



Customs and Excise Department

Departmental Review 2010

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New Customs Headquarters Building –
commissioned in late 2010

Foreword

2010 was a memorable year for the Hong Kong Customs. We have our Customs Headquarters Building completed, which marks a new milestone in the Department's history. We have made significant leaps in trade facilitation by launching two new initiatives for cargo clearance. We also have notable achievements in protecting Hong Kong against smuggling of contraband and prohibited articles. I am proud to present this Departmental Review 2010, which aims to provide you with a better understanding on our contributions in protecting the society and fostering a better environment for economic development.

In late 2010, we moved into the Customs Headquarters Building (CHB) at North Point, which is the first headquarters building ever built for the Hong Kong Customs. It is of a total gross floor area of 41 000 square metres in 32 storeys. Centralization of all offices under one roof has obviously enhanced the efficiency, communication and unity of the department. We have set up a new Customer Service Centre at the CHB to provide one-stop, integrated and speedy services to the public. The CHB is also equipped with other facilities, including an indoor firing range and a library, which help promote capacity building and meet the future development needs of the Department.

On trade facilitation, we officially launched the Road Cargo System (ROCARS) in May 2010 and started an 18-month transitional period before its mandatory implementation. The new system enables the industry stakeholders to submit advance electronic cargo information to Customs, and by dint of the advanced cargo profiling by Customs, cross-boundary trucks can enjoy more speedy customs clearance at the land boundary control points. The ROCARS also gives us added room to facilitate the clearance of transshipment cargoes which involve inter-modal transfer. In November 2010, we introduced the Intermodal Transshipment Facilitation Scheme (ITFS) such that air-land and sea-land transshipment cargoes will only be subject to a single Customs inspection if required, instead of having to be inspected at both the entry and exit points. These two new initiatives will help strengthen Hong Kong's position as an international trading and logistics centre and promote the further development of the logistics industry in Hong Kong.

On law enforcement, we have stepped up surveillance and interception operations to suppress cross-boundary smuggling activities. The results in 2010 were encouraging. We made a significant seizure of 286 kilograms of cocaine with a retail value of \$260 million from a containerized consignment at the Kwai Chung Container

Terminal. Other significant cases included the neutralization of a sophisticated methamphetamine manufacturing centre and two storage centres at Kwai Tsing, with \$175 million worth of drug seized and five people arrested. Apart from these, the Department successfully interdicted illicit trade of cigarettes, deterred the smuggling of food products of dubious sources, and foiled the smuggling of endangered species and environmentally hazardous goods.

On consumer protection, we continue to conduct spot checks and investigations to deter and detect dishonest sales practices. We organize publicity campaigns and distribute pamphlets at popular shopping areas and control points to promote public awareness of consumer rights. With a view to developing an effective consumer protection regime, we work closely with the Commerce and Economic Development Bureau in the review of legislation to enhance protection for consumers against unfair trade practices.

The Hong Kong Customs has a fruitful year in 2010. We foresee a fast changing environment in the coming years, and despite the many challenges ahead, we will continue with our efforts in protecting the society, securing the cargo supply chain, further facilitating trade and maintaining the integrity of the boundary.



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1. Our Vision, Mission and Values

Our Vision

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

Mission

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

Values

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



2. Organization of the Department

The Commissioner of Customs and Excise is the head of the Customs and Excise Department. He is assisted by the Deputy Commissioner. The Department comprises five branches, each under a directorate officer. The five branches are:

- Administration and Human Resource Development Branch;
- Boundary and Ports Branch;
- Excise and Strategic Support Branch;
- Intelligence and Investigation Branch; and
- Trade Controls Branch.

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

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

The Excise and Strategic Support Branch, headed by Assistant Commissioner (Excise and Strategic Support), is responsible for matters relating to revenue protection and excise control, dutiable commodities, strategic planning and executive support, project planning and development, information technology development, and international Customs liaison and co-operation. It comprises the Office of Dutiable Commodities Administration, the Office of Customs Affairs and Co-operation, the Office of Strategic Research, the Office of Project Planning and Development, the Office of Information Technology and the Information Unit.

The Intelligence and Investigation Branch, headed by Assistant Commissioner (Intelligence and Investigation), is responsible for the detection and suppression of illicit drug trafficking and money laundering, enforcement of intellectual property rights (IPR) protection, and surveillance and intelligence in relation to enforcement actions. The Branch is organized into the Customs Drug Investigation Bureau, the Intelligence Bureau, the Intellectual Property Investigation Bureau, the Revenue and General Investigation Bureau, and the Special Task Force.

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

In addition to the five branches, there are two central management units which work under the direct supervision of the Deputy Commissioner. They are the Office of Service Quality and Management Audit and the Internal Audit Division.

At the end of 2010, the Department had an establishment of 5 571 posts. Of these, 9 were directorate posts, 4 465 were posts of the C&E Service, 454 were those of the Trade Controls Officer Grade and 643 belonged to various General and Common Grades.

3. Anti-smuggling

Anti-smuggling

A major mission of the Department is to prevent and detect the smuggling of contraband and prohibited articles, the import and export of which are controlled by the laws of Hong Kong for the purpose of protecting the community and environment, maintaining public health and fulfilling international obligations. Smuggled items detected include dutiable commodities, narcotics, firearms, copyright infringing articles, goods bearing forged trademarks and goods with false origin labels and high value general merchandise. In the fight against smuggling activities, the Department has strived to maintain a proper balance between control and trade facilitation to ensure the speedy flow of legitimate cargoes at the control points.



Customs officer with a detector dog searching a plane for dangerous drugs.

The Department detected 258 unmanifested cargo cases, an increase of 15% compared with 2009. Amongst the cases, 200 of them involved items smuggled between Hong Kong and the Mainland, including 113 at sea and 87 on land. There were 226 persons arrested and the seizures amounted to HK\$ 393 million.

Smuggling of general merchandise between Hong Kong and the Mainland is a matter of concern for both sides. High value commodities including electronic goods,



Customs officer searching for contraband concealed in carton boxes.

mobile phones and accessories, computer hardware, animal fur, dismantled vehicles and vehicle parts remained the popular items smuggled into the Mainland. Items smuggled to Hong Kong include dutiable cigarettes, counterfeit and copyright infringing articles.

Concealment remains a common tactic by smugglers to evade Customs detection. Concealment methods included hiding contraband in false or altered compartments in cross-boundary lorries, private cars, cargo containers or mixing smuggled goods with legitimate imports or exports. Smugglers also exploited the long coast line of Hong Kong, and with loading places frequently changed to evade detection, sent high value merchandise into the Mainland by high-powered speedboats moving at breakneck speeds. Some smuggling syndicates resorted to using containerized sea cargo to smuggle hot items to the Mainland.



Illicit cigarettes were commonly smuggled across the land boundary by goods vehicles.

Dutiable Commodities

Illicit Cigarette

Interception of cigarette smuggling remains a high priority task for the Department, and Customs enforcement is focused on cigarettes smuggled across the land boundary with the Mainland. Smuggling syndicates tended to mix the cigarettes with general cargo and falsely declared the consignment to smuggle illicit cigarettes into Hong Kong in large quantities. Apart from routine checking, intelligence exchange and parallel operations with the Mainland Customs at the land boundary control points have proven to be effective measures to suppress smuggling activities. In 2010, a total of 57 million sticks of smuggled cigarettes were seized, with the majority from cross-boundary vehicles from the Mainland. Also, through close monitoring of suspicious shipments, 3 significant transshipment cases were detected in 2010 with a total seizure of 2.5 million sticks of cigarettes.



Illicit cigarettes were found hidden in wooden planks.

Abuse of Duty-free Cigarette Concessions

Beginning in August 2010, returning Hong Kong residents may only bring in 19 sticks of cigarettes without the need for payment of duty. Abuse of the duty-free concession has decreased due to enhanced publicity and public awareness.

Under the Compounding Scheme, fines totaling HK\$17.7 million were collected in 4 204 cases involving 1.49 million sticks of cigarettes, 2.9 kilograms of cigar, 4.3 kilograms of assorted tobacco product and 207 litres of liquor in 2010.

Illicit Fuel

Rigorous enforcement through increased checks on incoming vehicles and vessels had contained the problem of illicit fuel smuggling from the Mainland. In 2010, 10 importation cases, 4 on land and 6 at sea, were effected with 1 361 litres illicit fuel seized.



Illicit motor spirit in plastic receptacles was seized in an illicit fuel-filling station.

Project Crocodile

The Project provides a platform for Customs Administrations in the Asia Pacific Region to share intelligence to tackle transnational illicit cigarette smuggling. Hong Kong Customs actively reports suspicious shipments, contributing to some 56% of the notifications issued under the Project thus far. Since the launch of the Project in August 2004, 76 containers, containing 463.33 million sticks of cigarettes and 1 300 kilograms of manufactured tobacco in total were seized as a result of information provided by Hong Kong Customs.

Dangerous Drugs

Ketamine, cannabis, methamphetamine (ice), heroin, cocaine and nimetazepam (Erimin-5) are popular dangerous drugs smuggled into Hong Kong. In 2010, the Department detected 427 cases with 558 kilograms of assorted drugs seized. Of significance was a case involving cargoes from Bolivia detected in December. On the examination of a cargo shipment declared as “Wood Working Products”, 286 kilograms of cocaine with a retail value of HK\$260 million were seized. Drug syndicates



264 slabs of cocaine weighing 286 kilograms in total were discovered inside 88 hollowed-out wood planks from the shipment declared as “wood working products”.

had taken advantage of the very heavy passenger and vehicular traffic at the control points to smuggle drugs into Hong Kong and express couriers of general cargo are exploited to smuggle small quantities of dangerous drugs each time to evade detection and minimize loss upon interception. To combat cross-boundary drug trafficking activities, Hong Kong Customs has continued to take vigorous enforcement actions, step up inspection as well as deployed Customs detector dogs to various land boundary control points.

Precious Metal

The market price difference between Hong Kong and the Mainland and a tight control on the export of precious metal in the Mainland had triggered isolated cases of smuggling of precious metal from the Mainland. In 2010, 7 cases involving seizure of 669 kilograms of silver slabs and 163 kilograms of nickel were detected at the land boundary control points.

Arms and Weapons

Customs officers always maintain high vigilance at all control points to prevent the smuggling of arms and weapons into Hong Kong. In 2010, 19 cases of firearms and weapons were detected at the Airport with 9 persons arrested and the total seizure value was HK\$433,730.

At the land boundary, 3 incoming drivers and 4 passengers were arrested in 5 cases with seizures including 282 stun guns and 4 extendible batons.

Counterfeit and Pirated Articles

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

At the Hong Kong International Airport, 156 cases were detected with 3 persons arrested in 2010, with seizures having a value of HK\$44.51 million. At the land boundary control points, 93 cases were detected with 78 persons arrested. Seizures valued at HK\$36.9 million were effected.

Computer Accessories and Telecommunication Equipment

Smuggling of high-valued computer accessories to the Mainland continued in 2010. Among the smuggling cases detected at the land boundary, 59 cases involved computer accessories or telecommunication equipment including mobile phones and accessories, computer hard disks, Random Access Memory (RAM) sticks, computer CPUs, etc. The seizure value amounted to HK\$24.2 million. Smuggling by speedboat was still prevalent. Among all the smuggling cases detected at sea, 51 of them involved computer accessories and telecommunication equipment, with a total seizure value of HK\$83 million.

Meat and Poultry

To safeguard public health, joint operations were regularly mounted by the Department with the Food and Environmental Hygiene Department (FEHD) at the land boundary control points. In 2010, 1 329 joint operations with FEHD were conducted. Enforcement actions taken throughout the years had successfully deterred smuggling of meat and slaughtered poultry in large quantities by cross-boundary vehicles.

Endangered Species

There were still isolated cases of endangered species of plants and animals being smuggled into Hong Kong. In 2010, Customs officers at the control points detected 125 cases of endangered species of plants, birds and animals. The items involved American ginseng, crocodile meat, cobra, bear bile powder, stony coral, red sandalwood and orchid etc.

In 2010, Customs officers detected 5 cases involving endangered species being smuggled out of Hong Kong to the Mainland. 4 persons were arrested with seizures worth HK\$1.19 million.

Marked Oil

Since May 2005, the Department launched a scheme to suppress seaborne smuggling of marked oil into the Mainland as a result of a higher price for diesel oil fetched in the Mainland. Oil barges delivering marked oil are required to be registered with the Department and transaction records are checked for irregularities. In 2010, 22 cases were detected with 49 persons arrested and the total seizure value amounted to HK\$1.9 million.

In May 2010, in a joint operation with the Mainland Customs, Hong Kong Customs neutralized a syndicate smuggling marked oil into the Mainland with crime proceeds of HK\$240 million restrained in Hong Kong. The operation has effectively stifled the smuggling of marked oil into the Mainland.

4. Trade Facilitation

Road Cargo System (ROCARS)

The Department has progressively developed electronic infrastructure for customs clearance of cargoes carried by different modes of transport. On 17 May 2010, the Department officially launched the Road Cargo System (ROCARS), an electronic system designed to speed up customs clearance of road cargoes, and an 18-month transitional period has started since the launch before submissions of cargo information for all imports and exports of road cargo will become mandatory from 17 November 2011 onwards.

Intermodal Transshipment Facilitation Scheme (ITFS)

Customs is constantly developing initiatives to enhance the speed and lower the cost of movement of cargoes across the boundary with the Mainland to maintain the competitiveness of business of the HKSAR. To facilitate the movement of transshipment cargoes, the Department officially launched the Intermodal Transshipment Facilitation Scheme (ITFS) on 29 November 2010, where transshipment cargoes, if examination is required, will only be subject to customs inspection once either at the airport for air-land transshipment or Kwai Chung terminals for sea-land transshipment. Under the Scheme, Electronic locks (E-lock) are used and technologies making use of Global Positioning System (GPS) are applied. GPS devices will be used for tracking the status of E-Lock and the movement of the goods vehicles to ensure the security of the cargoes when they are moved between control points with the HKSAR.



A designated lane at a land boundary control point for processing registered trucks under the ROCARS.



The Commissioner and a few legislative members participating in the ROCARS Official Launching on 17 May 2010.

Economic Co-operation Framework Agreement (ECFA)

Under the Economic Co-operation Framework Agreement (ECFA) signed between Mainland China and Taiwan on 29 June 2010, specified goods originating from Taiwan and consigning to Mainland China directly or vice versa can claim for preferential tariff treatment. In case the transportation involves transit through a third party, preferential tariff treatment can still be granted subject to the fulfillment of stipulated requirements which include, among other things, certification issued by the Customs Administration of the transit party. Given that Hong Kong has hitherto been a major transit port for the transportation of goods between Mainland and Taiwan China, the Department has taken up certification / verification responsibilities which involved close collaboration and intelligence exchange with Mainland and Taiwan Customs. Transshipment cargo from Taiwan, when certified by Customs in the originating place will be entitled to preferential tariff upon entering the Mainland.

Wine Exports to the Mainland

To foster the development of Hong Kong as a wine trading and distribution hub in Asia, the Department and the General Administration of Customs (GAC) of the People's Republic of China signed the "Co-operative Arrangement on Customs Facilitation Measures for Wine Entering the Mainland through Hong Kong" on 9 February 2010. The facilitation scheme aims to expedite customs clearance of wine imported into the Mainland through Hong Kong. The Scheme was rolled out in June 2010, first piloted in Shenzhen, and followed by review after 6-9 months to examine the possibility of extension to other ports in the Mainland.

5. Narcotics Interdiction

Anti-narcotics Strategy

One of the major responsibilities of the Hong Kong Customs is the prevention and detection of illicit drugs trafficking by dint of a comprehensive enforcement strategy, which comprises a three-pronged approach namely drug source detection, recovery of drug / crime proceeds and control of precursor chemicals used in the illicit manufacture of drugs, and Hong Kong's exemplary battle against dangerous drugs owes much to this strategy.

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

Anti-drug operations have never been easy. To enhance the effectiveness of anti-drug programmes, the Department is empowered to trace, restrain and confiscate drug or crime proceeds derived from illicit activities so as to stop drug traffickers from re-investing drug proceeds to finance further drug trafficking and other criminal activities and using Hong Kong as a base for money laundering.

Being the sole agency responsible for the enforcement of the Control of Chemicals Ordinance, the Department has maintained a licensing system to monitor and control the movements of precursor chemicals. Moreover, through an international liaison network, the Department strives to inhibit the illicit diversion of such chemicals at the global level.

Enforcement

Frontline Customs officers have shown determination in the anti-drug efforts by a combination of vigilance, intelligence and application of hi-tech. They focused operations on risky shipments of commercial cargoes, which provide a means for concealment of large quantities of illicit drugs. Operations are also targeted at incoming drug traffickers at the control points, who sneaked in significant quantities of drugs packed on body, stuffed inside body cavities or hidden in false compartments in baggage which is often sophisticated and innovative. Emergence is a trend for traffickers to use express parcels and ordinary mails to ship in smaller quantities of drugs, despite the challenge that large quantities of consignment are shipped in at high frequency. Customs officers have very well exercised their professionalism,

which have resulted in encouraging finds.

Ketamine is now the most prevalent drug of abuse among young people since 2004. The Department arrested 155 persons and seized 46.9 kilograms in 2010. 111 persons were arrested at the land boundary control points who attempted to sneak in a total of 9.9 kilograms of ketamine. Among these 111 arrestees, 11 were aged under 21, and these teenagers brought in a total of 0.8 kilograms of ketamine.

In the analysis of the seized heroin, the majority came from the “Golden Crescent” (the area overlapping Afghanistan, Iran and Pakistan). Most of the drugs are brought in by trained drug couriers with the heroin mostly concealed in their body cavities. In 2010, 40 kilograms were seized with 85 persons arrested.



Pellets of heroin discharged by a drug carrier in one of the internal concealment cases.

In 2010, the Department seized 7.1 kilograms of cannabis, including cannabis resin, with 22 persons arrested. 2 kilograms of cannabis resin were seized in 2010, the abuse of which is not popular in Hong Kong.

As regards methamphetamine, a total of 88 kilograms were seized with 55 persons arrested, including a record seizure of 70 kilograms with the mastermind arrested in an underground laboratory in July 2010. In the laboratory, 70 litres of liquidized methamphetamine, 200 litres of semi-processed liquidized



The methamphetamine manufacturing centre smashed (above) and the drugs seized from the 2 drug storages (on the right) in July. It is the largest of its kind ever detected in Hong Kong.



methamphetamine and a large batch of chemicals and equipment were seized, recording a hefty worth of \$175 million of seizure. In other cases, significant seizures included a total of 9 kilograms of methamphetamine seized in 4 operations from the

concealments of baggage of departing air passengers at the Airport.



High value cocaine, which attracts more well-off abusers, has always remained a high priority on Customs anti-drug programme, where much efforts were focused on targets from South America. In 2010, 46 persons were arrested with 350 kilograms of cocaine seized. A significant seizure of 286 kilograms was detected from a containerized consignment originated from Bolivia in December.

Other significant seizures included a total of 10.2 kilograms seized in 3 cases at the Airport. In these cases, professional drug couriers from African countries were found concealing the cocaine in their baggage. In another front, 4.2 kilograms of cocaine were seized from 4 airmail parcels from South America and 2 persons were arrested in a subsequent controlled delivery operation.

International Co-operation

Effective drug enforcement relies on the vigilance of officers, intelligence exchange and close co-operation between law enforcement agencies locally and overseas. The Department has demonstrated good international co-operation by the significant arrests and seizures in the Mainland, Australia, Canada, Honduras, Japan and New Zealand.

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

There was an obvious decrease in the number of persons aged below 21 arrested in connection with drug offences at the boundary control points, probably due to the enhanced deterrent effect arising from the stepped up enforcement action against cross boundary drug trafficking. The publicity on the harmful effects of drug abuse at

the land boundary control points was also a contributing factor. In 2010, the number of arrests was 17 as compared to 34 in the previous year, representing a drop of 50%.

Financial Investigation

The Department took more efforts in 2010 in tracing proceeds derived from drugs and organized crimes and extra resources were provided to investigate syndicates involved in complicated crimes. During 2010, the Department restrained HK\$301.84 million of proceeds in two cross-boundary crimes, where Hong Kong Customs had given full support to the Mainland Customs in the 2 cases, involving the smuggling of marked oil to the Mainland and tax evasion by falsely declaring the value of equipment to the Mainland Customs.

In the prevention and detection of money laundering in the HKSAR, the Joint Financial Intelligence Unit operated by the Department and the Police received 19 690 suspicious transaction reports from the financial institutions, among which 407 were forwarded to the Department for follow-up investigation.

