

Enhance Strengths and Thrive through Innovation and Connectivity (with photos)

The Commissioner of Customs and Excise, Mr Chan Tsz-tat, chaired Customs' 2024 year-end press conference held at the Customs Headquarters Building today (February 18) to review the department's law enforcement results and sustainability in the provision of trade and clearance facilitation during the year. Mr Chan also outlined that, while carrying on its fine tradition of providing simple and efficient customs clearance that makes Hong Kong a trading and logistic hub for different sectors, the department will actively adopt new technology, adjust enforcement strategies and reinforce collaboration with other customs administrations to enhance enforcement efficiency. Hong Kong Customs will continue its efforts to strengthen and uphold its leading role in customs affairs and combat cross-boundary crimes in the Asia-Pacific region.

Overall enforcement situation

In 2024, a total of 31 242 cases were detected, an increase of 63 per cent from the 2023 figure. About 68 per cent of the cases are related to illicit cigarettes, followed by cases related to dangerous drugs and intellectual property rights infringement.

Illicit cigarettes

On the anti-illicit cigarette operation front, the number of detected cases in 2024 increased by 80 per cent to 21 284 cases from 2023, with 614 million cigarettes seized, representing a 6 per cent drop as compared to the figure for 2023.

The significant increase in the number of illicit cigarette cases stemmed from a huge surge in cases involving inbound persons bringing in cigarettes exceeding the duty-free concessions by imposing a penalty on offences compoundable. Such cases rocketed by 94 per cent to 19 072 cases from 2023. Moreover, 40 large-scale illicit cigarette smuggling cases were detected last year, which was the same as 2023.

In addition, 2 451 cases involving alternative smoking products, with seizures of over 12 million pieces of relevant products, including electronic cigarettes and heat-not burn products, and 2 255 arrestees in total, were detected last year.

Dangerous drugs

In 2024, 1 363 drug cases were detected, which was about the same as the 2023 figure. A total seizure of about 6.3 tonnes of drugs was made, representing a drop of 33 per cent from 2023.

The five major drug seizures in order of quantity were cannabis (2 874.8 kilograms, a 22 per cent increase), ketamine (1 202.8kg, a 34 per cent decrease), methamphetamine ("Ice") (1 111.7kg, a 50 per cent decrease), cocaine (711.4kg, a 64 per cent decrease) and MDMA (Ecstasy) (149.6kg, a 3 per cent decrease) compared to the figure for 2023.

Customs noticed that drug syndicates resume to traffic drugs by exploiting inbound air passengers, and the number of such cases and seizure quantity showed a noticeable upward trend, with 113 relevant cases detected and 988kg drugs seized last year, representing an increase of 38 per cent and a 1.9-fold increase as compared to figures for 2023. Moreover, etomidate (the main ingredient of "space oil drug") was put under control of the Dangerous Drugs Ordinance on February 14, and Customs has stepped up enforcement efforts to combat the dangerous drug on various fronts.

Smuggling

A total of 233 smuggling cases with a seizure value of \$4.340 billion in total were detected last year, representing an increase of 5 per cent and 37 per cent from 2023 respectively.

Smuggling syndicates still mainly conduct smuggling activities by sea. Apart from making use of barges, speedboats and fishing vessels, Hong Kong Customs also found criminals using river trade vessels to smuggle large amounts of goods to nearby Mainland cities and Macao, or even adopting more circuitous routes by shipping goods overseas and then re-exporting them to the Mainland to evade the department's detection.

Money laundering

Customs last year detected eight money laundering cases with \$19 billion involved.

Intellectual property rights

Customs detected 783 intellectual property rights infringement cases last year, representing an annual increase of 11 per cent. The seizure value of infringing items increased 7 per cent to around \$309 million (4 million items) as compared to the figure for 2023.

As for Internet infringement, 130 cases were detected, representing an increase of 29 per cent from 2023.

Customs last year applied the "communication right" under the Copyright Ordinance for the first time to detect a case of unauthorised communication

of live football matches to the public by a restaurant in the course of business.

