

**For Information
6 November 2012**

Legislative Council Panel on Security

Measures to Combat Parallel Trading Activities

Introduction

Parallel trading activities between Hong Kong and the Mainland have caused disruptions to the daily lives of residents in the North District recently. The SAR Government is highly concerned about the livelihood issues caused by parallel trading activities. In this connection, the Chief Secretary for Administration convened an interdepartmental meeting on 18 September and announced a range of measures to more comprehensively and vigorously combat parallel trading activities and maintain community order. This paper briefs Members the measures taken by the Administration to combat parallel trading activities.

Enforcement Actions

Enhance Intelligence Collection and Exchange

2. Under the Import and Export Ordinance (Cap. 60), it is an offence to import or export any unmanifested cargo, but cargo does not include items carried, and imported or exported by passengers on board a vessel, aircraft or vehicle. Therefore, unless a passenger carries prohibited or controlled items, parallel trading activities *per se* is not an offence. Nevertheless, to ensure smooth clearance of normal passengers, the Customs and Excise Department (C&ED) has reinforced its manpower to monitor parallel trading activities and strengthen intelligence collection at various land boundary control points and in the vicinity of the MTR East Rail Line stations, including the modus operandi, types of goods, etc, and share the information with other law enforcement agencies to combat parallel trading activities at source.

3. In addition, since 7 September, the C&ED has mounted joint operations with its Mainland counterparts to strengthen intelligence exchange, combat smuggling by parallel traders, uphold public order and ensure smooth flow of traffic at the land boundary control points. Up to 26 October, through intelligence exchange, instantaneous notification and stringent customs checks,

the C&ED has successfully detected 1,518 cases involving 600,000 sticks of duty-not-paid cigarettes and 50 litres of liquor. Since the joint operation, the order of Lo Wu boundary control point, which is most affected by parallel trading activities, has improved. In addition, parallel traders have recently smuggled goods to the Mainland through other channels, such as cross-boundary goods vehicles, cross-boundary coaches and private cars. Up to 26 October, the C&ED has successfully detected 11 cases of suspected smuggling by vehicles. Goods seized include computer memories, central processing units, tablets, smart phones, auto parts, medical supplies, chemical raw materials, food, etc, valuing around \$7.3 million.

Combat Breach of Conditions of Stay

4. Pursuant to the Immigration Ordinance (Cap. 115), any person who enters Hong Kong as a visitor and contravenes a condition of stay in respect of him, including taking any employment, whether paid or unpaid, or establishing or joining in any business, without approval by the Director of Immigration, shall be guilty of an offence and shall be liable on conviction to a fine at \$50,000 and to imprisonment for two years. The Immigration Ordinance also stipulates that any person who is the employer of an employee who is not lawfully employable commits an offence and is liable to a fine of \$350,000 and to imprisonment for three years. Mainland visitors who contravene conditions of stay by involving in parallel trading activities may be prosecuted and refused entry by the Immigration Department (ImmD) in future. If Mainland visitors are prosecuted and convicted of offences in Hong Kong, upon the ImmD's notification, the exit and entry administration offices of the Mainland will cancel their exit endorsements.

5. From 19 September to 26 October, the ImmD and Police mounted 13 large scale operations named Windsand in Sheung Shui, Fanling and Fo Tan districts to combat against Mainland residents who were suspected of contravening conditions of stay in Hong Kong by involving in parallel trading activities. 372 Mainland residents suspected of contravening conditions of stay were arrested in the operations. Among them, 41 were prosecuted with 30 convicted and sentenced to imprisonment of two months. 331 persons who had not been prosecuted were repatriated to the Mainland. The ImmD has notified the Mainland authorities of the convicted Mainland residents for their follow up. The ImmD may refuse entry of the arrested Mainland visitors in future, if their purposes of visit are in doubt.

Step up Inspection of Buildings

6. The Administration has also stepped up inspection of industrial and residential buildings which are suspected black spots of parallel trading activities. The Fire Services Department (FSD) together with other relevant government departments have inspected the concerned buildings. If there are irregularities such as obstruction to means of escape or fire service installations, the FSD will take appropriate enforcement actions under the Fire Services Ordinance (Cap. 95). From 19 September to 26 October, the FSD issued six Fire Hazard Abatement Notices and three warning letters. On the other hand, in respect of cases involving breach of lease conditions, the District Lands Offices of the Lands Department will take enforcement actions in accordance with the lease conditions, including issuing warning notices or even registration of the notices at the Land Registry.