Control of Chemicals

In 2010, the Department maintains a licensing system under the Control of Chemicals Ordinance to regulate the trade of 25 chemicals commonly used for the illicit manufacture of narcotic drugs and psychotropic substances.

To step up control, the Department participates in a global co-operation mechanism which monitors the movements of precursor chemicals to prevent their illicit diversion. Pre-export Notifications (PENs) are issued to the importing countries or territories to confirm the legitimacy of the shipment before export approval is granted. 780 PENs (controlled chemicals) were issued to 29 countries in 2010.

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

Between July 2009 and March 2010, the Department participated in the joint operation "PILA" which focuses on the shipments of pharmaceutical preparations containing ephedrine and pseudoephedrine which may be used for producing "ICE".

In 2010, the Department sent out 72 PENs (for pharmaceutical preparations containing ephedrine and pseudoephedrine) to seven countries.

In the meantime, the Department has also been participating in the operation “Zircon Pacific”, jointly launched by the Department and the US Drug Enforcement Administration, Hong Kong Country Office (DEA/HKCO) since August 2008, for tracking the movement of suspicious shipments of acetic anhydride, acetyl chloride, piperidine and potassium permanganate via Hong Kong to high-risk countries.

International co-operation is particularly important in maintaining a global force against the illicit movements of chemical precursors. The Department proactively exchanges information and intelligence with overseas law enforcement agencies on suspicious shipments of precursor chemicals sourced in the region and shipped through Hong Kong to high-risk destinations.

Upon the recommendation of the Department, Schedule 2 under the Control of Chemicals Ordinance (Chapter 145) is amended by the inclusion of a chemical 1-[(2-Chlorophenyl)-N-(methylimino)methyl]cyclopentanol (commonly known as ‘Hydroxylimine’) and its salt into the Schedule 2. The amendment which will come into operation on 1 April 2011 is important in stopping the illicit manufacture of Ketamine, which can be produced from its precursor, Hydroxylimine.

6. Intellectual Property Rights Protection

During the year, rigorous and sustained enforcement actions were maintained against copyright infringement and trademark counterfeiting activities in Hong Kong at both the manufacturing and retailing level.

Anti-piracy Enforcement

The Department detected 610 piracy cases and arrested 532 persons in 2010. Seizure of pirated optical discs (ODs) amounted to 0.89 million. Together with other seizures in these cases, the total value of seizure was HK\$26 million.

Actions against Retail Sale of Pirated Goods

The Department maintained rigorous enforcement actions against retail outlets selling pirated optical discs, targeted to wipe out optical discs piracy activities totally. The Intellectual Property Investigation Bureau, the formation that organized all anti-piracy operations, was determined to go after the syndicates that ran optical discs piracy business in Hong Kong. The rigorous enforcement action throughout the years has achieved significant results. The number of retail outlets selling pirated optical discs has dropped from about 1 000 in 1998 to a few at present. In 2010, Hong Kong Customs successfully tracked down several sophisticated networks of piracy syndicates and conducted a number of major crackdowns against such syndicates, leaving the overall pirated business much withered in late 2010.

Actions against Manufacture, Import and Export of Pirated Goods

Since the commencement of the Prevention of Copyright Piracy Ordinance in May 1998, all optical disc factories in Hong Kong are required to obtain a manufacturer licence and they are subject to inspection by the Department. Illicit manufacturing of optical disc is further suppressed when the Prevention of Copyright Piracy Ordinance (Amendment of Schedule 1) Order 2002 came into force on 19 July 2002, which requires manufacturers of stampers (“the master disc”) in Hong Kong to obtain a licence from the Department. In 2010, Customs officers conducted 300 inspections of licensed optical disc and stamper factories.

Actions against Internet Piracy

In April 2000, the Department established an “Anti-Internet Piracy Team” to specially fight Internet piracy, the detection of which is assisted by an advanced on-line monitoring software. Since its establishment, the “Anti-Internet Piracy Team” has detected 252 Internet piracy cases, arrested 314 persons and seized pirated articles and computer equipment with a worth of HK\$9.59 million. To tackle the increasing trend of selling pirated and counterfeit goods on auction sites, the Department, together with the University of Hong Kong, developed a new computer system – the Lineament II, to strengthen the detection of the sales of IPR infringing articles at auction sites.

Actions against Corporate Use of Pirated Works in Business

The Intellectual Property (Miscellaneous Amendments) Ordinance 2000 has been expanded with new provisions to enhance copyright protection. Apart from the existing provision which prohibits the bringing of video-recording equipment into cinemas and places of public entertainment to prevent bootlegging, new provisions are made to criminalize the use of infringing copyright works, including computer software, movies, TV dramas or music and sound recordings, in business. Since the provisions became effective in 2001, the Department has detected a total of 233 cases of corporate use of pirated works, arrested 500 persons and seized items having a worth of HK\$13.83 million.

Provisions of Copyright (Amendment) Ordinance 2007

In July 2007, further amendments were made to the Copyright Ordinance. The criminal liabilities that have been widened against copyright infringement mainly cover the following areas:

On “Parallel Importation”

The threshold period that invokes criminal sanction termed as “parallel importation” of infringing copyright works was shortened from the original 18 months to 15 months. To enhance enforcement efficacy and to facilitate compliance by traders, certain “presumptions” were introduced to the legislation to facilitate Customs detection and prosecution of cases of “parallel importation”. At the same time, the scope of the provisions on affidavit evidence had also been expanded to provide facilitation to overseas copyright owners by allowing them to establish facts on copyright authorization and licence by way of an affidavit. Since the amended provisions have become effective on 6 July 2007, the Department has detected a total of 48 cases of

“parallel importation” with 60 persons arrested.

On “Circumvention Devices” and “Circumvention Services”

The legislative amendment has increased the criminal and civil liability for the circumvention of “technological measures to protect copyright works”. Following the amendment to the Copyright Ordinance, any person who engages in the commercial dealing of circumvention devices or provides circumvention services for commercial purposes shall be subject to criminal sanction. The Department has so far detected a total of 61 such cases and arrested 83 persons.

On “Business End-user Piracy”

An amendment provision was incorporated into the Copyright Ordinance to extend the criminal liability of company directors or partners when situations of business end-user piracy are detected in a company. The provision effective since 17 July 2008 aims to increase management accountability and promote more effective business governance. The criminal liability for “possession of an infringing copy of copyright work” is applicable to computer software, movies, TV dramas and TV / movies or music (sound or visual) recordings. Since the commencement of the provision, the Department has detected a total of 78 such cases and arrested 158 persons (including 72 company directors).

“Business End-user Copying / Distribution Offences”

The business end-user copying and distribution offence was included in the Copyright (Amendment) Ordinance 2007. A person commits an offence if he makes for distribution or distributes an infringing copy of a copyright work without a valid licence for trade or business purpose and on a regular or frequent basis, where such act results in a financial loss to the copyright owner. The Copyright (Amendment) Bill 2009, which sets out the numeric threshold for the amount of copies made to trigger the application of the offences, was passed by the Legislative Council on 18 November 2009. The new provisions were effective on 16 July 2010.

Restraint and Confiscation of Crime Proceeds of Piracy Syndicates

The Department actively applies the Organized and Serious Crimes Ordinance (OSCO) to Intellectual Property Rights (IPR) investigations in order to bear down on the organized syndicates engaged in piracy and counterfeiting activities. Since the first application of OSCO to a piracy case in 2004, the Department has applied this

tool to a total of 9 IPR cases (8 copyright cases, and 1 counterfeit case), with some HK\$113 million worth of crime proceeds / assets restrained. This enforcement approach has effectively clamped down syndicates engaged in copyright piracy activities.

Actions against Counterfeit Goods

The Department has maintained a high enforcement pressure against the sale of counterfeit goods during the year and the sustained actions has placed trademark counterfeiting in Hong Kong firmly under control, with no sign of major counterfeit goods manufacturing activities emerging.

In 2010, the Department detected 947 cases involving counterfeit goods or goods bearing false trade descriptions, arrested 832 persons, with a total value of HK\$173 million. The seizure mainly consisted of counterfeit garment, wrist watches and leather goods.

Actions against the sale of Counterfeit Goods on Internet Auction Site

In 2010, 45 cases were detected involving the sale of counterfeit goods on Internet auction sites. 48 persons were arrested and counterfeit items with total seizure amounted to HK\$0.64 M were seized.

In collaboration with Customs, auction site operators displayed warnings to remind auctioneers that selling counterfeit goods on the auction sites was illegal. At present, the time required for removal of suspected listings of counterfeit goods is just a few hours.

Actions against Wine Counterfeiting

To promote Hong Kong's wine trading and distribution businesses, the Government reduced the duty rates of wine to zero and removed the related administrative controls in June 2008. Since then, wine imports into Hong Kong have increased significantly.

In combating wine counterfeits, a dedicated anti-wine counterfeit team was set up in August 2008 to carry out investigations and enforcement actions against the cases of counterfeit wine. In the past 4 years, there was no such case detected.

Court Penalty on IPR Infringement Activities

Under the Copyright Ordinance, the maximum penalty for a copyright piracy offence is

imprisonment for eight years and a fine of HK\$500,000. Under the Trade Descriptions Ordinance, the maximum penalty for trademark counterfeiting is imprisonment for five years and a fine of HK\$500,000. In 2010, the highest sentences handed down by the court for a copyright infringement offence were 26 months' imprisonment. As for trademark counterfeiting and false trade description offence, the highest sentence recorded in 2010 was 10 months' imprisonment. 329 persons were sent to jail for copyright offences, and another 101 persons were sentenced for trademark or trade description offences. The heavy penalties imposed by the court have indeed produced a strong deterrent effect in combating such illicit trade.

Strategic Partnership with the Industry

The Department has been working proactively to seek greater co-operation from the IPR industry to enhance the fight against piracy and trademark counterfeiting. The industry is now providing all sorts of support, including the provision of leads on IPR infringement activities, examination of seized goods to authenticate IP rights, provision of testimony in court and training for frontline enforcement officers to enhance the skill on product identification. The Department has also been actively maintaining close liaison with the industry, local and overseas law enforcement agencies, academics, etc. to review the effectiveness of Customs enforcement, to re-examine IPR protection issues and exchange views from a multifarious perspective.

In 2010, the Department achieved good progress in its partnership with the IPR sector and collaboration was sustained in the following areas:

- The Intellectual Property Rights Protection Alliance (IPRPA) established by the Department and the industry in March 2004 provides a useful platform for both parties to enhance their strategic partnership and strengthen intelligence exchange. At present, 70 organizations of the IPR sector have joined IPRPA. A working committee was established and tasked to organize IPR protection-related activities, including the launching of publicity and educational campaigns to raise social awareness of IPR protection.
- To counter the sale of infringing articles on the Internet, the “E-auctioning with Integrity Scheme” was jointly launched with the participation of a number of local auction site operators and IPR owners in November 2005 to promote the integrity of online trading. When IPR owners had sufficient reasons to suspect that goods put up for sale at auction were IPR infringing goods, they would notify the auction site operators concerned to remove the listings of suspicious items.

To date, listings of about 80 000 items suspected to be IPR infringing goods have been removed.

- The “Fast Action Scheme” launched jointly with the Hong Kong Brands Protection Alliance (HKBPA) in July 2006 remains an important measure to effectively protect the interest of IP owners participating in major exhibitions and trade fairs staged in Hong Kong. Under the scheme, the Department will take prompt enforcement action when reports on IPR infringement activities from the exhibitors are received. Publicity leaflets were distributed to the exhibitors at the opening of exhibitions to publicize the penalties for IPR infringement offences and to encourage participants to report IPR infringement acts. Since the implementation of the scheme, the Department has activated the “Fast Action Scheme” at 44 major exhibitions and trade fairs, leading to the detection of 144 infringement cases and the arrest of 170 persons.
- Supporting Hong Kong’s development into a regional wine trading and distribution centre, the Customs-Wine Industry Alliance (海關與葡萄酒業界大聯盟) was formed with 18 organizations of the local wine industry in October 2008. It provides a platform to further collaboration with the industry in order to gear up for the combat against offences involving counterfeit wine and false information on place of origin. Hong Kong Customs has been establishing contacts with overseas law enforcement agencies and wine regulatory bodies to obtain information and source expertise in regard to the latest technologies applied for the identification of counterfeit wines.

Reward Schemes

The IPR industry and the Department are joining forces to step up intelligence collection to reinforce actions against IPR infringement offences. The industry is now sponsoring reward schemes which pay cash rewards to informers who are able to provide Customs with information that leads to the seizure of infringing goods. The five existing reward schemes are:

- Anti-piracy (except retail level) Reward Scheme - sponsored by the copyright industry
- Reward Scheme to Combat Illegal Use of Software in Business – sponsored by Business Software Alliance (BSA)
- Reward Scheme to Combat Counterfeit and Trademark Infringed Pharmaceutical Products – sponsored by Hong Kong Association of the Pharmaceutical Industry
- Reward Scheme to Combat Illegal Photocopying of Books and Periodicals – sponsored by Hong Kong Reprographic Rights Licensing Society and

- Reward Scheme to Combat Illegal Photocopying of Newspapers and Magazines sponsored by the Hong Kong Copyright Licensing Association.

Publicity Programmes for IPR Protection

Suppressing IPR infringing activities cannot be done by enforcement alone. If demand exists for pirated and counterfeit goods, the illicit trade will continue. Promotion of civic education to promote public awareness and respect for IPR protection is equally important. In 2010, the Department launched several publicity campaigns to promote IPR protection.

The Department acted as one of the co-hosts for the originally-created MTV competition (“尊重正版權·創作新風氣”短片創作比賽) launched by the Hong Kong Reprographic Rights Licensing Society (HKRRLS) on 27 April 2010. Other co-hosts include the Intellectual Property Department (IPD) and the Hong Kong Education City. The aim of this competition was to further promote the theme of “respect and protection of copyright” delivered by the song “創作新風氣”.

In collaboration with 11 local youth uniformed groups (YUGs) and the IPR sector, the Department first launched the “Youth Ambassador Against Internet Piracy Scheme” (YAS) in 2006. Over 200 000 members of the YUGs joined the scheme to promote a sense of respect for copyright works among young people.

In May and June 2010, the Department jointly organized with the Intellectual Property Rights Protection Alliance (IPRPA) the “Protection of Intellectual Property Rights on the Internet Creative Competition” to promote respect for IPR on the Internet and cultivate positive values among youngsters. Ten participants from eight local youth uniformed groups were awarded a study visit to Tokyo with full sponsorship from the IPRPA. During their stay in Tokyo, they visited Japan Customs and various IPR institutions to gain a better understanding of IPR protection. After returning to Hong Kong, they also shared experiences with other members of their YUGs to promote the importance of IPR in our society.

To instill a sense of respect for intellectual property rights in youngsters – both as influencers of peers and adults, and as eventual users of software in business – the Department, BSA and IPD collaborated in implementing a Youth Ambassador Programme as part of the 2010 IPR Campaign. The programme included an exciting competition run-up in February 2011, where small groups of Youth Ambassadors competed for the best proposals to promote the use of genuine software in business. While enhancing their determination of protecting IPR, the competition also provided

the participants with an opportunity to explore the business world by writing a business proposal and going through a research from a business perspective.

To promote the respect for IPR and awareness of the criminal consequences of using pirated software in a company, the Department joint hands with the Business Software Alliance (BSA) and the Intellectual Property Department (IPD) in launching the 2010 IPR Campaign in August 2010. The objective was to remind directors and senior management that an organisation, together with its partners and other people responsible for its internal management, might be held criminally liable if their employees are found using pirated software in the course of trade or business.

International Conference

In October 2010, the Department co-hosted with the INTERPOL the '2010 International Law Enforcement Intellectual Property Crime Conference', with a theme 'Working Together to Break Organised Crime'. Keynote addresses, panel discussions and workshops focused discussion on global participation and cross-agency co-operation in the 21st century to combat organized crime, stop the flow of pirated and counterfeit goods through international borders and tackle the growing infringing activities perpetrated on the Internet.

The Conference marked the first occasion where Hong Kong Customs joined with INTERPOL in a global effort to promote the protection of IPR. The Conference was well received with over 500 law enforcement specialist, IP crime investigators, prosecutors and private sector investigators from 48 countries attending the event.

7. Consumer Protection

The Department protects consumer interests through enforcement of the Toys and Children's Products Safety Ordinance, Consumer Goods Safety Ordinance, Weights and Measures Ordinance, and Trade Descriptions Ordinance.

Weights and Measures Ordinance

To weed out dishonest sale of short-weighted items, the Department conducted 2 409 spot checks and 1 269 investigations in 2010 to detect and deter the use of inaccurate weighing and measuring equipment in trade and the supply of goods which were short of the purported weights. Retail sales which involved comparatively more complaints concerning short weight continued to be the targets of the Department's enforcement actions. In 2010, prosecution was taken against 170 cases for contravention of the Weights and Measures Ordinance.



An officer checking the accuracy of a Chinese steelyard at a seafood retailing stall.



An officer of the Department and a Government Chemist checked the accuracy of a fuel dispenser at a fuel refilling station.

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

The Department conducted spot checks and investigations to ensure toys, children's products and consumer goods supplied in the market are reasonably safe and affixed with bilingual warning labels. In 2010, 2 872 spot checks and 569 investigations were conducted and 21 prosecution cases were concluded. Besides, the Department issued 20 Prohibition Notices prohibiting the supply of unsafe products, ranging from chess toys, cross-bow gun toys, magnetic toys, battery-operated lantern toys, headband toys, plastic duck toys, babies' dummies to baby walking frame.

Education-oriented seminars

To promote traders' awareness of product safety and their obligations in complying with the related Ordinances, the Department conducted education-oriented seminars for leading department stores, chain shops, and small and medium enterprises in the past two years. Furthermore, the Department continues to work closely with the Consumer Council with a view to promoting public awareness of product safety and fair trading.

The Toys and Children's Products Safety (Amendment) Ordinance 2010 came into operation on 1 April 2010 to update safety standards for toys and children's products. The Department has launched an extensive publicity programme by distributing pamphlets and organizing a series of seminars for the trade to promote their awareness of product safety and remind them of their legal obligations in complying with the new safety legislation. Educational seminars have also been organized for parents and teachers of nurseries and kindergartens to introduce to them the safety legislation, potential risks posed by unsafe products and safety tips to choose suitable products for their children.

Trade Descriptions Ordinance Enforcement

Uppermost in the minds of the public in recent years are incidents of unscrupulous retailers employing deceptive, misleading or unfair sales practices. To address these concerns and to uphold Hong Kong's reputation as a shoppers' paradise, the Government has strengthened the consumer protection regime by introducing new provisions under the Trade Descriptions Ordinance. The new provisions, enacted in June 2008 and took effect on 2 March 2009 prohibit three types of dishonest sales practices :

- (a) Section 13A requires that the price per unit of quantity on signs must be readily comprehensible if such goods are exposed for sale in price set by reference to any unit of quantity. Unclear or obscured price signs are unlawful.
- (b) Section 13B requires that retailers selling five types of regulated electronic products (namely digital audio player, digital camcorder; digital camera, mobile phone and portable multimedia player) must inform the buyer before he pays for the goods if the price of the product does not include essential accessories.

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

Besides, the definition of “trade descriptions” has also been extended to cover after-sale services and warranties for goods. Any person who makes false representations on these matters commits an offence. Meanwhile, six additional pieces of Regulations and Orders have been made and another two amended under the Ordinance to regulate the sales practices of specified retail industries, which include articles of gold, platinum, diamond and fei cui, and the aforesaid five types of electronic audio-visual products.

To raise the public awareness of consumer rights and to remind retailers of their legal obligations, publicity campaign has been launched since early 2009. In 2010, pamphlets with salient points of the amended law were distributed to local and visiting consumers at popular shopping areas, shops registered with the Travel Industry Council of Hong Kong as well as the passenger arrival halls of various control points. The Department continued to organize a series of seminars and briefings for traders in various retail industries, trade associations as well as registered tourist guides to ensure compliance with the law. The Department has also been working closely with the Consumer Council, the Travel Industry Council of Hong Kong, Hong Kong Tourism Board and other stakeholders to better protect consumers.

Taking a proactive approach to protect consumers, the Department operates a “Product Monitoring Scheme” to scrutinize popular products which are prone to misrepresentation on the local market. Under the Scheme, unscrupulous traders selling misrepresented black moss, edible oils and fake dried abalone slices were prosecuted for violations of the Trade Descriptions Ordinance. They were all convicted and fined by the Court. Some of them were imposed by the Court with suspension imprisonment or bound-over sentences in addition to their court fines.