Consumer protection

Customs last year received 12 436 complaints regarding suspected cases of violating the Trade Descriptions Ordinance (TD0), a drop of 34 per cent from 2023. Among them, 11 601 complaints were handled:

- (i) Detailed investigations have been made on 7 492 complaints;
- (ii) The remaining 4 109 complaints have been closed since they were not in contravention of the TD0, or have been referred to other relevant departments or institutions for follow-up actions.

There were 3 003 complaints involving fitness services last year, accounting for 47 per cent of the total number of complaints regarding services and an increase of 14-fold from 2023. This was mainly due to the announcement of business temporary closure of a chain fitness and beauty centre.

Complaints on medicine shops involving quantities of unclear pricing units in selling ginseng and dried seafood, or Chinese medicine (also known as cases concerning catty, tael and mace) or sale of proprietary medicines slightly decreased to 497 cases in total, among which 86 percent were made by Mainland tourists. The department's Quick Action Team has been deployed to handle and follow up with complaints by short-term visitors to Hong Kong, and 208 such complaints were handled last year, with 11 shop owners and staff arrested. Customs is also committed to conducting promotion and education through multiple channels, informing Mainland visitors about common unfair trade practices by medicine shops, deploying mobile promotion vehicles at popular tourist hotspots during festivals, conducting patrols with the Travel Industry Authority, and promoting compliance among traders.

Clearance and trade facilitation

Customs has continued to facilitate clearance and trade and implement various related measures.

- (i) Since the full resumption of normal travel with the Mainland, the number of inbound and outbound passengers and vehicle trips at each control point was about 300 million and about 14.9 million. The number of inbound and outbound passengers has recovered to the number before the 2019 epidemic, while the number of vehicle trips has recovered to about 95 per cent. To further enhance clearance mode, Customs is actively participating in the redevelopment project of the boundary control point in Huanggang taken forward by the HKSAR Government and the Shenzhen Municipal Government, and will provide suggestions on the design and clearance mode of the boundary control point. Details are still under discussion.

(ii) Based on the Smart Customs Blueprint, Customs has given full play to the advantages of innovative technologies, such as artificial intelligence, cloud computing and blockchain, and has introduced nine CT scanners that provide high-resolution three-dimensional scanning images and the function of automatically detecting contrabands, improving customs clearance efficiency and law enforcement capabilities. Also, the department is researching on the Customs Big Data Application System that could strengthen the capabilities to detect and crack down on smuggling and other crimes related to Customs through an integrated database.

(iii) Customs actively expands the global network of the Hong Kong Authorized Economic Operator (AEO) Mutual Recognition Arrangement (MRA). Last year, Customs signed the AEO MRAs with the Bahrain and the South African Customs. The MRAs with Saudi Arabia and the Philippines Customs are expected to be signed in early 2025. As of now, there are a total of 16 MRAs ratified between Hong Kong Customs and other economies. AEO MRA Action Plans with the United Arab Emirates, Lao, Chilean and Peruvian Customs were also concluded last year, while the discussion about MRA with other countries along the Belt and Road Initiative is ongoing.

(iv) Hong Kong Customs and the General Administration of Customs of the People's Republic of China (GACC) actively enhanced the "Single Submission for Dual Declaration" Scheme. The Scheme was expanded to southbound cargo at all Shenzhen highway ports in November last year, and is planned to cover northbound cargo by the second quarter of 2025 or earlier. Under the Scheme, companies can synchronise cargo information declared with the system on the Mainland through the Hong Kong system, significantly reducing customs clearance time and possible declaration input errors. The Scheme is conducive to the design of system functions of the third phase of Hong Kong Trade Single Window.

(v) Last year, Hong Kong and Mainland Customs actively extended the Single E-lock Scheme. As of December last year, the number of clearance points under the scheme has reached 93, including 66 in Guangdong, four in Hunan, six in Fujian, four in Macao and 13 in Hong Kong, providing the industries with more than 1 000 cross-boundary route options. Hong Kong Customs and the Nanning Customs are looking into extending the scheme to Guangxi.

(vi) To cope with the rapid development of the global electronic commerce industry, Customs launched the Cross-boundary Express Cargo Clearance Facilitation Arrangement (CEFA), providing an innovative customs clearance model of "free flow through the first line and efficient control at the second line" to qualified logistics providers. A Memorandum of Understanding with an express courier company was signed at the end of last year, marking the official commencement of the CEFA. As of December last year, over 2 000 cargo vehicle trips and 470 000 declared goods were facilitated under the CEFA.