Ensure Smooth Passenger Flow

7. The relevant departments have also stepped up enforcement actions against obstruction, nuisance, etc, to ensure smooth passenger flow. To combat obstruction of public places by goods of parallel traders, and road obstruction caused by illegal parking and loading and unloading of goods, the Police has stepped up patrol and enforcement actions at black spots of parallel trading activities. From 19 September to 26 October, the Police issued 66 summons and 30 fixed penalty notices under the Summary Offences Ordinance (Cap. 228), Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237) and Fixed Penalty (Criminal Proceedings) Ordinance (Cap. 240).

8. Moreover, if parallel traders cause any environmental hygiene problems, the Food and Environmental Hygiene Department (FEHD) will issue Fixed Penalty Notices under the Fixed Penalty (Public Cleanliness Offences) Ordinance (Cap. 570) to persons littering and spitting on the street, and will issue Notice to Remove Obstruction under the Public Health and Municipal Services Ordinance (Cap. 132) in respect of articles obstructing scavenging operations on the street, requiring the owners to remove the articles within a specified period, failing which the FEHD may seize the articles without further notice. From 19 September to 26 October, the FEHD issued 28 Fixed Penalty Notices and 6 Notices to Remove Obstruction to suspected parallel traders littering and spitting on the street in Sheung Shui, and seized 116 articles.

9. In the railway areas, the MTR Corporation Limited (MTRCL) will render full support for the SAR Government's enforcement actions. In accordance with the Conditions of Carriage of Luggage issued by the MTRCL, passengers may carry luggage with total dimensions (i.e. length, width and height) not exceeding 170 cm, and the length of any one side not exceeding 130 cm. If the luggage fails to comply with such limits, station staff will serve verbal warnings, or written warnings if necessary, to the passenger. Prosecution will be initiated in more serious cases. To maintain order in stations, the MTRCL has recently implemented a series of new measures at individual East Rail Line stations, such as putting up large banners at Sheung Shui Station to remind passengers of the luggage limits, and that passengers with bulky luggage should not use the escalators; the erection of barriers at Entrance C of Sheung Shui Station for passengers with bulky luggage to enter the Station using wide ticket gates, so as to ensure orderly queuing and avoid blocking other passengers entering the Station, etc.

10. As some passengers carry very heavy luggage which presents hazard and nuisance to other passengers, from 9 October, the MTRCL launched a three-month trial scheme for imposing a maximum weight limit of 32 kg on passenger luggage. Electronic ground scales have been installed at Sheung Shui, Fanling, Lo Wu and Lok Ma Chau stations. MTRCL staff will proactively check the weight of passenger luggage before passengers enter the stations. In addition, the MTRCL will strengthen the manpower of its By-laws Inspection Unit (BIU) from the existing 29 members to 39 members. The number of contract security staff supporting the work of the BIU will also increase from 74 to 92. The BIU will continue to assist in the management of passenger flow and the enforcement of Mass Transit Railway By-laws along the East Rail Line, in particular at the cross-boundary stations.

Concluding Remarks

11. The joint operations of the various enforcement departments have been effective. We learnt that the Mainland authorities have also coordinated efforts of various departments to give dedicated attention to combating smuggling activities by parallel traders. The law enforcement agencies of the two places will maintain close intelligence exchange and conduct joint analysis, and carry out synchronised enforcement actions as necessary to combat organised parallel trading activities.

12. The enforcement actions will continue, with a view to combatting organised parallel trading activities. The law enforcement agencies will closely monitor the modus operandi of parallel trade activities, work closely to gather and share intelligence, and continue to adopt the strategy of cracking down at source to conduct intelligence-based enforcement actions from time to time at different locations. They will also adjust the strategy as appropriate in light of changing circumstances. The law enforcement agencies will strengthen education and publicity, through press releases and briefings, etc to deter and prevent such illegal activities.

Security Bureau

Transport and Housing Bureau

Food and Health Bureau

Development Bureau

Customs and Excise Department

Immigration Department

Hong Kong Police Force

Food and Environmental Hygiene Department

Fire Services Department

Lands Department

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