The Department has formed a Quick Response Team to instantly handle the urgent complaints lodged by short-haul visitors or local consumers. In 2009 and 2010, the Quick Response Team was summoned on 20 occasions to handle urgent complaints, of which one case ended up with prosecution action.

During the year, the Department carried out 4 261 spot checks at retail shops, including those frequented by overseas and Mainland visitors. Meanwhile, uniformed and plain-clothes officers patrolled various trade fairs and exhibitions to deter dishonest sales and to ensure compliance with the law. In the year, the Department received 594 trade description related complaints, most of which involved

foodstuff, regulated electronic products, dried seafood and Chinese herbs. 567 investigations were conducted, 66 of which ended in prosecution and 36 with administrative action.



Trade Controls Officers conducting inspection under the Trade Descriptions Ordinance at an electronic products company.

Review of Legislation to Enhance Protection for Consumers Against Unfair Trade Practices

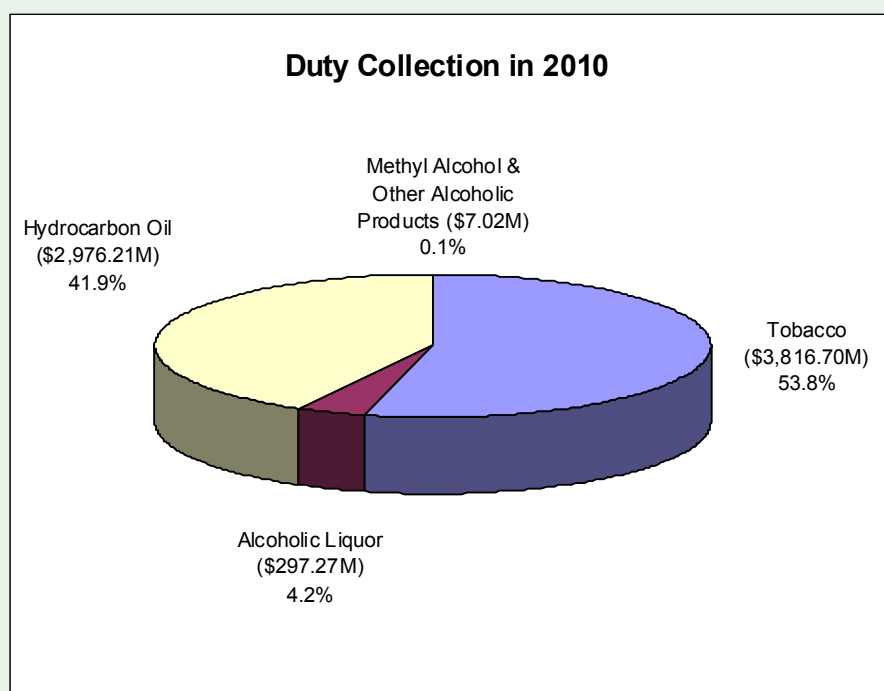
In mid-July 2010, the Government published a Consultation Paper entitled “Legislation to Enhance Protection for Consumers Against Unfair Trade Practices” to seek public views on legislative proposals to tackle unfair trade practices deployed in consumer transactions. The public consultation period ended in late October 2010 and the feedback received revealed that there was a general support for most of the proposals.

To tie in with the Government’s legislative review, a special duty team was set up in the Department for undertaking research into the proposed offences under the Trade Descriptions Ordinance such as misleading omissions, aggressive practices, bait advertising, bait-and-switch, and accepting payment without the intention or ability to supply.

8. Revenue Collection and Protection

Revenue

In 2010, excise duties collected was HK\$7,097.2 million, including 41.9% from hydrocarbon oil, 53.8% from tobacco, 4.2% from alcoholic liquor and 0.1% from methyl alcohol and other alcoholic products. The revenue collected in 2010 increased by 13.7% compared to 2009. The percentage distribution of duty collection by commodities is shown in the diagram.



Open Bond System

All dutiable commodities bonded warehouses in Hong Kong are currently licensed under the Open Bond System (OBS), which was introduced on 1 April 2003 with a view to facilitating legitimate business activities. Operating cost of the trade has been much lowered because of the facilitation. Under the OBS, Customs controls are exercised through post-transaction auditing, compliance checks and surprise checks on the loading and



Routine compliance check on bonded warehouse.

unloading of dutiable goods. The number of bonded warehouses increased steadily over the years, from 38 in April 2003 to a peak of over 80 in mid-2008 before the Government removed the licence requirement on warehouse operators of wine and non-hard liquor (after the removal of duties from wine) on 6 June 2008. After the de-regulation, the number of bonded warehouses now stands at 66 at the end of 2010.

Illicit Fuel

The price difference of fuel between the Mainland and Hong Kong has triggered the smuggling of fuel which is sold to drivers at illicit fueling stations normally set up in the New Territories. To tackle the problem, the Department had strengthened enforcement actions as well as increased publicity campaigns to raise public awareness on illicit fuel and encouraged the public to report illicit fuel activities.



Seizure of illicit motor spirit carried in plastic receptacles.

327 cases were detected with 107 175 litres of illicit fuel (excluding export cases) seized, representing a decrease of 44% in cases and a drop of 16% in seizures over 2009. The drop in seizures was mainly the result of the fading trend of illegal use of marked / detreated oil as vehicular fuel, following the reduction of the duty rate of Euro V diesel to zero w.e.f. 14 July 2008.

Illicit Cigarettes

The Department effected 6 304 illicit cigarette cases with the seizures of 76 million sticks of cigarettes and the arrests of 6 001 persons in 2010. The total value of the seized illicit cigarettes was HK\$144 million and the duty potential was in excess of HK\$92 million. As compared with the preceding year, the number of cases and arrests decreased by 25% and 23% respectively. Among the seizures, about 18



Seizure of illicit cigarettes smuggled into Hong Kong by means of goods vehicles.

million sticks were related to local illicit cigarette activities, which represented a decrease of about 40% as compared with 2009, because of strengthened enforcement actions by Customs investigators against the illicit sales.

9. Trade Controls

Upholding Hong Kong's Trading Integrity

Given the importance of trade and industry to the economy of Hong Kong, the Department enforces various trade controls systems including the Certification of Origin System, the Textiles Control System, the Strategic Trade Control System, the Import and Export Declaration System and the Kimberley Process Certification Scheme to ensure that Hong Kong fully discharges its international obligations and complies with multilateral trade agreements. Through its enforcement actions, the Department also protects the legitimate interests of traders and manufacturers. In addition, the Department mediates disputes between overseas traders and local suppliers to safeguard Hong Kong's trading reputation.

Certification of Origin System

Hong Kong maintains a comprehensive Certification of Origin System to establish the origin of goods produced in Hong Kong. As part of the control arrangements, Certificate of Origin (CO) applications covering exports of cut-and-sewn garments to the United States of America have to be supported by production notifications (PNs) validated by the Trade and Industry Department (TID). The PN requirement serves to ensure that the origin-conferring process for the manufacture of cut-and-sewn garments has taken place in Hong Kong. To uphold the credibility and integrity of the System, the Department conducts pre-registration inspections on factories applying for CO facilities to authenticate their production capacities. Also, periodic inspections were carried out on the factories to ensure their continuous compliance with registration conditions, and consignment checks on goods covered by CO applications and PNs. In 2010, the Department conducted a total of 4 431 factory inspections and consignment checks (not counting those related to the Certificate of Hong Kong Origin (CEPA)).

Textiles Control System

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

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

Blitz checks are surprise inspections of cargo consignments at the control points. It has been proven effective in tackling illegal transshipments. The strategic use of intelligence and risk management in blitz check operations has greatly enhanced the Department's effectiveness in combating illegal transshipment activities.

In 2010, the Department examined 11 663 consignments in 466 blitz check operations and detected 16 cases of illegal textile transshipment with seizures having a worth of HK\$4.36 million. 132 persons / companies were prosecuted for various textiles-related offences, resulting in court fines of HK\$2.03 million and seizure of textiles and clothing goods valued at HK\$2.55 million.

In addition, to weed out shady establishments engaging in illegal transshipment of textiles, the Department mounted special operations in 2010 by conducting audit checks on 22 factories to verify their production capability within specified manufacturing periods. As a result, three factories were prosecuted and nine were suspended from further using the licensing and certification facilities.

Strategic Trade Control System

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

The Chemical Weapons (Convention) Ordinance which aims to fully implement the Chemical Weapons Convention in Hong Kong, underlines Hong Kong's commitment to internationally agreed arrangements on the ban of chemical weapons and on the monitoring of activities involving sensitive chemicals. Through enforcement of the Ordinance, the Department helps ensure Hong Kong's continued access to a full range of chemicals needed for local industrial, medical, research and trading purposes.



Officers checking a chemical product intercepted at the Airport.

In combating illegal diversion of strategic commodities, the Department carries out licence checks to verify the authenticity of information given in import and export licence applications and carry out checks on the disposal of the consignment after importation (disposal checks) to ensure that articles imported are used as declared. In 2010, the Department conducted 1 352 import licence checks, 2 763 export licence checks and 297 disposal checks, investigated 265 cases and prosecuted 63 persons / companies leading to a total fine of HK\$1.65 million. In these cases, the value of goods involved was HK\$38 million.

Import and Export Declarations and Cargo Manifests

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

manifests / declarations or lodgment of inaccurate cargo manifests / declarations is liable to prosecution and penalties.

The Department received 19.1 million declarations and collected HK\$1,578 million import and export declaration charges / clothing industry training levies / late penalties in 2010. Short-paid declaration charges / clothing industry training levies recovered and late / administrative penalties imposed amounted to HK\$43 million. The Department also received around 8.8 million cargo manifests in respect of air, ocean, rail and road modes of transport.

Educational Seminars

In order to reduce the number of late and non-lodgment cases, since August 2008 the Department organizes regular educational seminars to remind traders and carriers / forwarders of their obligation and to improve their knowledge in lodging timely and accurate trade declarations and cargo manifests. The Department organized 50 educational seminars for 1 093 traders / forwarders / carriers in 2010. Furthermore, the Department continued to work closely with the Census and Statistics Department with a view to promoting the awareness of timely lodgment of cargo manifests and import / export declarations.

Assistance to Overseas Customs Administrations on Valuation Fraud Cases

Being a member of the World Customs Organization, the Department offers assistance to other Customs administrations upon their requests for investigation of customs duty related frauds. During the year the Department received 66 requests, and most of them involved under-valuation of goods.

Closer Economic Partnership Arrangement (CEPA) - Trade in Goods

Since the implementation of CEPA from 1 January 2004, 1 621 items of Hong Kong products currently enjoy zero tariff treatment upon importation into the Mainland if they are covered by a Certificate of Hong Kong Origin (CEPA) (CO(CEPA)). In 2010, a total of 13 028 applications for CO(CEPA) were received. Of these applications, 12 686 CO(CEPA)s at a total value of HK\$7.2 billion were issued. These applications covered a wide range of products, top five of which in terms of value were pharmaceutical products, plastic materials and articles, textiles and clothing, food and beverage, and metal products.

Charged with the enforcement duties of the CEPA Certification System, the Department conducted consignment checks against 1 548 applications for CO(CEPA) and examined 53 CEPA consignments at various cargo exit points in 2010.

Kimberley Process (KP) Certification Scheme

The Kimberley Process (KP) Certification Scheme for rough diamonds has been developed by the KP, an international negotiating forum, that seeks to stop the trade in "conflict diamonds" from fuelling armed conflicts, activities of rebel movements and illicit proliferation of armament. Some 74 economies including the People's Republic of China (PRC) have participated in the Certification Scheme. Hong Kong joined the Scheme as a designated importing and exporting authority of the PRC in order to safeguard Hong Kong's interest as a trading hub of diamonds in this region. The Certification Scheme, which requires registration of rough diamond traders and comprises a certification system for the import and export of rough diamonds, has been implemented in Hong Kong since 2 January 2003. The Department conducted a total of 581 consignment inspections and 10 investigations on rough diamonds during the year.

Reserved Commodities Control

Through the enforcement of the Reserved Commodities Ordinance, the Department monitors the import and export of rice and ensures a stable supply of the commodity in Hong Kong. The Department conducted 3 817 inspections, investigated 5 cases, prosecuted 5 persons / individuals, resulting in a fine of HK\$7,000 in 2010. In these cases, value of the rice involved was HK\$0.26 million.

Mainland Cereals and Grain Flours Control

To complement the measures imposed by the Mainland Customs to regulate on a quota basis the export of cereals and grain flours, including wheat flour, rice flour and rice which are export duty exempted, the TID implemented a registration arrangement for local importers of cereals and grain flour from the Mainland (the arrangement) in early 2008. To support the arrangement and to ensure the cereals and grain flour imported from the Mainland were solely for local consumption, in 2010 the Department conducted 243 inspections / verifications and 18 investigations, the value of the goods involved in the investigation cases was HK\$1.9 million.

Trade Mediation

To protect Hong Kong's trading reputation, the Department provides free mediation service to settle cases of trade dispute lodged by overseas trading firms against local companies. In 2010, the Department mediated in 98 cases and 31 of them were successfully settled.

Anti-money Laundering and Counter-financing of Terrorism

To comply with the international standards on anti-money laundering (AML) and counter-financing of terrorism (CFT) in order to maintain Hong Kong's status as an international financial centre, the Financial Services and the Treasury Bureau has drafted a new legislation, namely, Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Bill to enhance AML / CFT requirements for financial institutions. The Bill is under examination by the Legislative Council. According to the Bill, this Department will be the regulatory authority for money service operators (MSOs), i.e. remittance agents and money changers and will administer a licensing system for MSOs. The Department has set up a planning team to prepare for the implementation of a new regulatory regime for MSOs.

10. Customs Co-operation

World Customs Organization (WCO)

Given the nature of Customs work, where an effective control has to be maintained at the border between two Customs territories, Customs co-operation for effective enforcement imposed according to an international set of Customs standards has always remained an important subject for performance enhancement. The Department continued its active participation in the WCO fora, including the Council Sessions and meetings organized by the WCO working bodies such as the Permanent Technical Committee, the Enforcement Committee, the Integrity Sub-Committee, the Information Management Sub-Committee, the Capacity Building Committee, and the Counterfeiting and Piracy Group. The Department rendered full support to WCO's activities, including seminars and workshops relating to the promotion of customs capacity building, customs integrity, trade facilitation, anti-piracy, green customs and counter-terrorism, and participated in enforcement operations coordinated by the WCO.

The theme of the 2010 International Customs Day (ICD) was "Customs and Business: Improving Performance Through Partnership". On 26 January 2010, the Department held a cocktail reception to celebrate the 2010 ICD, during which the Department, on behalf of the WCO, awarded the WCO Certificates of Merit to six business sector organizations, the Consumer Council and three departmental staff members in recognition of their notable contributions to the successful launch of Customs projects, which had been implemented under the joint effort of the business sector and the Department, which echoed the 2010 ICD theme. The Certificate of Merit was also for the first time awarded to working partners of the Department, including business organizations.



The Commissioner of Customs and Excise, Mr Richard Yuen (seventh from left), the Secretary for Commerce and Economic Development, Mrs Rita Lau (eighth from left), the Secretary for Security, Mr Ambrose Lee (sixth from right), prominent guests and directorate officers of the Department proposed a toast at the cocktail reception.

The Department continued to support the WCO regional capacity building initiatives. In 2010, the Department volunteered to be the tutor of the Asia and Pacific region in the field of “X-ray Scanner Image Analysis” and provided written advice to regional Member administrations on procurement of Non-Intrusive Inspection equipment. In November 2010, at the request of the WCO Asia Pacific Regional Office for Capacity Building (ROCB A/P), the Department joined the “Regional Good Practice Study on Non-Intrusive Inspection Scanners” and undertook to produce a good practice report on the inspection equipment for benchmarking by regional Member administrations.

Regional Intelligence Liaison Office (RILO)

The Department continued to work closely with the RILO in the Asia Pacific (A/P) region. Since the relocation of the RILO A/P to Beijing on 1 January 2004, the Department has been rendering support to the RILO A/P by deploying an officer to work as an intelligence analyst at its Beijing office. Under the coordination of RILO A/P, the Department exchanged intelligence with Customs administrations within the A/P region or in other regions for conducting investigation into cases of suspected transnational Customs crimes.

The Department continued to take part in major projects of the RILO A/P, namely “Project Crocodile”, “Project Sky-hole-Patching” and “Drugs Seizures Immediate Notification Systems” respectively against cigarette smuggling, smuggling of environmental waste and dangerous drugs. Excellent enforcement results were reported in 2010.

At the 22nd Administrative Meeting of National Contact Points of the RILO A/P held in Jeju, Korea on 23-25 November 2010, the Department put forward a proposal to conduct a regional operation to combat trafficking of dangerous drugs, with its focus on ketamine trafficking. The RILO A/P seconded the proposal and agreed to coordinate the actions required in the operation.

Asia Pacific Economic Co-operation (APEC)

In the year of 2010, the Department participated actively in various APEC meetings and events organized in Japan, including making presentations on its latest trade facilitation measures / projects respectively at the Sub-Committee on Customs Procedures (SCCP) Meetings, APEC Customs Directors-General / Commissioners Meeting, and the APEC Ease of Doing Business (EoDB) Workshop on Trading Across Borders (TAB).

At the 2010 1st APEC SCCP Meeting held in March 2010, the Department presented

to the Meeting the new “Road Cargo System (ROCARS) of Hong Kong, China (HKC)” and “Customs Border IPR Enforcement and Beyond”. The Department also volunteered at the Meeting to take forward an initiative “IPR Border Enforcement” with Japan Customs. Subsequently both administrations conducted a survey on IPR border enforcement situation of the APEC Member economies. The survey findings were presented to the APEC Customs administrations at the 2010 2nd SCCP Meeting held in September 2010.

On 14 September 2010, the Commissioner of Customs and Excise led a delegation to attend the APEC Customs Directors-General / Commissioners Meeting held in Tokyo, Japan. At the meeting, he gave a presentation on “Trade Facilitation vs IPR Enforcement”.



The Commissioner of Customs and Excise, Mr Richard Yuen (second from left, front row) and the Directors-General/Commissioners (or their delegates) of other APEC Customs administrations attended the 2010 APEC Customs Directors-Generals/Commissioners Meeting in Tokyo, Japan on 14 September 2010.

In 2010, the Department also contributed to the organization of an APEC EoDB Workshop on TAB, which was a project of the APEC Committee on Trade and Investment jointly organized by Singapore and HKC. Prior to the Workshop held in Sendai, Japan on 18-19 September 2010, the Department gave advice on the Workshop agenda, including identification of prospective speakers, to the Trade and Industry Department (the project coordinator of HKC). At the Workshop, the Department gave two presentations pertaining to trade facilitation, namely "Co-operation at Land Boundary" and "Authorized Economic Operators Pilot Programme of HKC".

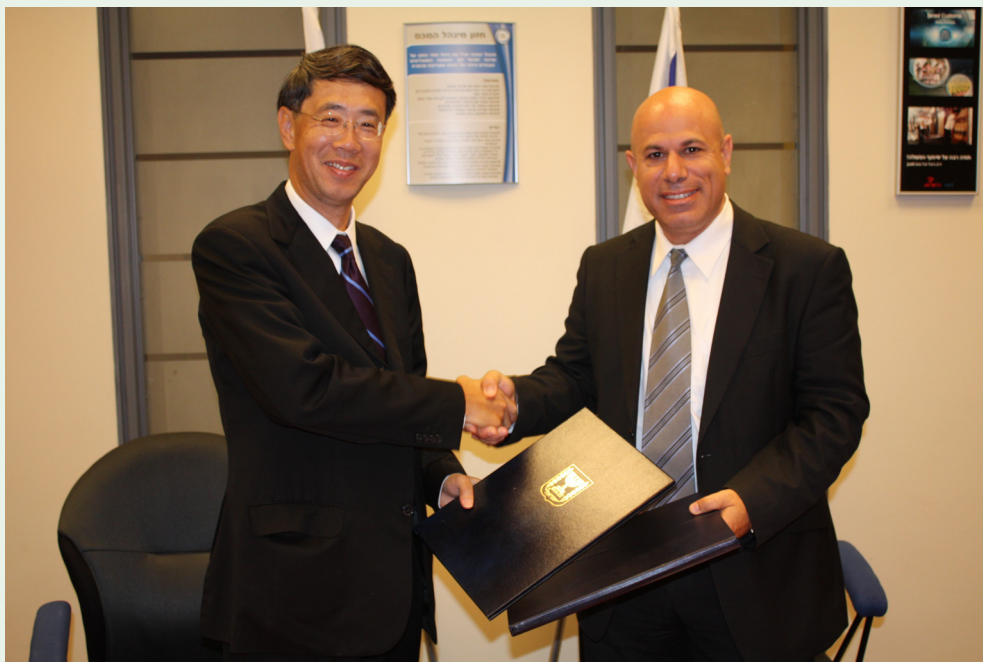
Co-operation with other Customs Administrations

Through regular bilateral meetings, the Department has enhanced mutual co-operation with the Mainland, Macao Special Administrative Region and other Customs administrations by establishing stronger exchange networks for combating transnational crimes. In 2010, the following co-operation meetings were held with other Customs administrations:

Overseas Customs Administrations

- **Co-operative Arrangements with Israel Tax Authority and State Customs Service of Ukraine**

The Department signed a Memorandum of Understanding regarding co-operation and mutual administrative assistance in customs matters with the Israel Tax Authority in Jerusalem, Israel on 4 May 2010 and a Customs Co-operative Arrangement with the State Customs Service of Ukraine in Hong Kong on 4 September 2010. Signing of the instruments signified the commitment and determination of the Department to enhance co-operation with the two Customs administrations, particularly in combating transnational smuggling and criminal activities.