Strengthen Mainland and international co-operation

Hong Kong Customs last year continued to reinforce connection with both

the Mainland and the world, promoting two-way or multi-way communication and collaboration with different regions. These included meeting with the GACC on customs affairs and signing a co-operative arrangement about drug detector dogs; cohosting a conference on combating illicit cigarettes with the Australian authority; organising forums and workshops on combating money laundering and transnational organised crimes, and risk management and intelligence analysis with overseas law enforcement agencies.

The co-operation between Hong Kong Customs and customs and enforcement agencies around the world has a long history, and the Customs Co-operative Arrangement (CCA) serves as the cornerstone for establishing and maintaining these co-operative relationships. As of last year, Hong Kong Customs signed the CCA with 31 customs authorities worldwide. Hong Kong Customs also signed a CCA with the Zakat, Tax and Customs Authority of Saudi Arabia and is actively seeking co-operation with other Middle East countries.

Since assuming the office of the Vice-Chairperson for the Asia/Pacific (A/P) region of the World Customs Organization (WCO) in July last year, Hong Kong Customs has hosted a series of global or regional meetings and workshops, covering areas such as combatting illicit cigarettes, canine enforcement and anti-money laundering, and gathered representatives from around the world to communicate and exchange views on relevant issues, hence strengthening co-operation among law enforcement agencies in the region.

Human resources

On manpower recruitment, the department continued to adopt an active recruitment strategy last year, including participating in large-scale career fairs and organising seminars, promoting recruitment through social media platforms, visiting different tertiary institutions to facilitate on-the-spot applications. Mainland Hong Kong students are one of the target groups for Customs recruitment. The department held recruitment seminars on the Mainland in March last year and received more than 290 applications on the spot. Last year, more than 8 400 applications were received for the recruitment of Customs Inspectors, an increase of 12 per cent compared with 2023. About 9 600 applications were received for the recruitment of Customs Officers, representing an about 13 per cent increase compared with 2023. Last year, 82 Customs Inspectors and 355 Customs Officers were recruited. The department will continue its recruitment exercise to fill vacancies this year.

To strengthen officers' training in various professional aspects, co-operative Memoranda of Understanding were also signed with the National Academy of Governance, the Vocational Training Council and the University of Hong Kong last year.

Youth development

Customs continues with its commitment to youth development work. By end-2024, Customs YES recruited 7 935 individual members and 58 organisation members, and held over 490 activities. In addition, a 40-person Foot Drill

and Flag Party of the Customs Youth Leader Corps, the first youth group under the Security Bureau to perform Chinese-style rifle foot drill, was set up last year.

Future development

Hong Kong Customs, as the Vice-Chairperson for the A/P region of the WCO, will continue to foster connection, and promote trade facilitation measures and development in the A/P region by continuing to organise large-scale meetings and workshops on multiple topics this year, including data strategies, e-commerce and Smart Customs.

Furthermore, Hong Kong Customs has suggested introducing a duty stamp system to differentiate and crack down on duty-not-paid illicit cigarettes during a public consultation on tobacco control by the Health Bureau (HKB). A consultancy study on the duty stamp system was launched by Hong Kong Customs, the Financial Services and the Treasury Bureau and the HKB, and the report has been completed by end-2024. Affixing duty-paid labels on the packages of cigarettes is proposed. Based on the report, Hong Kong Customs will invite cigarette manufacturers to participate in a pilot scheme on the duty stamp system to assess the feasibility and technical issues concerning the stamp duty system, which will help with Customs' improvement work and the implementation of the system in future. The pilot scheme is expected to be rolled out in mid-2025, while the system is expected to be officially launched within 2026. Hong Kong Customs will announce the details to the industry and the public in due course.

Conclusion

Concluding his briefing, Mr Chan pledged that the department will continue to leverage Hong Kong's distinctive advantages of enjoying strong support of the motherland and being closely connected to the world under "one country, two systems" to consolidate Hong Kong's status as an international financial, shipping and trade centre.

