which is being imported into or exported from Hong Kong and which represents the proceeds of drug trafficking;

- (c) include a money laundering offence of dealing with property knowing or believing it to represent the proceeds of drug trafficking or an indictable offence; and
- (d) impose a duty on persons to report suspicious transactions.

5. Since the introduction of the Drug Trafficking (Recovery of Proceeds) Ordinance in 1989, assets valued US\$41.4 million have been ordered confiscated, of which US\$27.7 million have been paid to the Government. Further assets amounting to US\$21.6 million are now placed under restraint, pending confiscation proceedings.

6. Other than the existing comprehensive legislative measures, the banking, securities, insurance, futures and leveraged foreign exchange sectors also have proper systems in place to counter money laundering. Financial regulators, such as the Hong Kong Monetary Authority, the Insurance Authority and the Securities and Futures Commission, have issued guidelines on money laundering to the industries of which they respectively exercise prudential supervision. These guidelines require the industries to observe the standards and procedures in record-keeping, customer identification and reporting of suspicious transactions. The guidelines are updated regularly to reflect the revised Recommendations of FATF and to be in line with any relevant legislative changes.

7. In respect of money changers and remittance agents, we have issued anti-money laundering guidelines to them. The guidelines advise money changers and remittance agents to establish anti-money laundering measures such as those adopted by banks or the other financial sectors.

8. Hong Kong is strongly committed to combating money laundering for now and in future. The Basic Law provides for, among others, the continuation of Hong Kong's existing legal, administrative, financial and social systems as well as participation in international organisations beyond 1997.

9. We will continue our vigorous efforts to combat money laundering. We will also continue to cooperate closely with international organisations and individual governments on both multilateral and bilateral fronts to counter money laundering. Money laundering is a global problem. Hong Kong is and will continue to be a staunch supporter of FATF and other international actions to fight against it.