The Commissioner of Customs and Excise, Mr Richard Yuen (left), and the Head of Customs Directorate of the Israel Tax Authority, Mr Doron Arbely (right), signed the Memorandum of Understanding Regarding Co-operation and Mutual Administrative Assistance in Customs Matters in Jerusalem.



The Commissioner of Customs and Excise, Mr Richard Yuen (seated, right), and the Chairman of the State Customs Service of Ukraine, Mr Ihor Kaletnik (seated, left), signed the Co-operative Arrangement Regarding Co-operation and Mutual Administrative Assistance in Customs Matters in Hong Kong. The Chief Executive, Mr Donald Tsang and President of Ukraine, Mr Viktor Yanukovych, witnessed the signing ceremony.

- **The 8th Meeting of the European Union/Hong Kong, China Joint Customs Co-operation Committee (September 2010) in Hong Kong**

On 6 September 2010, Assistant Commissioner (Excise and Strategic Support) led a 6-member delegation to attend the 8th Meeting of the Joint Customs Co-operation Committee between European Union (EU) and Hong Kong, China in Hong Kong. At the meeting, both sides actively exchanged views on Supply Chain Security initiatives and Intellectual Property Right enforcement. In particular the EU side complimented the Department for its assistance provided to Customs authorities of the EU's Member States in combating cases of commercial fraud.

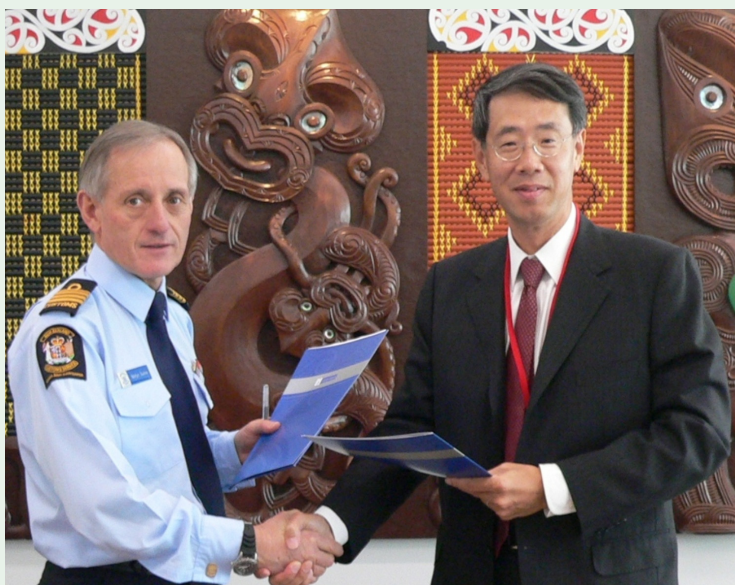
Officiating at the opening of the meeting were the Commissioner of Customs and Excise, Mr Richard Yuen, and the Director General of Taxation and Customs Union of EU, Mr Walter Deffaa.



The Commissioner of Customs and Excise, Mr Richard Yuen (sixth from right, front row), Head of Office of the EU in Hong Kong & Macao, Mrs Maria Castillo Fernandez (fifth from right, front row), and Director General of Taxation and Customs Union of EU, Mr Walter Deffaa (sixth from left, front row), with participants of the meeting.

- **The Seventh Customs Co-operation Conference between New Zealand Customs Service and Hong Kong Customs (October 2010) in Wellington, New Zealand**

On 6 October 2010, the Commissioner of Customs and Excise led a 4-member delegation to attend the Seventh Customs Co-operation Conference between New Zealand Customs Service and Hong Kong Customs in Wellington, New Zealand. The meeting reviewed co-operation arrangements between the two Administrations in past years, updated each other on the recent developments, and discussed issues of mutual concern.



The Commissioner of Customs and Excise, Mr Richard Yuen (right), and Controller of New Zealand Customs Service, Mr Martyn Dunne (left), exchanged the signed communiqué at the Seventh Customs Co-operation Conference with the New Zealand Customs Service in Wellington, New Zealand in order to further enhance co-operation between the two administrations.

Mainland and Macao Customs

- **Co-operation Agreement on Customs Facilitation Measures for Wine Entering the Mainland Market through Hong Kong**

Since the elimination of wine duties in February 2008, the Department has taken efforts to help turning Hong Kong into a regional wine trading and distribution hub in Asia. On 9 February 2010, to enhance the co-operation between the Hong Kong and Mainland Customs on wine-related matters, and to fortify Hong Kong's position as a regional wine trading and distribution hub, the Department signed a Co-operation Agreement with the General Administration of Customs, PRC (中華人民共和國海關總署) on Customs Facilitation Measures for wine entering the Mainland market through Hong Kong (海關總署與香港海關為經香港特別行政區輸往內地的葡萄酒提供通關徵稅便利措施合作安排).



The Commissioner of Customs and Excise, Mr Richard Yuen (seated, left) and the Vice Minister of the General Administration of Customs, Mr Sun Yibiao (seated, right), signed the Co-operation Agreement on Customs Facilitation Measures for wine entering the Mainland market through Hong Kong.

- **The 2010 Annual Review Meeting with the Guangdong Sub-Administration of Customs (May 2010) in Shantou**

Between 25 and 27 May 2010, the Commissioner of Customs and Excise led a 9-member delegation to attend the Annual Review Meeting between the Guangdong Sub-Administration of Customs and Hong Kong Customs (粵港海關業務聯繫年度會議) in Shantou. The two Customs Administrations discussed and reviewed the co-operation on various fronts over the past year, and

endorsed the Co-operation Plan between the two Administrations to be implemented in the following year.



The Commissioner of Customs and Excise, Mr Richard Yuen (fourth from right, front row) and Vice Minister of the General Administration of Customs cum Director General of Guangdong Sub-Administration of Customs, Mr Lu Bin (fifth from right, front row) respectively led the Hong Kong Customs delegation and the Mainland Customs delegation to attend the 2010 Annual Review Meeting between the Guangdong Sub-Administration of Customs and Hong Kong Customs in Shantou.

- **The 28th Annual Meeting with Macao Customs Service / Macao Economic Services (June 2010) in Hong Kong**

On 21 June 2010, the Commissioner of Customs and Excise led an 8-member delegation to attend the 28th Annual Meeting with Macao Customs Service / Macao Economic Services in Hong Kong. During the meeting, the latest developments of the two sides were reported and matters of mutual concern were discussed.

11. Information Technology

Since the early 1980s, the Department has been adopting information technology in different areas of Customs works to enhance operational and enforcement efficiency and effectiveness, and to provide a high-quality service to the community.

Information Systems Strategy

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

In February 2009, the Department secured funding of HK\$114.157 million for implementing the five IT Infrastructure Projects, namely Centralized Data Centre, Network and Server Infrastructure, Central Information Repository System, Secured Communication Gateway and Enterprise System Management, that are planned to be implemented starting in July 2009 until 2012. The projects aim to provide a reliable, secure and scalable IT infrastructure, a consolidated data centre, a re-constructed integrated backbone, a centralized storage for operational data, a secure platform for electronic communications and a department-wide system management framework to better monitor the operations of the systems. Since June 2010, the Corporate Portal has started providing service under the Network and Server Infrastructure Project to enable a single entry point to the Department's IT applications.



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

The two Technology Refreshment Projects for replacing the ageing mission-critical IT systems, namely the Air Cargo Clearance System (ACCS) and Case Processing System (CAPS) were in good progress. The technology refreshment of ACCS rolled out in December 2010 with

enhanced risk assessment capability for processing imported cargo information and a better capacity to cater for future growth in air cargo traffic. The technology refreshment of CAPS is scheduled for implementation in 2013.

Electronic Systems in Trade Facilitation

The Department is committed to facilitating and promoting e-business via the development of electronic systems to facilitate submission of certain trade documents, including manifest for air and sea cargo as well as trade declaration. The “Road Cargo System” (ROCARS) for submitting and processing advance electronic road cargo information was launched on 17 May 2010, and an 18-month transitional period would follow before mandatory submission of the cargo information begins on 17 November 2011.

The Phase I implementation for the replacement of the First Registration Tax (FRT) System was completed in July 2007. With a view to enhancing delivery of public service, a funding of \$8.423 million has been approved for the Phase II implementation, which will provide an extra means for motor vehicle traders to submit and collect FRT-related applications via the Internet. The project has been kicked off since September 2010 and is expected to complete in November 2011.

Computer Facilities for New Control Points and Customs Facilities

The Department is actively involved in the preparation for the provision of computer facilities and IT equipment to support Customs operations at SkyPier II, Cathay Pacific Cargo Terminal, Cruise Terminal, Hong Kong-Shenzhen-Guangzhou Express Railway Link, Hong Kong-Zhuhai-Macao Bridge and Liantang / Heung Yuen Wai Boundary Control Point. It is expected that the new control points and customs facilities will be commissioned for operation between 2013 and mid 2018.

Computer Forensic Laboratory (CFL)

The rapid development of IT not only enhances the efficiency of operations at work, but also avails opportunities for offenders who exploit the technology for the perpetration of crimes. For effective identification and detection of crimes, preservation and collection of digital evidence become important in the investigation of computer related customs offences, and its importance increases in tandem with the growing popularity of the internet and mobile communication devices. In 2000, the Department set up the Computer Forensic Laboratory (CFL) and established the Computer Analysis and Response Team to assist frontline investigators in the back-end analysis of digital evidence and to stand in court for substantiating the

prosecution.

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



An officer examining seized devices in the Computer Forensic Laboratory.

Since its establishment in 2000, the CFL, currently staffed by four trained officers, has processed a total of 530 cases involving 476 computers and 782 optical disc replicating machines, 221 mobile phones, 386 SIM cards and 624 memory cards. The majority were infringing optical disc replication and Internet piracy cases. There was also a dramatic increase of cases involving mobile phone examination. Other types of cases included money laundering, drug trafficking, smuggling, false trade descriptions and revenue fraud.

Smart Warrant Card Management System

On 1 July 2008, the Department launched the Smart Warrant Card Management System (SWCMS), which applies digital and smart card technology to our warrant cards to enhance security.

The SWCMS is extendible to other value-added applications, such as for better firearms control in 2009. The technology has been further capitalized on for access control at the CHB which was commissioned in 2010.



Customs New Smart Warrant Card was introduced on 1 July 2008.

Firearms Controls Management System

The Department implemented the computerized Firearms Controls Management System (FCMS) in 2009 to enhance the management of firearms and ammunition.

The FCMS helps maintain an accurate and up-to-date inventory and movement records of firearms and ammunition. It also maintains an updated list on officers' suitability to carry various types of firearms, which ensures that appropriate firearms are issued to officers who are authorized to carry them on duty.

12. Management Services and Development

Office of Service Quality and Management Audit

Ensuring the good performance of the Department falls on the work of the Office of Service Quality and Management Audit (OQA) which is specifically tasked to conduct review and inspection on various management systems of the Department. The OQA through its studies attempts to enhance the quality of services provided by various major formations and to ensure their compliance with laid down policies, rules and procedures. OQA also assists in other significant management projects on an ad hoc basis.

In recognition of its professionalism and capability, OQA was first awarded the ISO 9001:2000 Certificate for Quality Management System in April 2005. This is a great achievement for OQA as the Certificate is the first of its kind ever obtained in the Department. For further enhancement, OQA had successfully upgraded the Certificate in 2009 to ISO 9001:2008 status. To ensure strict conformity to the Quality Management System, OQA is subject to external audit by the ISO recognized auditors every year and the last audit exercise was successfully concluded in July 2010.

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

In recent years, OQA completed a series of studies focusing on the enhancement of operational efficacy as well as streamlining of operational systems and procedures. Major ones included the reviews on the handling of detained / seized articles in exhibit stores, private car clearance at land boundary control points, and firearms training and test system for Service members. The studies in 2010 and 2011 focused on the establishment reviews on investigation and surveillance teams, passenger and cargo clearance which were aimed for better utilization of resource, setting up of standard manning scales, as well as a comprehensive study on improving the seizure management for the Department.

Office of Strategic Research

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

OSR launched a strategic study on Hong Kong's capability of implementing the SAFE Framework of Standards (SAFE FoS) to Secure and Facilitate Global Trade, which is a set of principles and standards adopted by the World Customs Organization for enhancing supply chain security and facilitating international trade. Specifically, OSR assessed the feasibility of introducing an "Authorized Economic Operator" (AEO) programme to promote Customs-to-business partnership in Hong Kong as a move to implement the SAFE standards. In June 2010, the Department launched a one-year AEO pilot programme to test the AEO arrangements under the SAFE Framework. OSR will conduct a review upon completion of the pilot programme. Based on the review findings and having regard to the latest economic outlook, global development of similar programmes and readiness of the industry, OSR will propose the way forward.

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

13. Planning and Development

New Control Points under Planning

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

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

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

Construction of the XRL commenced in January 2010 for completion in 2015. The XRL provides intercity train services from West Kowloon in Hong Kong to Futian and Longhua in Shenzhen, Humen in Dongguan and Shibi in Guangzhou as well as high speed long-haul train services between West Kowloon and various major cities in the Mainland.

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

Hong Kong-Zhuhai-Macao Bridge (HZMB)

Construction of the Main Bridge commenced in December 2009. As regards local projects, detailed design and site investigation for the reclamation works of the Hong Kong Boundary Crossing Facilities are underway, while preliminary preparation for the design and construction of the Hong Kong Link Road has just begun. It is aimed to tally the commissioning of these projects with that of the Main Bridge in 2016.

The HZMB will be strategically important to the further economic development of

Hong Kong, Macao and the Western Pearl River Delta region. It will be a 29.6 km dual-3-lane carriageway in the form of a bridge-cum-tunnel structure starting from the artificial islands off Gongbei and Macao to the eastern artificial island west of the Hong Kong Special Administrative Region boundary. The Boundary Crossing Facilities (BCF) of each government will be set up within their own respective territories. With the completion of the HZMB, the Western PRD will fall within a reachable 3-hour commuting radius of Hong Kong.

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

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

The LT/HYW BCP would adopt the "separate-location model" and "2-storey concept" design with a footprint of about 23 hectares on Hong Kong side. Facilities for goods vehicles and public transport interchange are all located at the ground level. The upper level will serve passengers as well as private cars and coaches. The distance between the passengers' immigration kiosks and customs checkpoints of the two sides will be minimized through an integrated passenger hall across the Shenzhen River.

Cathay Pacific Cargo Terminal

In March 2008, the Airport Authority Hong Kong awarded a non-exclusive 20-year franchise to the Cathay Pacific Services Limited, a wholly owned subsidiary of Cathay Pacific Airways Limited, to design, construct and operate a new cargo terminal in the Hong Kong International Airport. The new cargo terminal, which is located on a 10-hectare site in the cargo terminal area, will commence operation in early 2013. The expected handling capacity of the new cargo terminal is 2.6 million tones per annum.

Ocean Terminal

The current lease for Ocean Terminal will expire in 2012. Upon the completion of construction of the extension building, permanent customs facilities will be set up in the new Ocean Terminal for provision of customs clearance services to cruise passengers.

Cruise Terminal

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

The Cruise Terminal will be located at the southern end of the former airport runway in Kai Tak. It will have two berths with a single multi-storey terminal building. The terminal will support the concurrent berthing and disembarking / boarding of one post-Panamax cruise ship and one super post-Panamax cruise ship, or possibly two or more post-Panamax cruise ships. The expected passenger throughput is 1.44 million per annum by 2020.

The terminal building is expected to commence operation in mid 2013 to synchronize with the opening of the first berth.

14. Administration

Human Resources Management

The Department's human resources management programme aims at strengthening the capabilities of staff in achieving the Department's mission and in delivering business results in a more efficient and effective manner. The Department maintained a good and stable governance through the implementation of various established best practices in recruitment, promotion, reward, discipline and posting. Inspectorate and Customs Officer Grade officers will be exposed to core Customs functions at the early stage of their career with a view to enabling the development of professionalism. Through these initiatives, the Department has maintained a more knowledgeable workforce and individual officers are better trained through better job rotation and career development opportunities.

Performance management is an integral part of a comprehensive human resources strategy. In line with the guidelines formulated by the Civil Service Bureau (CSB), the Department has been reviewing the performance management system (PMS), collecting views from the staff side and working closely with the CSB in an effort to enhance the overall effectiveness and productivity through helping staff to maximize their potential.

Promotion of Staff Integrity and "Healthy Lifestyle"

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

On the publicity front, the departmental quarterly newsletter on promoting healthy lifestyle and staff integrity, "*The Pine*", continued to instill the concept of healthy lifestyle into staff by widely covering stories of the following areas:

- Experience sharing on work-life balance;
- Participation in volunteer work and community services;
- Balanced diet;
- Positive work-life attitude; and
- Care and love to family members and colleagues

To promote integrity, "*The Pine*" introduced riddle games, integrity essay competition and a caricature section to stimulate staff's awareness.

On the education front, the Department worked hand-in-hand with professional institutions with a view to arousing staff's concern on mental health. Two series of Mental Health First Aid Course and a Workshop on Handling of Problem Gamblers were organized in 2010.

Welfare, Sports and Recreation

In 2010, the Departmental Sports and Recreation Club organized over 200 sports and recreational events including charitable activities and inter-command competitions for staff and their families.

To give a closer attention to staff welfare needs and to promote a caring culture among our colleagues, the Department fine-tuned the health and welfare management system. In 2010, there were 82 officers appointed as Health and Welfare Managers in various offices. These officers were provided with job related training and access to welfare-related information system to perform their job effectively. In addition to conducting periodic welfare visits, they acted as contact points for officers seeking assistance in matters related to welfare, health and work.

Apart from in-house assistance, the Department also commissioned the Christian Family Service Centre to provide counselling services for individual officers and their family members, including a 24-hour telephone hotline for instant counselling and face-to-face counselling by professional social workers. The agency and other non-governmental social welfare organizations also provided training sessions to Health and Welfare Managers as well as colleagues in different Formations in mental health first aid, handling of pathological gamblers, counselling skills and knowledge, etc.

15. Training

Training and Development

To sustain the professionalism and expertise of its staff and to develop them throughout their careers, the Department took significant efforts on staff training and development. It basically pursues a competency-based strategy which is, where appropriate, supplemented by personal development programmes for individual staff.

Office of Training and Development

The Office of Training and Development (OTD) of the Administration and Human Resource Development Branch is responsible for organizing or coordinating training and development programmes for members of the Customs and Excise Service as well as the Trade Controls Grade officers. It also implements training policies determined by the Department's Training Steering Committee, which is chaired by the Deputy Commissioner. In brief, it is responsible for cross-formation training and development while individual major formations are responsible for organizing formation-specific training.

Training and Development Activities

The Department formulates its human resources development strategies on the basis of the competency requirements of its staff who are tasked to fulfil specific departmental functions. OTD organized a wide range of training programmes in 2010 to enhance the core competencies and functional competencies of officers (Appendix 13). Training and development activities were principally designed in accordance with the training roadmap for officers at individual grades and ranks.

For benchmarking international best practices and providing officers with exposure opportunities, the Department sent 140 officers to attend different training and attachment programmes hosted by academic institutions, customs organizations and law enforcement administrations in the Mainland and overseas in 2010.

Language Proficiency

The increases in passenger flow between Hong Kong and the Mainland and the business contact between the Department and various government organizations on the Mainland require officers at various levels to be proficient in Putonghua. The Department organized Putonghua courses at three different levels (elementary,

intermediate and advanced) for all mid-ranking officers and above. It also tailor-made job-related Putonghua courses for frontline officers.

Personal Development of Staff

For gearing up staff for advancement, the Department actively implements a schematic development arrangement whereby senior and mid-level managers are systematically developed through a designated training roadmap. In 2010, 5 senior officers were sent to renowned overseas training institutes and 29 officers attended executive training or visits on the Mainland.

Continuous Learning and Development

The Department attaches great importance to promote the culture of continuous learning and development. The Department adopts a multi-faceted training approach that aims to enhance the operational knowledge and personal development of its staff in order to meet the ever-changing enforcement environment and rising public expectation to Customs services. In addition to organizing conventional classroom-type training, the Department promotes self-learning culture through the launching of the Customs and Excise Information Portal (CEIP) in January 2008. Staff can learn the latest information about the Department from the portal through the Internet anytime and anywhere. CEIP not only facilitates staff's self-learning at their own paces, but also enhances dissemination of job-related experience and tacit knowledge. The Department conducted a revamp on the portal in September 2010. Apart from enhanced features, the new version of CEIP also provides a platform for staff unions and various sports and recreation clubs to upload their latest news and development.

The Department also collaborates with the Civil Service Training and Development Institute in delivering e-Learning courseware through the Cyber Learning Centre Plus. The existing 15 coursewares encompass different job-related topics relating to operational skills, communication, legal knowledge as well as integrity.

As a driving force for continuous development, the Department also holds annual Promotion Qualifying Examinations for Inspectors and Customs Officers. This is one of the measures taken in sustaining the high level of customs professionalism. So far, 459 Inspectors and 2 157 Customs Officers have passed the examinations.

Regional Training Centre of the World Customs Organization (WCO)

As one of the WCO Regional Training Centres in the Asia Pacific Region, the Department supports WCO regionalization approach of capacity building and regularly organizes training programmes in the region.

Staff of the Department actively participated in capacity building meetings and workshops / seminars organized by the WCO Secretariat and will continue to organize regional training activities to fulfill its obligations as a Regional Training Centre.

Mutual Training Assistance

Sharing of invaluable expertise among counterparts in the global customs community is one of the ways to build up professionalism. In many of the co-operation agreements established with other Customs administrations, the Department has fostered a framework whereby mutual training assistance is to be provided to each other whenever possible. In 2010, the Department sent 66 officers to attend training and attachments to other Customs administrations. It also provided training of various kinds to 46 visiting customs officers.

In 2010, the Department and INTERPOL co-hosted an International Dimension Training Day on Intellectual Property Crime on 22 October 2010. It aimed to provide training opportunity for more than 130 frontline Customs and Police officers from Hong Kong, the Mainland and Macao as well as Customs attaché stationed in Hong Kong to broaden their international perspective on combating organized Intellectual Property crime.

In December 2010, the Department also organized a 2-week training aimed to provide knowledge in areas of Customs investigation and a platform for experience sharing among local enforcement agencies and overseas Customs Counterparts. All participants expressed very positive comments and the fruitful result also enhanced the co-operation among the participating Customs administrations.

Occupational Safety and Health

Our Department is committed to providing a safe and healthy working environment for our staff and adopting a holistic framework on safety management system. In 2010, a number of tailor-made courses such as “Basic Risk Assessment”, “Safety Inspection” as well as “Basic Occupational Health” were provided to our officers so as to equip them with the knowledge to identify and eliminate potential risks at work and to develop the safety management system of the Department.

Prosecution-related training

Fundamental legal knowledge such as court procedures for criminal proceedings, preparation of case bundles, handling of exhibits and evidence, etc are essential for Customs officers in preparing a criminal case for prosecution. A number of prosecution-related training activities were thus organized for frontline officers in 2010, including lectures on handling exhibits and criminal evidence, experience sharing sessions on giving evidence in court, seminars on the court's requirements and mock trials, etc. Besides, in view of the rapidly changing internet environment, a training session on the handling of forensic digital evidence was held for the frontline officers to keep pace with the digital world.

16. Financial Administration

Revenue

The Department collected HK\$7,861 million of revenue in 2009-10, representing an increase of 4.9 % against that for 2008-09. The increase in revenue was mainly attributable to the increase in duty rate for tobacco by 50 % in late February 2009.

The Department collected HK\$9,246 million of revenue in 2010-11, representing an increase of 17.6 % against that for 2009-10. The increase in revenue was mainly attributable to the increase in duty rate on imported cigarettes, implementation of the 19 cigarettes measure as well as the increase in revenue collections from hydrocarbon oils and alcoholic beverages resulted from the revival of global economy.

A summary of the revenue collected in 2009-10 and 2010-11 is at Appendix 8.

Expenditure

The total expenditure of the Department in 2009-10 amounted to HK\$2,409 million, of which 77.5 % was on Personal Emoluments, 18.2 % on Departmental Expenses and 4.3 % on Capital Account Expenditure. The increase in expenditure of 5.2 % over that for 2008-09 is mainly due to the impact of Grade Structure Reviews, full-year effect of vacancies filled in 2008-09 and the increase in cash flow requirements for capital account items, partly offset by the 2009 pay reduction.

The total expenditure of the Department in 2010-11 amounted to HK\$2,374 million, of which 79.2 % was on Personal Emoluments, 20.1 % on Departmental Expenses and 0.7 % on Capital Account Expenditure. The decrease in expenditure of 1.5 % over that for 2009-10 is mainly due to the decrease in cash flow requirements for capital account items partly offset by the increase in operating expenses.

A summary of the total expenditure in 2009-10 and 2010-11 is at Appendix 9.

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

	2009-10	2010-11
	HK\$M	HK\$M
(a) Control and Enforcement	1,704	1,728
(b) Anti-narcotics Investigation	140	146
(c) Intellectual Property Rights and Consumer Protection	264	225
(d) Revenue Protection and Collection	130	121
(e) Trade Controls	171	154

Seizure Management

The provision of service for the storage and disposal of seized goods is one of the major tasks of the Department. The total average storage space available for accommodating seized goods and vehicles in government storehouses and private godowns were 73 670 sq.m. and 6 050 cu.m. respectively in 2010-11.

After forfeiture, the seized goods are disposed of by auction or destruction. The Department disposed of about 42 128 items of confiscated goods in 2010-11, which included cigarettes, optical discs, drugs, fuel oil, computer equipment, vessels and vehicles. The proceeds from the sale of these forfeited goods during the period amounted to about HK\$9.6 million.

17. Criminal Prosecution

While a large proportion of Customs resources are engaged in operations and investigations into illegal activities on various fronts, the Department takes criminal prosecution equally serious, as it aims to bring offenders to account. Essentially, successful prosecution can be seen as the finishing touch, which makes all painstaking efforts of the enforcement officers in the frontline worth the while.

In 2010, the Department prosecuted 4 391 cases, with 2 148 (49%) related to the Dutiable Commodities Ordinance, 586 (13%) to the Trade Descriptions Ordinance, 502 (12%) to the Copyright Ordinance and 1 155 (26%) concerned other ordinances. A total of 4 254 persons and 355 companies were prosecuted, amongst which 4 123 persons and 327 companies were convicted, which resulted in total fines of HK\$16.5 million and the imposition of immediate imprisonment in 991 cases.

Recent Developments

New Legislation

To enable more expeditious Customs clearance of the boundary-crossing cargo, the Import and Export (Amendment) Ordinance 2007 was enacted and submission of land cargo information by electronic means commenced with effect on 17 May 2010. Compulsory submission will take effect only after an 18-month transitional period to allow for the whole industry to adapt to the new mode of operation, i.e. providing road cargo information 30 minutes before the arrival of the shipment at a land boundary control point.

To accord greater protection of intellectual property in Hong Kong, new provisions were introduced under the provisions of the Copyright (Amendment) Ordinance 2007 and 2009, which came into effect on 16 July 2010. Under the amended laws, a person commits an offence if he, for the purpose of or in the course of any trade or business and on a regular or frequent basis, without the licence of the copyright owners, makes for distribution or distributes infringing copies of a copyright work in a printed form contained in a book, a magazine, a periodical or a newspaper in excess of the prescribed numeric limits, resulting in a financial loss to the copyright owner. The amendments provide additional safeguard to the legitimate interests of copyright owners of printed copyright works.

FAST – Quick Advisory System

On 4 January 2010, the Department of Justice (DoJ) introduced a quick advisory system known as “FAST” to replace its “Express Advisory System”. Under the “FAST” system, the officer-in-charge of a simple and straightforward case is required to meet the counsel face-to-face to answer any queries the counsel may have on the case. Whenever possible, legal advice will be given by the counsel on the spot, hence significantly reducing the number of outstanding files awaiting legal advice. On the inception of the “FAST” system in 2010, legal advice was instantly provided for 25 Customs cases under the new mechanism, which proves to be an efficient means of speeding up the criminal prosecution process.

Prosecution Summary

2010 was an eventful year for the Customs and Excise Department with the successful prosecution and conviction of 4 123 persons and 327 companies. Major and interesting cases included:

Trials

Copyright piracy Case

On 23 July 2010, a case which involved some 11 000 pirated and obscene optical discs, and a total of crime proceeds of HK\$4.2 million (including \$0.3 million in cash) was concluded at the District Court. After a lengthy trial of 97 days, the judge convicted 11 defendants for one count of conspiracy offence jointly charged against them under the Copyright Ordinance. Apart from the conspiracy offence, two of the said defendants were additionally convicted of two counts of money laundering, and one of the two defendants was even found guilty of two counts of copyright offences as well as one count of obscene and indecent articles offence. The 11 convicted persons were sentenced to imprisonment ranging from 9 to 24 months. Apart from the 11 convicted persons, seven defendants who had pleaded guilty to charges under the Copyright and Immigration Ordinances were each sentenced to eight months’ imprisonment. (CTF/1/3618/08)

False Trade Descriptions Case

Between September and December 2010, eight defendants including six traders, a logistics service provider and the proprietor of a trading company were convicted at the Tuen Mun Magistrates’ Courts for various criminal charges including the

unlicensed importation of frozen meat, supply of frozen meat bearing false trade descriptions and applying false trade descriptions to the frozen meat. The defendants were arrested in a series of investigations into the illegal re-labelling of the frozen meat which was meant for re-exportation to the Mainland China with a view to circumventing the Mainland's embargo and other import restrictions. The defendants were fined, totalling to HK\$304,000 and the frozen meat estimated at HK\$4.1 million was ordered to be returned to the respective owners upon their payment of a total premium of HK\$934,000 and the removal of the false origin labels. (TDTB/TD/0361/10, TDTB/TD/0256/10, TDTB/TD/0159/10 and TDTB/TD/0160/10)

In addition, between April and December 2010, 42 defendants who were wholesalers and retailers selling fake sliced abalone were convicted at various Magistrates' Courts for supplying and / or possessing goods bearing false trade descriptions. The defendants were arrested for selling dried conch as sliced abalone. All the defendants were fined, totaling to HK\$446,000 and two of them were even awarded imprisonment sentence (the wholesaler was sentenced to one month's imprisonment while the retailer to four months' imprisonment. Both imprisonment terms being suspended for 12 months). The fake sliced abalone with a total value of HK\$31,657 was ordered to be confiscated. (TDTB/TDS/0011/10, TDTB/TDS/0087/10, TDTB/TDS/0032/10 and TDTB/TDS/0038/10)

Dutiable Commodities Case

On 1 March 2010, the criminal trial of a significant dutiable commodities case commenced at the District Court. The case involved an organized syndicate distributing dutiable as well as counterfeit cigarettes to the illicit peddlers located in different districts. The market value of the cigarettes seized was HK\$0.31 million and the duty potential was about HK\$0.17 million. Assets of the syndicate, which were unveiled during the investigation, amounted to HK\$9.18 million and were restrained under the Organized and Serious Crimes Ordinance. Among the 17 defendants charged, one of them pleaded guilty to one count of money laundering and was sentenced to 18 months' imprisonment. The other 16 defendants were convicted after trial that lasted 106 days on a total of 14 counts of money laundering and six counts of "possessing goods to which a forged trade mark was applied". The penalties imposed on these defendants ranged from a fine of HK\$5,000 to imprisonment sentence for 5 years and 6 months. (CRG/1/43/08 and CRG/1/6/10)

Unmanifested Cargo Case

On 26 November 2010 at the District Court, a Hong Kong male who masterminded a sea smuggling syndicate was convicted for one count of “conspiracy to export unmanifested cargo” and sentenced to 2 years’ imprisonment. Seven other defendants who were his accomplices were charged with an offence of either “exporting unmanifested cargo” or “attempting to export unmanifested cargo”. Those defendants who were convicted after trial were all sentenced to imprisonment ranging from 12 to 17 months, whereas others who were convicted on their own plea were put under a Community Service Order for 240 hours. The “unmanifested cargo” seized in the case were 250,000 kg of frozen meat, along with a number of other items. The total estimated value of the seized goods, including the frozen meat and the two cargo vessels used for the smuggling attempt, was about HK\$14 million. (CPM/4/2/09)

Consumer Goods Safety Case

On 9 September 2010 at the Kwun Tong Magistrates’ Courts, a chain-store company was convicted on its own plea for one count of “supplying or possessing for sale unsafe consumer goods which did not comply with the general safety requirement”. The company was fined HK\$20,000. The unsafe goods seized, namely 2 835 pendants found to have excessive radioactive contents which are hazardous to health, were ordered to be confiscated. The value of the goods was about \$1,956,150, and was the highest ever for similar cases. (CPB/CG/0182/09)

On 15 December 2010 at the Eastern Magistrates’ Courts, another company which owned 4 retail shops was convicted on its own plea for two counts of “supplying or possessing for sale unsafe consumer goods which did not comply with the general safety requirement”. The company was fined HK\$20,000 in total. The unsafe goods seized, namely 57 packs of facial cream found to have excessive contents of mercury, lead or both which could bring damage to the nervous system and the kidney, were ordered to be confiscated. (CPB/CG/0054/10)

Appeals

Dangerous Drug Case

On 16 September 2010, an appeal lodged by the defendant against her conviction and sentence was dismissed by the Court of Appeal. At the criminal trial, the defendant was convicted of one count of “trafficking in dangerous drug” and was

sentenced by the District Court to 5 years and 6 months' imprisonment. On the date of the offence, two pellets of dangerous drugs were found on the floor of the personal search room where the defendant was searched by Customs officers. The success of the prosecution hinged upon whether we could prove that the pellets had been in the defendant's possession. Having considered the low credibility of the appellant's evidence and the testimony of the prosecution witnesses, the Court of Appeal held that the trial judge was entitled to draw the only reasonable inference that the appellant had actually brought the drugs into the room and, accordingly, the trial judge had convicted the appellant. The appeal was thus dismissed. (CEA/1/85/09)

Forged Trade Mark Case

On 28 October 2010, the Court of First Instance heard the appeal from three applicants against their conviction and sentence. They, including two defendants and one company, had been convicted after trial on a total of 11 counts of "possessing goods to which a forged trademark was applied". The case involved various places where the offences took place, as well as a large quantity of exhibits to which forged trademarks were applied but which, the appellants argued, were either factory rejects or "seconds", or the surplus productions by the genuine goods manufacturers. Having considered the grounds of appeal put up by the appellants, the High Court judge dismissed the appeal and held that the trial magistrate had made no error in regard to the burden of proof and the standards of proof in the hearing. (CIT/2/229/09 and CIT/2/234/09)

Unmanifested Cargo Case

On 18 November 2010, an appeal against part of a forfeiture order made by the Tuen Mun Magistrates' Courts was dismissed by the Court of First Instance. On convicting and sentencing seven defendants who had attempted to export unmanifested cargo, the magistrate ordered the forfeiture of all the smuggled goods seized at a warehouse, near a jetty outside the warehouse and on a sampan berthed at that jetty. The appellant had purportedly owned part of the goods kept in the warehouse. Having taken into account that the appellant had failed to prove any status to file the claim to the goods, and that the magistrate was fact-finding in the hearing and not influenced by his findings in the criminal case when he made the forfeiture order, the High Court judge dismissed the appeal. (CTF/3/8/07)

Forfeiture Proceedings

Apart from prosecuting the criminals, the Department would strive to forfeit the things, accessories, vehicles, vessels etc. seized in connection with commission of the

offences wherever possible. Upon the application by the Department, the Court would exercise its unfettered discretion to decide whether the seized items are liable to forfeiture and, if so, whether they should or should not be forfeited having regard to all circumstances of a case. Forfeiture proceedings are in fact a very significant tool in furthering the object of a statute that provides for such tool. In 2010, a total of 298 forfeiture cases were handled by the Department as compared to 313 in 2009. Seized goods of a total value of HK\$60.4 million were forfeited by the courts hearing the cases, as compared with HK\$52.4 million in 2009. Among the forfeited items were seven vessels, 35 vehicles and a variety of such popular smuggling items as electronic products, computers and accessories, foodstuff and drinks.

Prosecution in Figures

Please refer to Appendix 14, 15 and 16.

Chronicle

2010

January 2010

- Seized 178.1 grams of cocaine with a retail value of HK\$180,415.3 and arrested an incoming local passenger at Lo Wu Control Point.
- Seized 4.6 kilograms of heroin with a retail value of HK\$4.6 million from 4 drug swallowers arriving from South-east Asia in air passenger channel at the Hong Kong International Airport (the Airport).
- Seized a total of 12 000 numbers of counterfeit watches with a value of HK\$1.2 million from an outbound cargo shipment at the Airport.



12 000 numbers of counterfeit watches with a value of HK\$1.2 million from an outbound cargo shipment at the Airport.

February 2010

- Signed the "Co-operation Arrangement on Customs Facilitation Measures for Wine Entering the Mainland through Hong Kong" with the General Administration of Customs of the People's Republic of China.
- Seized 108 grams of cocaine with a retail value of HK\$88,128 and arrested an incoming local passenger at Lo Wu Control Point.
- Seized 117 catties of fake dried abalone slices valued at HK\$30,000 in a series of raids on 31 dried seafood retail shops and arrested 28 persons for selling fake abalone which was in fact conch.



117 catties of fake dried abalone slices were seized in February 2010.

- Seized 5.8 kilograms of heroin, 955 grams of cocaine and 1 kilogram of cannabis resin with a retail value of HK\$7.5 million from 6 passengers arriving from Africa, Asia and South America in air passenger channel at the Airport.



5.8 kilograms of heroin, 955 grams of cocaine and 1 kilogram of cannabis resin with a retail value of HK\$7.5 million.

- Seized 5.1 kilograms of cocaine with retail value of HK\$5.09 million inside 6 parcels arriving from Argentina in the Air Mail Centre at the Airport.



5.1 kilograms of cocaine with retail value of HK\$5.09 million inside 6 parcels.

March 2010

- Seized 8.1 kilograms of wood soaked with opium from an air parcel arriving from Laos with a retail value of HK\$16,000 at the Airport.
- Seized one kilogram of ketamine with a retail value of HK\$122,712 and arrested an incoming local passenger at Lo Wu Control Point.

- Seized 4.9 kilograms of heroin and 1.8 grams of cocaine with a retail value of HK\$7 million from 5 passengers arriving from South-east Asia in air passenger channel at the Airport.
- 313 kilograms of tobacco and 146,900 sticks of cigarette were seized from 47 outbound parcels destined for the United Kingdom in the Air Mail Centre at the Airport.



313 kilograms of tobacco and 146,900 sticks of cigarette were seized from 47 outbound parcels.

April 2010

- Seized 14,999 tablets of Nimetazepam with a retail value of HK\$929,938 and arrested an incoming Singapore passenger at Hong Kong - Macau Ferry Terminal.
- Seized 8.9 kilograms of heroin and 4.1 kilograms of cocaine with a retail value of HK\$13 million from 10 passengers, including 8 heroin swallows and 2 cocaine-suitcase couriers in air passenger channel at the Airport.

May 2010

- Signed a Memorandum of Understanding Regarding Co-operation and Mutual Administrative Assistance in Customs Matters with the Israel Tax Authority.
- Concluded a half-year joint operation "Project Sky-Hole-Patching II" with the World Customs Organisation, which led to the seizure of 100 cylinders of refrigerants containing ozone depleting substances in Hong Kong.

- Conducted Operation “Bottsand” jointly with Mainland Customs against a cross-boundary marked oil smuggling syndicate, which led to the arrest of 19 persons and restraint of HK\$243 million worth of assets in Hong Kong.

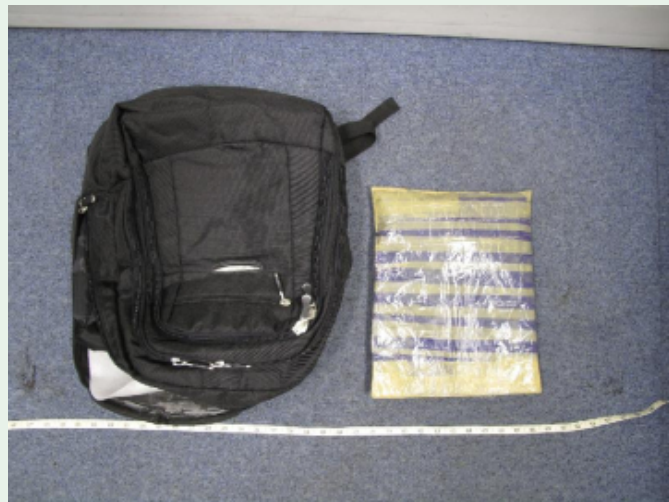


Cash seized during premises search.



Valuables seized during premises search.

- Seized 4 kilograms of heroin with a retail value of HK\$3.9 million from 4 passengers, including 3 heroin swallowers and 1 passenger carrying a rucksack stuffed with heroin in the hidden layer in air passenger channel at the Airport.



A rucksack stuffed with heroin in the hidden layer.

June 2010

- Seized 9.2 kilograms of ketamine with a retail value of HK\$ 1.1 million on a private car in Tai Kok Tsui in an anti-narcotic operation. The driver and the passenger onboard were arrested.
- Commenced the production of the Corporate Portal under one of the Information Systems Strategy (ISS) projects to provide a single entry point to the



9.2 kilograms of ketamine with a retail value of HK\$ 1.1 million

Department's IT applications.

- Seized 282.4 grams of heroin with a retail value of HK\$251,618 and arrested an incoming local passenger at Lo Wu Control Point.
- Seized one kilogram of ketamine with a retail value of HK\$120,840 and arrested an incoming local passenger at Lo Wu Control Point.
- Seized 111.08 grams of cocaine with a retail value of HK\$97,972 and arrested an incoming passenger at Lok Ma Chau Spur Line Control Point.
- Mounted joint operation "Mercury II" with the World Customs Organisation, which led to the seizure of one postal packet containing 2,500 tablets of counterfeit pharmaceutical products in Hong Kong.
- Seized 7.8 kilograms of heroin and 7.6 kilograms of cocaine with a retail value of HK\$13.8 million in air passenger channel at the Airport.

July 2010

- Smashed a sophisticated methamphetamine manufacturing centre and two storage centres and seized 70 kilograms of methamphetamine, 70 litres of liquidized methamphetamine and 200 litres of semi-processed liquidized methamphetamine with a retail value of HK\$ 175 million in Kwai Tsing. 5 persons were arrested.



70 kilograms of methamphetamine, 70 litres of liquidized methamphetamine and 200 litres of semi-processed liquidized methamphetamine with a retail value of HK\$ 175 million.

- Seized 244.8 grams of methamphetamine with a retail value of HK\$186,782 and arrested an incoming local passenger at Lo Wu Control Point.
- Seized 6.8 kilograms of heroin, and 9.4 kilograms of cocaine with a retail value of HK\$15.9 million from 10 passengers at the Airport. On 17 July, an African passenger made a vain attempt to conceal drug inside 3 metal screws with a view to evading from Customs detection at the Airport.



Drug was concealed inside 3 metal screws by an African passenger.

August 2010

- Seized 6.7 kilograms of cocaine, 760 grams of crack cocaine and 180 grams of heroin with a retail value of HK\$7.6 million at a cocaine manufacturing and storage centre in Jordan district in Kowloon. 3 persons were arrested.

6.7 kilograms of cocaine, 760 grams of crack cocaine and 180 grams of heroin with a retail value of HK\$7.6 million.



- As a tobacco control measure to protect public health, the Dutiable Commodities (Exempted Quantities) Notice (Cap. 109G) was amended to set new exempted quantities of tobacco products for incoming passengers with effect from 1 August 2010.



Promotional materials promulgating the new exempted quantities of tobacco products for incoming passengers with effect from 1 August 2010.

- Seized 17 40-foot containers of imported assorted frozen meat valued at HK\$3.6 million at 3 container yards in Lau Fau Shan and arrested 4 persons for applying false origin labels to meats which were intended for re-export to the Mainland. The illegal relabeling activities aimed to circumvent the Mainland's embargo on meats imported from certain countries and some other import restrictions.



40-foot containers of imported assorted frozen meat valued at HK\$3.6 million.

- Seized 4.3 kilograms of cocaine, 1.9 kilograms of methamphetamine and 1 kilogram of heroin with a retail value of HK\$6.5 million from 6 air passengers at the Airport. On 16 August, a Thai passenger was stopped for carrying a cool box with abnormally heavy weight. Upon breaking open the layers of the cool box, 1.9 kilograms of methamphetamine was unearthed.



1.9 kilograms of methamphetamine was sealed in a cool box.

- Seized a total of 11,000 numbers of counterfeit watches with a value of HK\$3.9 million from two outbound cargo shipments at the Airport.
- 10.3 kilograms of cocaine were seized from 95 outbound postal small packets destined for the Canada in the Air Mail Centre at the Airport.



10.3 kilograms of cocaine were seized from 95 outbound postal small packets

September 2010

- Signed a Co-operative Arrangement Regarding Co-operation and Mutual Administrative Assistance in Customs Matters with the State Customs Service of Ukraine.
- Seized 253.9 grams of ketamine with a retail value of HK\$29,960 and arrested an incoming local passenger at Lo Wu Control Point.

- Mounted joint operation "RAMP" with the Agricultural, Fisheries and Conservation Department and the Hong Kong Police, which led to the seizure of 288 numbers of live monitor lizard (endangered species) with the arrest of 3 persons in Hong Kong.
- Seized 7.8 kilograms of methamphetamine with a retail value of HK\$5.7 million from 3 transit passengers at the Airport. The methamphetamine was stuffed inside false compartment of suitcases and rucksack for transit from Africa to South-east Asian countries.
- Seized 5.9 kilograms of cocaine and heroin with a retail value of HK\$5.6 million from an African passenger at the Airport. The drug was concealed inside 2 metal screws with special design.
- Seized a total of 11,000 numbers of counterfeit medicines with a value of HK\$3.3 million from an outbound cargo shipment at the Airport.

October 2010

- Seized 8.3 kilograms of ketamine with a retail value of HK\$ 0.9 million in Yuen Long and arrested 1 person.



8.3 kilograms of ketamine with a retail value of HK\$ 0.9 million.

- Seized 2.6 kilograms of heroin and 756 grams of cocaine with a retail value of HK\$3.2 million from 4 drug swallows at the Airport, including 3 Mongolian transit passengers arriving from Bangladesh for air-to-air transit to Beijing.
- Seized a total of 15 000 numbers of counterfeit watches with a value of HK\$5.3 million from three outbound cargo shipments at the Airport.

November 2010

- Seized 7.9 kilograms of ketamine with a retail value of HK\$0.9 million at a storage and distribution centre in Yuen Long and arrested 3 people.

7.9 kilograms of ketamine with a retail value of HK\$0.9 million.



- The new Customer Service Centre (CSC) which was located on 3/F of the Customs Headquarters Building commenced operation on 29 November 2010. The CSC co-located all Customs licensing offices under one roof and provided one-stop service to the public in matters of administration of dutiable commodities, controlled chemicals, optical disc production lines and valuation of motor vehicles for the purpose of the Motor Vehicles (First Registration Tax).
- Seized 267 grams of methamphetamine with a retail value of HK\$206,658 and arrested an incoming local passenger at Lo Wu Control Point.
- Seized 1.28 kilograms of ketamine with a retail value of HK\$151,040 and arrested an incoming passenger at Lok Ma Chau Spur Line Control Point.
- The 32-storey Customs Headquarters Building (CHB), with a total gross floor area of 41,000 square metres, was commissioned.



Customs Headquarters Building.

- Seized 4.4 kilograms of cocaine, 1.7 kilograms of cannabis resin and 1 kilogram of methamphetamine with a retail value of HK\$5 million from 3 air passengers at the Airport. On 30 November, an air-to-sea transit passenger was stopped for trafficking 1 kilogram of methamphetamine concealed inside tea and instant food packs.



1 kilogram of methamphetamine was concealed inside tea and instant food packs.

December 2010

- Seized 5.5 kilograms of ketamine with a retail value of HK\$ 0.7 million in Fanling and arrested one person.
- Seized 286 kilograms of cocaine with a retail value of HK\$ 260 million from hollowed-out wood planks in a container originated from Bolivia and shipped from Chile at Kwai Chung Container Terminal.

- Commenced the production of the technology refreshed Air Cargo Clearance System (ACCS), with enhanced risk assessment capability and capacity to cater for growth in air cargo traffic.
- Seized two kilograms of ketamine with a retail value of HK\$222,000 and arrested an incoming local passenger at Lo Wu Control Point. Subsequent in-town operation resulted in further seizure of 1 kilogram of ketamine with a retail value of HK\$111,000.
- Seized 1.04 kilograms of ketamine with a retail value of HK\$124,800 and arrested an incoming passenger at Lok Ma Chau Spur Line Control Point.
- presented the first AEO (General Facilitation) Certificate to a trader after the completion of its AEO accreditation process, signifying a milestone in the AEO Pilot Programme. The AEO status is taken as an additional indicator for risk assessment and consideration of appropriate Customs facilitation in cargo clearance.
- Seized 5.1 kilograms of heroin, 750 grams of cocaine with a retail value of HK\$5.7 million from 5 air passengers at the Airport.



5.1 kilograms of heroin, 750 grams of cocaine with a retail value of HK\$5.7 million.

Appendices



香港海關

CUSTOMS AND EXCISE DEPARTMENT

部門組織

Organization Chart of the
Customs and Excise Department

截至二零一零年十二月三十一日止
As at 31 December 2010

附錄一 Appendix 1

海關關長 Commissioner	
	袁銘輝 Richard YUEN Ming-fai

海關副關長 Deputy Commissioner	
	歐陽可樂 Luke AU YEUNG Ho-lok

服務質素及管理審核科 Office of Service Quality and Management Audit
編制 Establishment = 9

內部核數組 Internal Audit Division
編制 Establishment = 5

海關助理關長(行政及人力資源發展) Assistant Commissioner (Administration and Human Resource Development)	
	梁觀華 LEUNG Koon-wah

海關助理關長(邊境及港口) Assistant Commissioner (Boundary and Ports)	
	周廣 CHOW Kwong

海關助理關長(稅務及策略支援) Assistant Commissioner (Excise and Strategic Support)	
	俞官興 YU Koon-hing

海關助理關長(情報及調查) Assistant Commissioner (Intelligence and Investigation)	
	譚耀強 TAM Yiu-keung

貿易管制處處長 Head of Trade Controls	
	張細思 CHEUNG Sai-yan

檢控及管理支援科 Office of Prosecution and Management Support
編制 Establishment = 58

部隊行政科 Office of Service Administration
編制 Establishment = 80

訓練及發展科 Office of Training and Development
編制 Establishment = 79

內務行政科 Office of Departmental Administration
編制 Establishment = 98

財務管理科 Office of Financial Administration
編制 Establishment = 87

投訴調查課 Complaints Investigation Group
編制 Establishment = 6

機場科 Airport Command
編制 Establishment = 881

陸路邊境口岸科 Land Boundary Command
編制 Establishment = 1184

港口及海域科 Ports and Maritime Command
編制 Establishment = 743

鐵路及渡輪口岸科 Rail and Ferry Command
編制 Establishment = 499

特別職務隊 Special Duties Team
編制 Establishment = 9

海關聯絡科 Customs Liaison Bureau
編制 Establishment = 26

應課稅品科 Office of Dutiable Commodities Administration
編制 Establishment = 137

資訊科技科 Office of Information Technology
編制 Establishment = 87

項目策劃及發展科 Office of Project Planning and Development
編制 Establishment = 20

策略研究科 Office of Strategic Research
編制 Establishment = 19

新聞組 Information Unit
編制 Establishment = 1

海關毒品調查科 Customs Drug Investigation Bureau
編制 Establishment = 248

版權及商標調查科 Intellectual Property Investigation Bureau
編制 Establishment = 234

情報科 Intelligence Bureau
編制 Establishment = 190

稅收及一般調查科 Revenue and General Investigation Bureau
編制 Establishment = 189

特遣隊 Special Task Force
編制 Establishment = 178

商品說明及貨物轉運管制科 Trade Descriptions and Transhipment Controls Bureau
編制 Establishment = 121

貿易調查科 Trade Investigation Bureau
編制 Establishment = 119

緊要安排及貿易觀察科 CEPA and Trade Inspection Bureau
編制 Establishment = 98

一般調查及制度科 General Investigation and Systems Bureau
編制 Establishment = 67

消費者保障科 Consumer Protection Bureau
編制 Establishment = 85

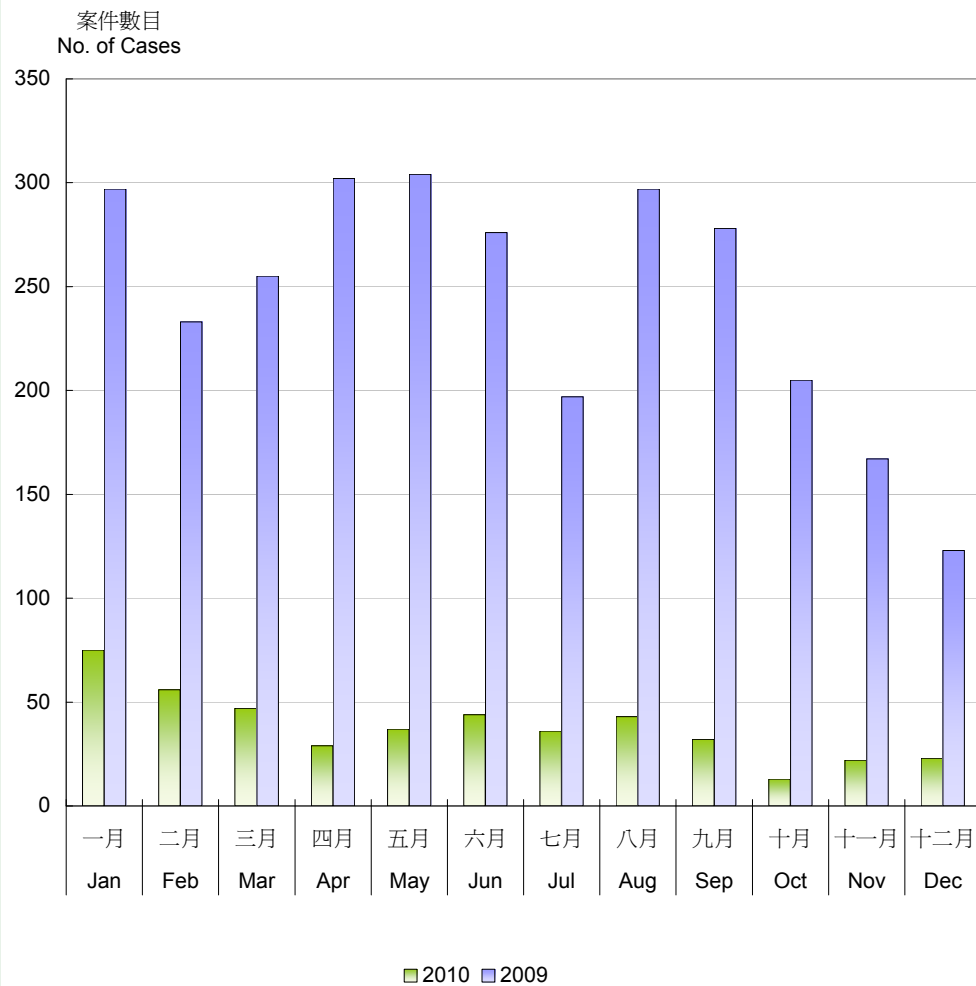
貿易管制處 特別項目籌劃小組 TCB Special Project Planning Team
編制 Establishment = 3

編制及在職人數 Establishment and Strength Position

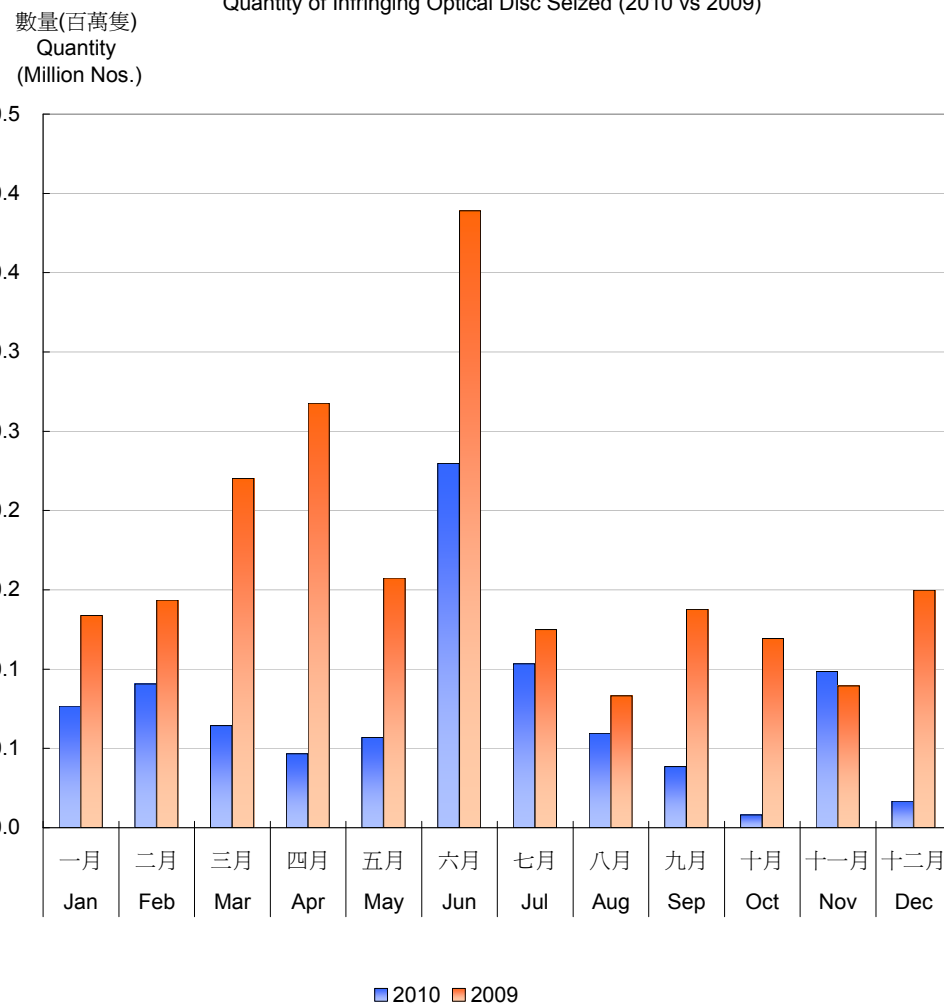
類別/職系 Category/Grade	2009 (截至2009年12月31日止) (as at 31 December 2009)		2010 (截至2010年12月31日止) (as at 31 December 2010)	
	編制 Establishment (數目No.)	在職人數 Strength (數目No.)	編制 Establishment (數目No.)	在職人數 Strength (數目No.)
首長級職位 Directorate Posts	9	9	9	10
部門職系 Departmental Grades				
海關監督/督察職系 Superintendent/Inspector of Customs and Excise Grades	842	801	847	843
關員職系 Customs Officer Grade	3,610	3,591	3,618	3,559
貿易管制主任職系 Trade Controls Officer Grade	454	403	454	391
小計 Sub-total	4,906	4,795	4,919	4,793
一般及共通職系 General and Common Grades				
行政主任/訓練主任職系 Executive Officer/Training Officer Grades	29	27	29	28
庫務會計師/會計主任職系 Treasury Accountant/Accounting Officer Grades	12	12	12	12
法定語文主任/繕校員職系 Official Languages Officer/Calligraphist Grades	18	18	18	18
統計師/統計主任職系 Statistician/Statistical Officer Grades	5	5	5	5
秘書職系 Secretarial Grades	55	52	55	51
文書人員職系 Clerical Grades	260	258	261	256
物料供應人員職系 Supplies Grades	51	46	55	55
其他 Others	211	199	208	199
小計 Sub-total	641	617	643	624
合計 Total	5,556	5,421	5,571	5,427

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

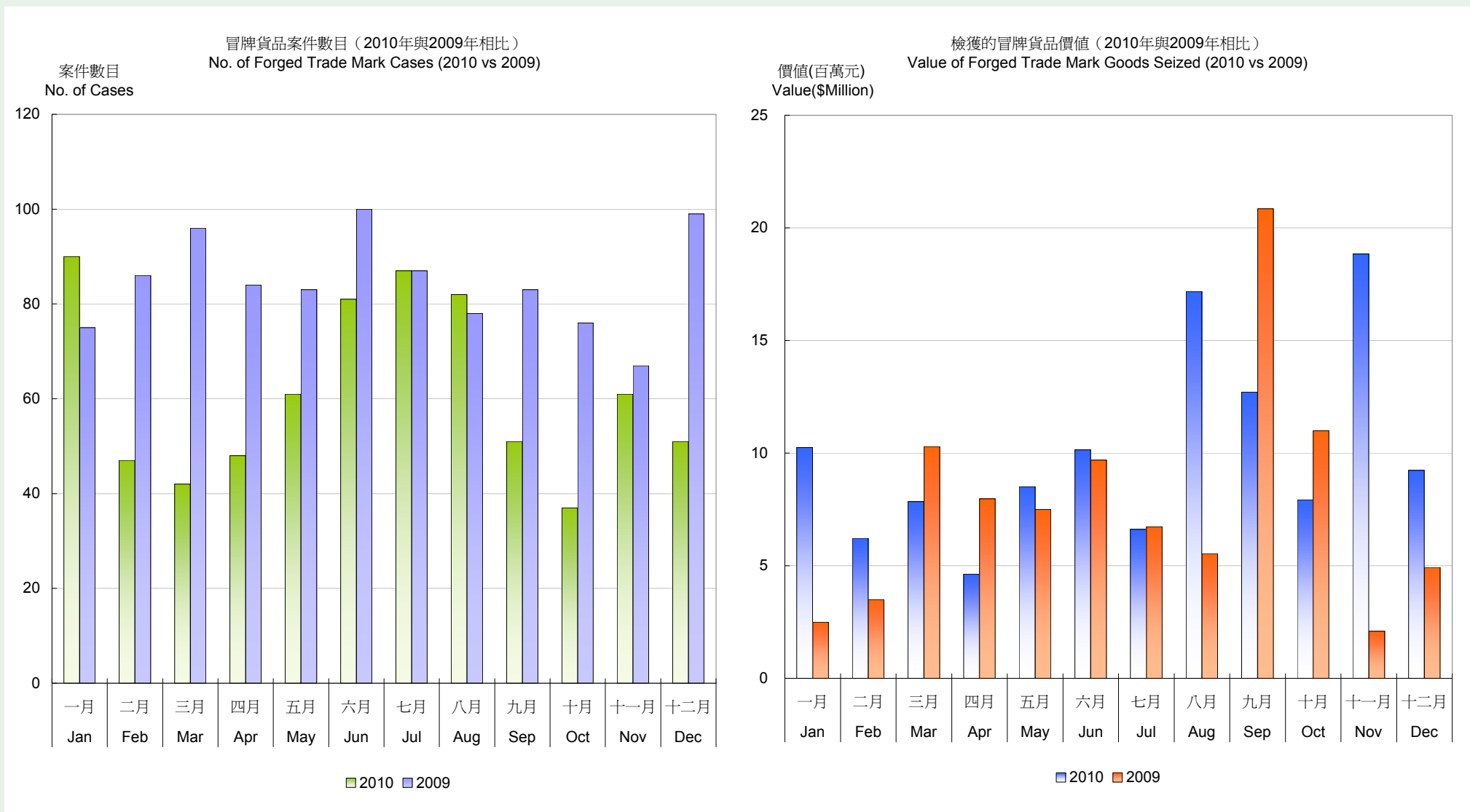
盜版光碟案件數目 (2010年與2009年相比)
No. of Infringing Optical Disc Cases (2010 vs 2009)



檢獲的盜版光碟數量 (2010年與2009年相比)
Quantity of Infringing Optical Disc Seized (2010 vs 2009)

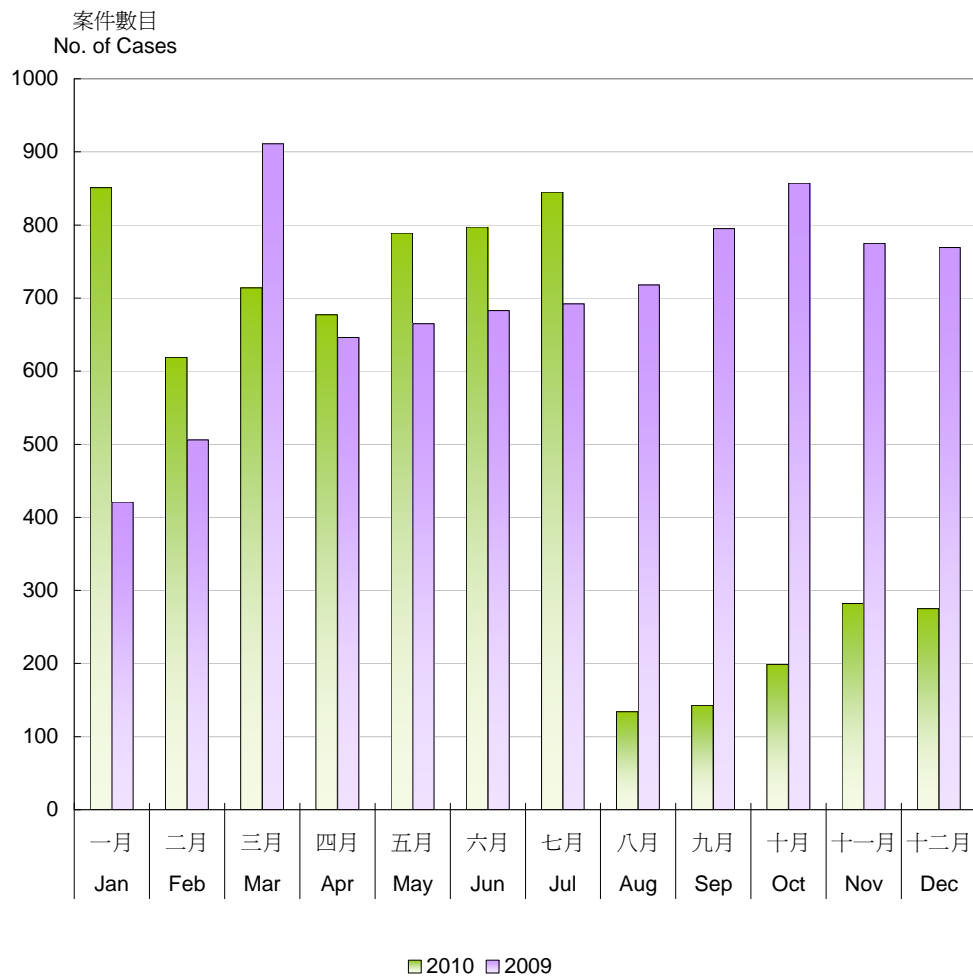


冒牌貨品案件統計數字 Statistics on Forged Trade Mark Cases

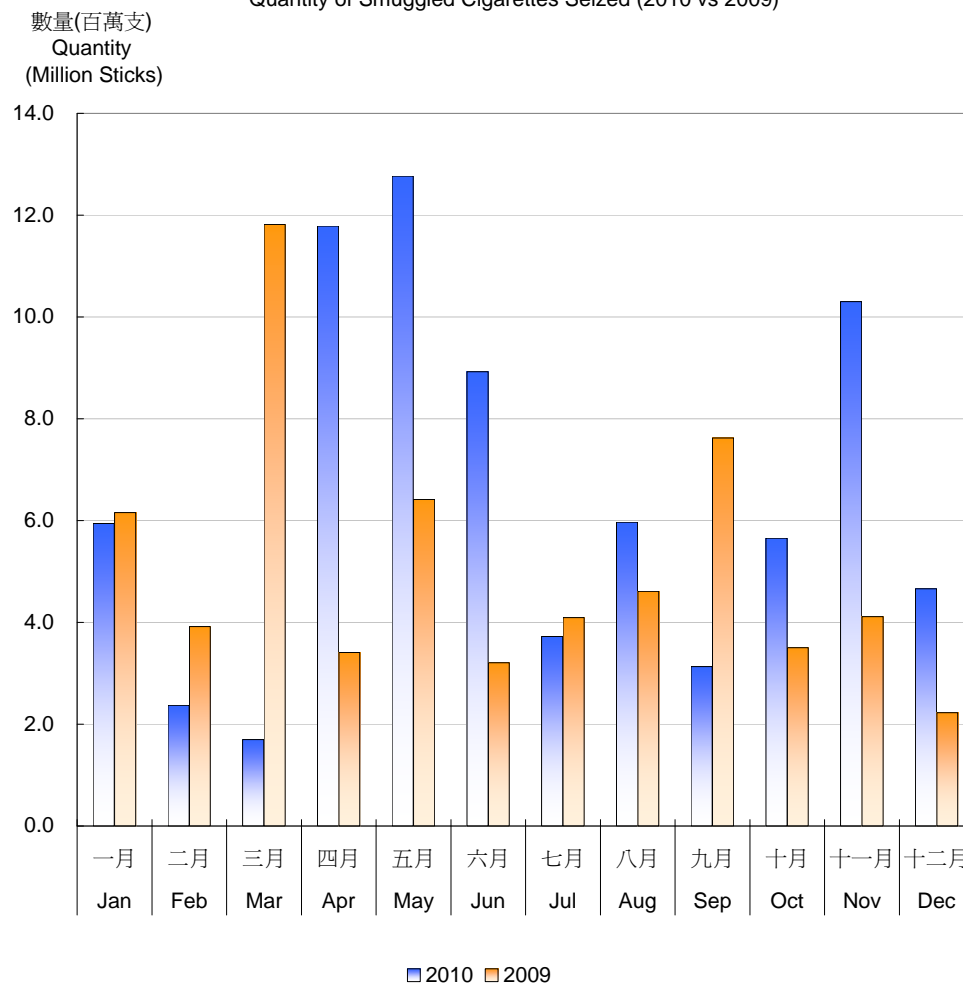


反走私香煙行動的成效 Result of Anti-cigarette Smuggling Operations

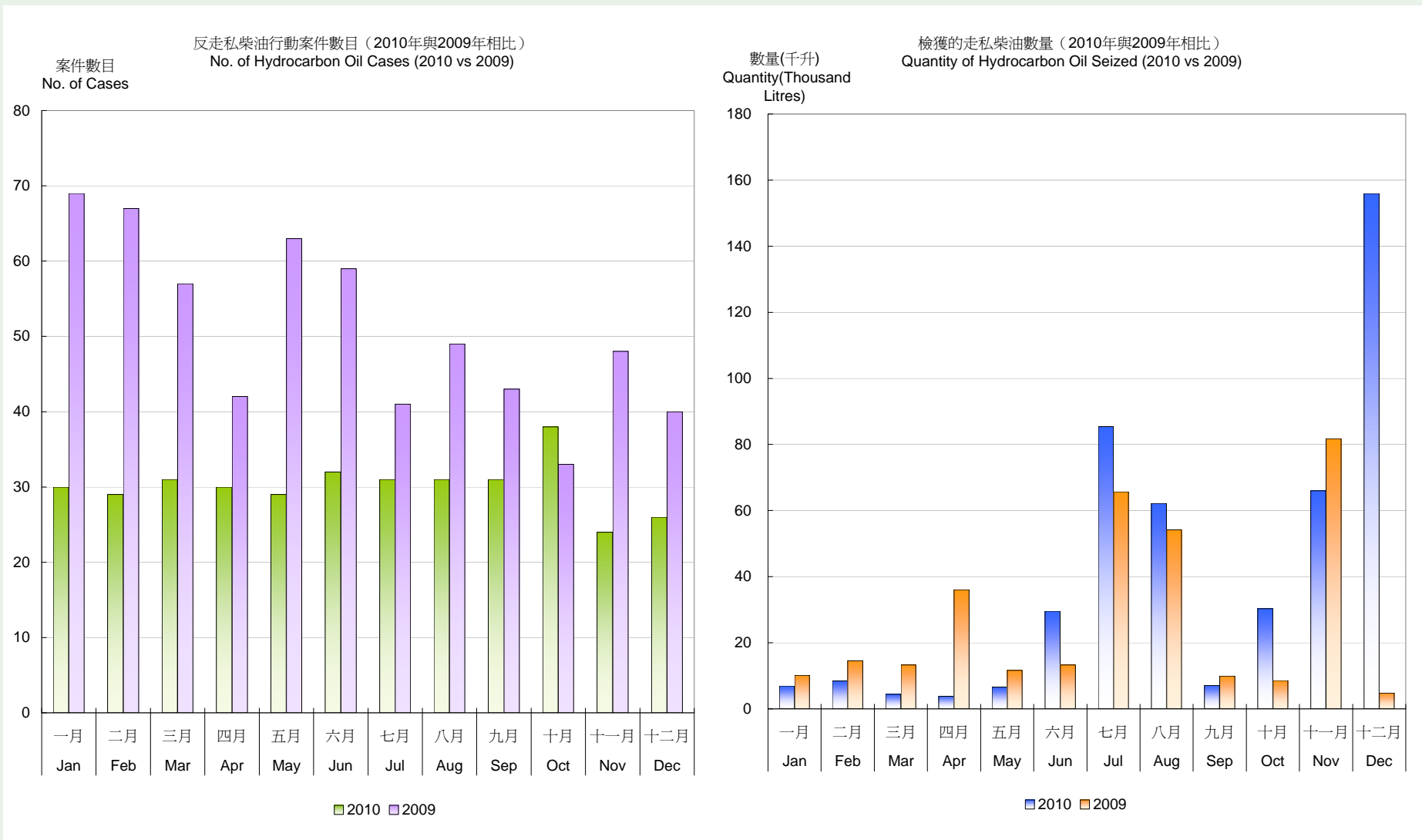
反走私香煙行動案件數目 (2010年與2009年相比)
No. of Cigarette Smuggling Cases (2010 vs 2009)



檢獲的走私香煙數量 (2010年與2009年相比)
Quantity of Smuggled Cigarettes Seized (2010 vs 2009)



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



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

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

2009-10年度及2010-11年度實際收入

	實際收入	
	2009-10	2010-11
	HK\$'000	HK\$'000
稅項		
碳氫油類	2,840,951	3,026,665
煙草	3,354,551	4,220,944
含酒精飲品	256,330	298,345
甲醇及其他含酒精產品	13,045	5,132
小計	6,464,877	7,551,086
根據應課稅品條例徵收的各項費用		
牌照費	3,459	3,926
出勤費	298	365
酒精變質費	1,237	1,264
儲存費	0	0
小計	4,994	5,555
貿易報關費		
進出口報關費	1,235,897	1,514,735
成衣稅服務費(註)	317	112
罰款	113,001	123,690
小計	1,349,215	1,638,537
雜項	42,361	50,886
合計	7,861,447	9,246,064
註： 代製衣業訓練局徵收的成衣業訓練附加稅	1,190	1,008

Actual revenue for 2009-10 and 2010-11

	Actual Revenue	
	2009-10	2010-11
	HK\$'000	HK\$'000
Duties		
Hydrocarbon Oils	2,840,951	3,026,665
Tobacco	3,354,551	4,220,944
Alcoholic Beverages	256,330	298,345
Methyl Alcohol & Other Alcoholic Products	13,045	5,132
Sub-total	6,464,877	7,551,086
Fees charged under Dutiable Commodities Ordinance		
Licence Fees	3,459	3,926
Attendance Fees	298	365
Denaturing Fees	1,237	1,264
Storage Fees	0	0
Sub-total	4,994	5,555
Trade Declaration Charges		
Imports and Exports Declaration Charges	1,235,897	1,514,735
Clothing Levy Service Charges (see Note)	317	112
Penalties	113,001	123,690
Sub-total	1,349,215	1,638,537
Miscellaneous	42,361	50,886
Total	7,861,447	9,246,064
Note : Clothing Industry Training Levy collected on behalf of the Clothing Industry Training Authority	1,190	1,008

2009-10年度及2010-11年度實際開支

	實際開支	
	2009-10	2010-11
	HK\$'000	HK\$'000
經營帳目		
個人薪酬		
薪金	1,809,428	1,826,661
津貼	48,576	46,836
工作相關津貼	7,685	7,839
小計	1,865,689	1,881,336
其他支出		
與員工有關連的開支	26,009	40,083
酬金及特別服務	8,969	9,455
一般部門開支	357,594	385,336
土地使用費	3,577	3,580
香港海關福利基金補助金	263	266
檢獲物品的管理	42,905	38,037
小計	439,317	476,757
非經營帳目		
機器、車輛及設備	90,176	3,111
小型機器、車輛及設備	13,400	12,871
小計	103,576	15,982
合計	2,408,582	2,374,075

Actual expenditure for 2009-10 and 2010-11

	Actual Expenditure	
	2009-10	2010-11
	HK\$'000	HK\$'000
Operating Account		
Personal Emoluments		
Salaries	1,809,428	1,826,661
Allowances	48,576	46,836
Job-related allowances	7,685	7,839
Sub-total	1,865,689	1,881,336
Other Expenses		
Personnel related expenses	26,009	40,083
Rewards and special services	8,969	9,455
General departmental expenses	357,594	385,336
Land usage cost	3,577	3,580
Grant to the Customs and Excise Service Welfare Fund	263	266
Seizure management	42,905	38,037
Sub-total	439,317	476,757
Capital Account		
Plant, vehicles and equipment	90,176	3,111
Minor plant, vehicles and equipment	13,400	12,871
Sub-total	103,576	15,982
Total	2,408,582	2,374,075

案件統計 (2009年)

條例	案件數目	拘捕人數	檢獲物品 估計總值 (千元)
抗生素	3	3	3
消費品安全	30	2	1,991
化學品管制	7	2	196
淫褻及不雅物品管制	22	23	767
版權	6 371	1 108	71,187
香港海關	35	39	5,585
危險藥物	544	490	170,680
危險品	10	19	132
應課稅品	20 039	8 141	118,999
火器及彈藥	22	16	139
氣體安全	1	1	1,896
入境	495	559	18,106
進出口	499	310	466,622
商船(本地船隻)	70	222	43
有組織及嚴重罪行	6	9	2
藥劑業及毒藥	29	28	7,614
植物(進口管制及病蟲害控制)	18	9	57
防止盜用版權	1	1	8
防止虐畜	4	3	252
保護瀕危動植物物種	162	116	15,754
公眾衛生及市政	2 331	2 302	566
公眾衛生(動物及禽鳥)	8	6	127
狂犬病	20	20	41
人事登記	8	8	1
儲備商品	10	2	263
電訊	2	-	64
玩具及兒童產品安全	102	-	103
商品說明	1 698	952	177,920
廢物處置	53	-	3,069
武器	14	8	188
度量衡	181	1	303
其他	41	22	1
所有條例 *	32 041	13 619	941,950

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

Case Statistics (2009)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Antibiotics	3	3	3
Consumer Goods Safety	30	2	1,991
Control of Chemicals	7	2	196
Control of Obscene & Indecent Articles	22	23	767
Copyright	6 371	1 108	71,187
Customs & Excise Service	35	39	5,585
Dangerous Drugs	544	490	170,680
Dangerous Goods	10	19	132
Dutiable Commodities	20 039	8 141	118,999
Firearms & Ammunition	22	16	139
Gas Safety	1	1	1,896
Immigration	495	559	18,106
Import & Export	499	310	466,622
Merchant Shipping (local vessels)	70	222	43
Organized & Serious Crimes	6	9	2
Pharmacy & Poisons	29	28	7,614
Plant (Importation & Pest Control)	18	9	57
Prevention of Copyright Piracy	1	1	8
Prevention of Cruelty to Animals	4	3	252
Protection of ES of Animals & Plants	162	116	15,754
Public Health & Municipal Services	2 331	2 302	566
Public Health (Animals & Birds)	8	6	127
Rabies	20	20	41
Registration of Person	8	8	1
Reserved Commodities	10	2	263
Telecommunication	2	-	64
Toys & Children's Products Safety	102	-	103
Trade Descriptions	1 698	952	177,920
Waste Disposal	53	-	3,069
Weapons	14	8	188
Weights & Measures	181	1	303
Other Ordinances	41	22	1
All Ordinances *	32 041	13 619	941,950

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

案件統計 (2010年)

條例	案件數目	拘捕人數	檢獲物品 估計總值 (千元)
消費品安全	18	2	5
化學品管制	3	-	49
淫褻及不雅物品管制	5	3	188
版權	606	527	25,987
刑事罪行	4	4	81
香港海關	19	20	396
危險藥物	427	369	465,614
危險品	34	75	907
販毒(追討得益)	1	5	440
應課稅品	19 351	6 256	117,498
火器及彈藥	20	14	1,147
入境	251	278	10,711
進出口	492	286	454,983
商船(本地船隻)	16	45	165
有組織及嚴重罪行	7	19	21,913
保護臭氧層	3	2	75
藥劑業及毒藥	31	27	187
植物(進口管制及病蟲害控制)	10	7	15
防止盜用版權	4	4	9
保護瀕危動植物物種	125	96	16,998
公眾衛生及市政	1 682	1 667	1,379
公眾衛生(動物及禽鳥)	5	5	445
狂犬病	25	27	34
人事登記	10	10	64
儲備商品	5	-	247
電訊	6	2	222
盜竊罪	1	1	73
玩具及兒童產品安全	160	-	73
商品說明	947	824	173,109
廢物處置	39	-	3,147
武器	11	9	4
度量衡	151	-	244
其他	244	240	0
所有條例 *	24 155	10 331	1,191,846

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

Case Statistics (2010)

Ordinance	Number of Cases	Number of Arrests	Estimated Value of Seized Items (HK\$'000)
Consumer Goods Safety	18	2	5
Control of Chemicals	3	-	49
Control of Obscene & Indecent Articles	5	3	188
Copyright	606	527	25,987
Crimes	4	4	81
Customs & Excise Service	19	20	396
Dangerous Drugs	427	369	465,614
Dangerous Goods	34	75	907
Drug Trafficking (ROP)	1	5	440
Dutiable Commodities	19 351	6 256	117,498
Firearms & Ammunition	20	14	1,147
Immigration	251	278	10,711
Import & Export	492	286	454,983
Merchant Shipping (local vessels)	16	45	165
Organized & Serious Crimes	7	19	21,913
Ozone Layer Protection	3	2	75
Pharmacy & Poisons	31	27	187
Plant (Importation & Pest Control)	10	7	15
Prevention of Copyright Piracy	4	4	9
Protection of ES of Animals & Plants	125	96	16,998
Public Health & Municipal Services	1 682	1 667	1,379
Public Health (Animals & Birds)	5	5	445
Rabies	25	27	34
Registration of Person	10	10	64
Reserved Commodities	5	-	247
Telecommunication	6	2	222
Theft	1	1	73
Toys & Children's Products Safety	160	-	73
Trade Descriptions	947	824	173,109
Waste Disposal	39	-	3,147
Weapons	11	9	4
Weights & Measures	151	-	244
Other Ordinances	244	240	0
All Ordinances *	24 155	10 331	1,191,846

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

主要檢獲物品

條例 主要檢獲物品	2009		2010	
	數量	檢獲物品 估計總值(千元)	數量	檢獲物品 估計總值(千元)
危險藥物				
海洛英 (公斤)	38.7	29,512	40.0	53,061
鴉片 (公斤)	43.5	12,109	16.7	475
大麻 (公斤)	73.3	7,043	7.1	870
氯胺酮 (公斤)	379.4	44,141	46.9	5,506
可卡因 (公斤)	42.1	40,200	350.4	321,084
甲基安非他明 (冰) (公斤)	30.7	22,951	87.5	67,638
搖頭丸 (片)	1 016	76	1 557	94
其他精神科藥物 (片)	32 494	350	130 934	1,641
應課稅品⁽¹⁾				
香煙 (千枝)	64 677	118,624	80 440	152,172
其他煙草 (公斤)	9 064	18,561	10 802	14,106
碳氫油類 (千公升)	324	2,581	467	3,240
酒類 (千公升)	9	4,005	10	2,259
進出口				
電視機 (台)	534	532	214	59
汽車 (輛) ⁽²⁾	91	6,300	70	6,546
船隻 / 快艇 (艘)	34	2,211	51	5,507
版權				
光碟 (千隻)	2 016	46,384	890	18,130
遊戲盒帶 (盒)	-	-	570	11
書刊及印刷品 (件)	276	14	7 928	1,155
冒牌貨品				
成衣及配件 (千件)	143	11,220	132	5,774
皮革製品 (千件)	56	7,908	62	19,706
手錶及零件 (千件)	80	8,141	115	21,862
鞋類 (千對)	83	8,825	70	11,535
藥物 (千件)	71	3,324	73	5,466
電子、電器及電腦產品 (千件)	526	31,066	531	31,494
其他				
象牙及有關產品 (公斤)	645	1,909	2 908	14,702
炮竹 (公斤)	43	3	-	-
色情光碟/錄影帶 (千件)	17	510	7	145
槍械及零件 (件)	2	7	1	2

(1) 包括所有條例

(2) 不包括已拆散/壓縮的汽車及單車。

Major Seized Items

Ordinance Major Seized Item	2009		2010	
	Quantity	Estimated value of seized items(HK\$'000)	Quantity	Estimated value of seized items(HK\$'000)
Dangerous Drugs				
Heroin (kg)	38.7	29,512	40.0	53,061
Opium (kg)	43.5	12,109	16.7	475
Cannabis (kg)	73.3	7,043	7.1	870
Ketamine (kg)	379.4	44,141	46.9	5,506
Cocaine (kg)	42.1	40,200	350.4	321,084
Methamphetamine (kg)	30.7	22,951	87.5	67,638
MDMA (tablet)	1 016	76	1 557	94
Other psychotropic drugs (tablet)	32 494	350	130 934	1,641
Dutiable Commodities⁽¹⁾				
Cigarette (mille)	64 677	118,624	80 440	152,172
Other tobacco (kg)	9 064	18,561	10 802	14,106
Hydrocarbon oil ('000 litre)	324	2,581	467	3,240
Liquor ('000 litre)	9	4,005	10	2,259
Import & Export				
Television set (no.)	534	532	214	59
Motor vehicle (no.) ⁽²⁾	91	6,300	70	6,546
Vessel / speedboat (no.)	34	2,211	51	5,507
Copyright				
Optical disc ('000 no.)	2 016	46,384	890	18,130
Game cartridge (no.)	-	-	570	11
Book and printing material (no.)	276	14	7 928	1,155
Counterfeit Goods				
Garment and accessories ('000 pc)	143	11,220	132	5,774
Leather goods ('000 pc)	56	7,908	62	19,706
Watch and parts ('000 no.)	80	8,141	115	21,862
Footwear ('000 pairs)	83	8,825	70	11,535
Pharmaceutical products ('000 no.)	71	3,324	73	5,466
Electronic, electrical & computer goods ('000 no.)	526	31,066	531	31,494
Others				
Ivory & related products (kg)	645	1,909	2 908	14,702
Fireworks (kg)	43	3	-	-
Pornographic optical disc/ video tape ('000 no.)	17	510	7	145
Firearms and parts (no.)	2	7	1	2

(1) Include all ordinances

(2) Exclude dismantled/compressed vehicles and bicycles.

截停、搜查和路障截查 Stop & Search of Persons / Vehicles and Road Block Operations

		2009	2010
1. 在出入境管制站 At control points			
(i)	被截查人數 No. of persons stopped and searched	78 040	81 680
(ii)	被搜查車輛數目 No. of vehicles checked	819 362	700 794
2. 路障及路上截查行動 Road Block and Road Check Operations			
(i)	行動次數 No. of operations	65	66
(ii)	被搜查車輛數目 No. of vehicles checked	957	732

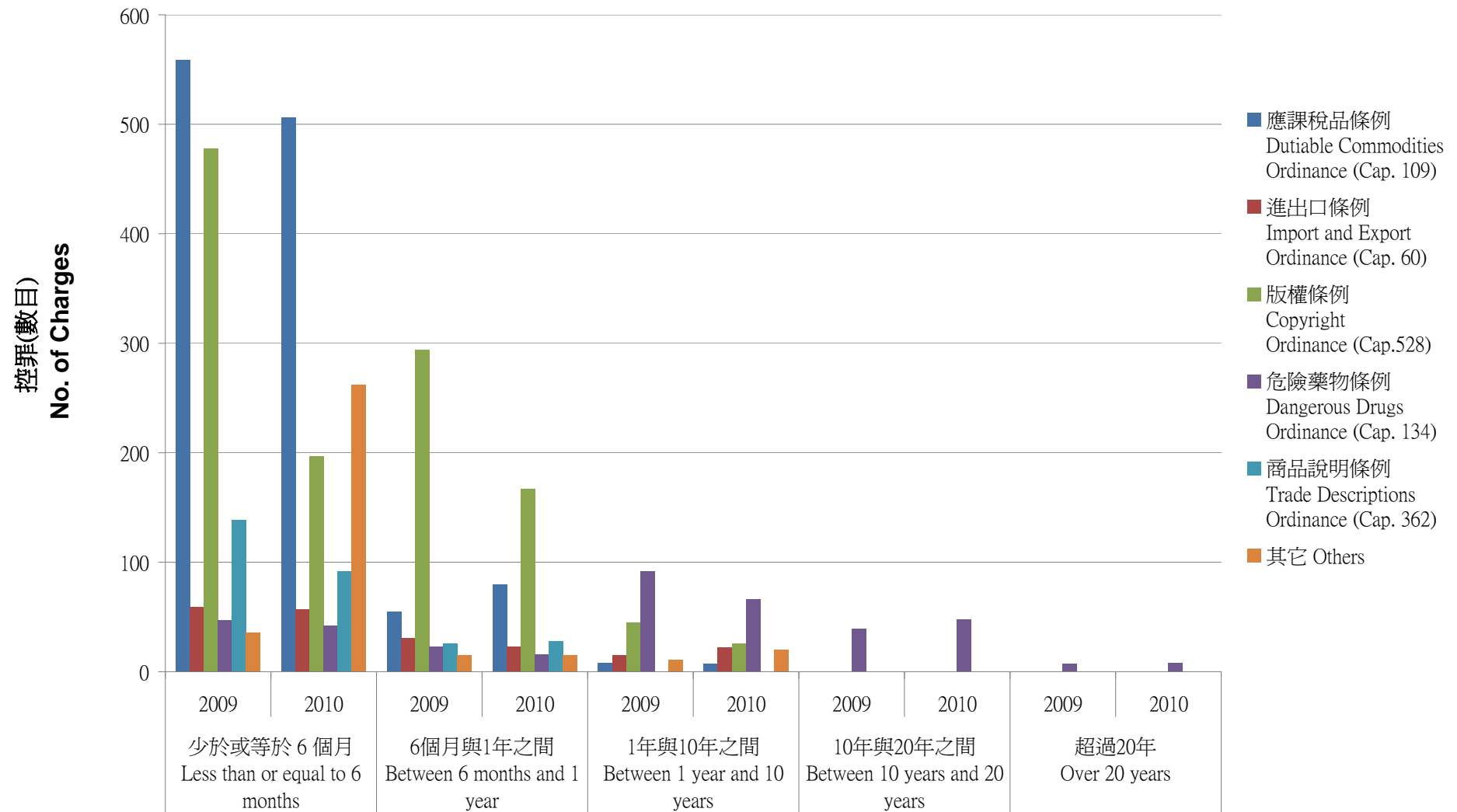
項目	課程數目	
	2009	2010
入職及持續培訓		
入職課程:		
為見習督察提供的入職課程	1	4
為見習關員提供的入職課程	4	6
持續培訓課程:		
為見習督察提供的持續培訓課程	3	
職責才能		
為海關部隊人員提供的培訓		
旅檢檢查控制技巧教官訓練課程	0	
紀律聆訊培訓課程(檢控員)	0	1
紀律聆訊培訓課程(審裁員)	0	1
經驗分享會(製備案件檔案)	0	
進出口業務運作教官訓練課程	1	
紀律聆訊證據法課程	0	1
督察級法律培訓工作坊	2	1
突擊行動技巧課程	4	1
了解平等機會研討會	1	
錄影會面系統教官訓練課程	1	1
法庭舉證技巧訓練	0	
旅檢檢查控制技巧工作坊	0	
衝突管理工作坊	5	
基本調查及防止意外課程		2
基本安全管理課程		2
行政法研討會		1
突擊行動技巧工作坊		2
化學品安全處理課程		1
安全使用顯示屏幕設備課程		1
體力處理操作合格證書課程		1
情報及調查進階課程		1
安全視察課程	1	2
基本職業健康課程	1	1
基本風險評估課程	1	1
大額現款走私課程	1	
線人管理課程	1	1
如何防止報關員作弊個案分析工作坊	1	
稅務詐騙調查課程	1	
控方證人法庭作供研討會	4	1
情報及調查課程	2	2
貨物處理課程	4	7
旅客處理課程	1	5
步操教官訓練課程	1	
槍械及特別設備訓練課程	52	33
使用伸縮警棍訓練		
控制戰略進階訓練		
使用胡椒噴劑訓練		
使用槍械訓練		
靶場管理訓練		
清潔槍械訓練		
HK MP5輕機槍訓練課程		
週年HK MP5輕機槍復修課程		
散彈槍訓練課程		
週年散彈槍復修課程		
週年HK 53輕機槍復修課程		
大腿手拔式槍袋訓練課程		
大腿手拔式槍袋復修課程		

Programme	No. of classes	
	2009	2010
Induction and Continuation		
Induction Course:		
For probationary Inspectors	1	4
For probationary Customs Officers	4	6
Continuation Course:		
For probationary Inspectors	3	
Functional Competency		
For C&E Service members		
Control Tactics in Passenger Clearance Train-the-Trainer Course	0	
Departmental Disciplinary Proceedings and Practices: The Prosecuting Officer's Perspective	0	1
Departmental Disciplinary Proceedings and Practices: The Adjudicating Officer's Perspective	0	1
Experience Sharing Session (Preparation of Case Bundle)	0	
Train the Trainer Course on Import & Export Trade Practice	1	
Law of Evidence for Disciplinary Proceedings	0	1
Legal Training Workshop for Inspectorate Officers	2	1
Raiding Techniques Course	4	1
Seminar of Valuing Diversity in the Workplace	1	
Train-the-Trainer Course on Video Interview System	1	1
Training Session on "Techniques in Giving Evidence in Court"	0	
Workshop on Control Tactics in Passenger Clearance	0	
Workshop on Conflict Management	5	
Accident Investigation & Prevention Course		2
Basic Safety Management Course		2
Seminar on Administrative Laws		1
Raiding, Apprehension and Escort (RAE) Course for Frontline Officers		2
Safe Handling of Chemicals Course		1
Safe Use of Display Screen Equipment Course		1
Certificate of Competence in Manual Handling Course		1
Enhanced Intelligence and Investigation Course		1
Safety Inspection Course	1	2
Basic Occupational Health Course	1	1
Basic Risk Assessment Course	1	1
Bulk Cash Smuggling Course	1	
Source Management Course	1	1
Customs Declaration Clerk Malpractice Workshop	1	
Revenue Fraud Investigation Course	1	
Seminar on Attending Court as Prosecution Witnesses	4	1
Intelligence and Investigation Course	2	2
Cargo Processing Course	4	7
Passenger Processing Course	1	5
Foot Drill Instructor Course	1	
Firearms and special equipment training courses	52	33
Use of extendible baton		
Advanced control tactics		
Use of Oleoresin Capsicum foam		
Use of firearms		
Range Management Course		
Arms Cleaning Course		
HK MP5 Sub-machine Gun Training Course		
Annual HK MP5 Sub-machine Gun Refresher Course		
Shotgun Training Course		
Annual Shotgun Refresher Course		
Annual HK 53 Sub-machine Refresher Course		
Thigh Draw Holster Training Course		
Thigh Draw Holster Refresher Course		

項目	課程數目	
	2009	2010
為海關部隊人員及貿易管制主任級人員提供的培訓		
基本調查課程	1	
為貿易管制主任級人員提供的培訓		
調查技巧課程 - 案件重溫	2	
錄取口供技巧工作坊	7	
商業實務知識	4	
調查技巧-個案分享	0	
商品說明(修訂)條例復修課程	0	
錄影會面系統訓練課程		3
法庭舉證工作坊		5
法庭對檢控商品說明條例要求講座		1
模擬法庭訓練課程(貿易管制主任職系)		2
有效簡報技巧工作坊		1
管理發展		
為海關部隊人員提供的培訓		
關員級督導課程	2	3
關員發展課程	3	3
持廉守正研討會	2	
為海關部隊人員及貿易管制主任級人員提供的培訓		
海關指揮課程	1	
了解平等機會研討會	1	1
為貿易管制主任級人員提供的培訓		
初級管理人員課程	1	
初級管理人員課程 - 基本管理技巧	1	
初級管理人員課程 - EQ 顯績效	1	
初級管理人員課程 - 發揮影響力和談判技巧	2	
團隊建立及領導才能課程	5	
團隊建立/個人發展工作坊	2	
團隊 團結 體驗團		2
高效激勵工作坊		2
貿易管制主任個人發展及管理課程		1
廉潔德行工作坊		2
香港海關[主持甄選面試](一天)課程		1
自我誠信管理		1
溝通技巧		
為海關部隊人員提供的培訓		
有效溝通技巧工作坊	0	
為前線人員提供與工作有關的普通話課程	0	
為海關部隊人員及貿易管制主任級人員提供的培訓		
初級普通話課程	1	1
中級普通話課程	0	1
為貿易管制主任級人員提供的培訓		
簡化字研習課程	0	
實用普通話課程	2	
會議應用普通話課程	5	
貿易管制主任職系實用普通話		1
為訪港海關人員提供的培訓		
反走私及緝毒培訓課程	0	1
通關監管培訓課程	0	1
海關管理發展課程	1	
人力資源管理課程		1
海關基本調查課程		1

Programme	No. of classes	
	2009	2010
For both C&E Service members and TCOG officers		
Basic Investigation Course	1	
For TCOG officers		
Refresher Course on Investigation Techniques through Case Studies	2	
Statement Taking Workshop	7	
Commercial Knowledge Course	4	
Investigation Techniques Through Case Studies	0	
Refresher Course on Trade Descriptions Ordinance (Amendment) 2008	0	
Usage of Video Interview System		3
Giving Evidence Workshop		5
The Court Requirement for a Prosecution Case under TDO		1
Mock Court Training for TCOs		2
Effective Briefing Skills Workshop		1
Management Development		
For C&E Service members		
COG Supervisory Course	2	3
Customs Officer Development Course	3	3
Integrity Awareness Seminar	2	
For both C&E Service members and TCOG officers		
Customs Command Course	1	
Valuing Diversity in Workplace	1	1
For TCOG officers		
Management & Personal Development Programme for TCO	1	
Management & Personal Development Programme for TCO - Fundamental Skills for Junior Managers	1	
Management & Personal Development Programme for TCO - Performing Through EQ	1	
Management & Personal Development Programme for TCO - Effective Influence and Negotiation Skills	2	
Course on Team Building and Leadership	5	
Team Building/Self Development Workshop	2	
Team Enhancement Workshop		2
Course on Energizing Self and Motivate Others		2
Management and Personal Development Programme for Trade Controls Officer		1
Ethical leadership Workshop		2
Workshop on Conducting Selection Interview		1
Managing Self Integrity		1
Communication		
For C&E Service members		
Effective Communication Skills Workshop for Senior Inspectors	0	
Job-related Putonghua for Frontline Officers	0	
For both C&E Service members and TCOG officers		
Elementary Putonghua Course	1	1
Intermediate Putonghua Course	0	1
For TCOG officers		
Simplified Chinese Characters Course	0	
Practical Putonghua Course	2	
Putonghua in Meeting for TCOG Officers	5	
Practical Putonghua for Trade Controls Officer Grade Officers		1
Training for Visiting Customs Officials		
Anti-Smuggling and Narcotics Control Course	0	1
Customs Clearance Monitoring Course	0	1
Customs Management Development Course	1	
Human Resource Management Course		1
Basic Investigation Course for Customs Counterparts		1

判刑年期 (2010年與2009年相比)
Range of Sentences (2010 vs 2009)



罰款金額 (2010年與2009年相比)
Range of Fines (2010 vs 2009)

