

CUSTOMS & EXCISE DEPARTMENT

Introduction

The Customs and Excise Department has its roots in the Preventive Service which was founded in September 1909 to enforce the Liquor Ordinance. Initially the Service was a small division of the Import and Export Department which later became the Commerce and Industry Department and still later, the Trade, Industry and Customs Department. In 1982 the Customs and Excise Department became independent.

2. Soon after its creation the Service was tasked with additional responsibilities which included import and export control and anti-narcotics work, both later became the major responsibilities of the Service today.

3. On 5 September 1963 the Preventive Service Ordinance was enacted, making the Service a disciplined force by law.

4. In the early 1970's the Service's responsibilities were further expanded to include anti-narcotics operations on land and protection of copyright and trade marks.

5. Today the Service has a strength of over 2,700 officers and has responsibilities under 30 ordinances. It is answerable to three separate policy branches, namely, Finance Branch, Trade and Industry Branch and Security Branch. It works closely with Customs agencies overseas and plays an important role in international co-operation.

Establishment and strength

6. The establishment and strength of the Service from 1979 to 1988 is shown at Annex 2.4 - Appendix I. Wastage figures are given at Annex 2.4 - Appendix II.

Budget

7. The budget of the Department from 1979 to 1988 is at Annex 2.4 - Appendix III.

Organisation

8. The Customs and Excise Service is the major component force of the Customs and Excise Department which also has the Trade Controls Group. The Department is headed by the Commissioner who is assisted by the Deputy Commissioner and is organised into Headquarters, Operations and Investigation

branches - each headed by an Assistant Commissioner. An organisation chart is at Annex 2.4 - Appendix IV. The strength of major divisions is at Annex 2.4 - Appendix V.

Rank structure

9. Apart from the Commissioner, deputy and assistant commissioner ranks, the Customs and Excise Service consists of eight other ranks as specified in the First Schedule of the Customs and Excise Service Ordinance, Cap 342. The description of their duties is listed below :

Senior Superintendent

10. To be Regional Commanders responsible for control of a Region or as Commanders in specialised/administrative fields - the Customs Investigation Bureau, the Dutiable Commodities Administration and the Service Headquarters. In general, Senior Superintendents represent the department in overseas conferences and Secretariat and other departmental meetings. Senior Superintendents in charge of the Dutiable Commodities Administration and Service Headquarters advise the Directorate in policy, legislative amendment and procedures.

Superintendent

11. To be Deputy Regional Commanders assisting in control of a Region or as Staff Officers or Deputy Commanders in specialised/administrative fields - the Customs Investigation Bureau, the Dutiable Commodities Administration and the Service Headquarters. Superintendents also represent the department in overseas conference and Secretariat and departmental meetings. As deputies to the Senior Superintendents, Superintendents in Dutiable Commodities Administration and Service Headquarters have to assist in making recommendations on policy, legislative amendment and procedures.

Assistant Superintendent

12. To be Divisional Commanders or Assistant Staff Officers responsible for the discipline, operational and administrative control of a Division and for the efficient co-ordination of the work of Senior Inspectors in charge of Units. In general, Assistant Superintendents are responsible for resource bidding as and when necessary.

Senior Inspector

13. To be Unit Commanders responsible for the supervision of subordinates, discipline, operational and administrative control of a Unit, including rummage and guard; cargo/parcel examination; entry point control; excise; patrol, investigation, intelligence and raiding; training; prosecution; administration and general support.

Inspector

14. To be team leaders/supervisors responsible for supervision of subordinates, discipline and operation of a Sub-Unit, including rummage and guard; vehicle processing; cargo/parcel examination; entry point control; excise; patrol, investigation, intelligence and raiding; training; administration and general support; to be the Service Dog Master; or to be prosecutors in magistrate's courts.

Chief Customs Officer

15. To be Divisional discipline officers responsible for maintaining the discipline and overseeing the welfare of the Customs Officer grade officers; to be assistant supervisors/duty collectors/passenger control officers/crew and staff channel guards at entry points; to be duty officers at certain Customs stations; to be the Service Photographer; or to be general bonded/licensed warehouse officers.

Senior Customs Officer

16. To be deputies to the team leaders/supervisors responsible for the supervision of Customs Officers undertaking rummage and guard duties; vehicle processing; cargo/parcel examination; entry point control; excise; patrol, investigation, intelligence and raiding; to be launch coxswains/mechanics; to be the Assistant Dog Master or the Assistant Service Photographer; or to be general bonded/licensed warehouse officers.

Customs Officer

17. To perform Customs duties which include rummage and guard; vehicle processing; cargo/parcel examination; entry point control; excise; patrol, investigation, intelligence and raiding; security and general support; driving; dog handling; photographing and deck or engine room duties on Customs launches.

Duties

18. The Customs and Excise Service is charged with wide responsibilities and powers under 30 ordinances. In brief, the Service is responsible for the collection and protection of revenue under the Dutiable Commodities Ordinance; the suppression of illicit trafficking in dangerous drugs; the prevention and detection of smuggling and the enforcement of licensing controls in respect of prohibited articles; safeguarding the rights of intellectual and industrial property owners and protection of consumers against counterfeit and falsely labelled goods; and performing a wide range of agency duties on behalf of a number of government departments under various ordinances.

Functions

19. The function of the three major branches of the department namely Headquarters, Operations and Investigation are summarised as follows :-

Headquarters Branch

20. The Headquarters Branch comprises -

Service Headquarters is responsible for co-ordination of Service administrative matters, personnel management, welfare, quarters, Service training, legislative drafting matters, planning and development, working procedures and Service inspection;

Dutiable Commodities Administration is responsible for all matters concerning dutiable commodities, including the Dutiable Commodities Ordinance and related issues, and the drafting and promulgation of all procedural guidelines for dealing with dutiable commodities; and

Departmental and Financial Administrations.

Operations Branch

21. The Operations Branch comprises the Hong Kong Island, Kowloon, and New Territories Regions. The functions of the various divisions within each Region are -

- (a) Anti-Smuggling Divisions are responsible for ship rummaging and guard duties on board ocean-going vessels for the purposes of detecting illegal import/export of narcotics, dutiable goods and contraband.
- (b) Cargo Divisions examine cargo imported by sea and air to detect smuggling of narcotics, dutiable commodities and contraband.
- (c) Administration and Controls Divisions comprises (i) Excise Units which assess duty and protect revenue by imposing controls on licensed establishments and movement of dutiable commodities; (ii) Enforcement Units which carry out patrol and observation duties to interdict the landing of contraband, and to detect and suppress narcotics and revenue fraud activities; and (iii) units at urban entry points which are responsible for processing incoming and outgoing passengers, cargo and postal parcels.
- (d) Strike and Search Division is equipped with launches which patrol the waters of Hong Kong and

intercept small craft to search for contraband, narcotics, dutiable goods, unmanifested cargo and illegal immigrants.

- (e) Air Passenger Division and Border Division are responsible for processing passengers entering Hong Kong by air and by land respectively. The latter also examines cargo imported and exported via entry points, and searches vehicles.

Investigation Branch

22. The Investigation Branch comprises the Customs Investigation Bureau and the four formations of the Trade Controls Group. The Customs Investigation Bureau comprises -

- (a) Narcotics and Airport Investigation Group is charged with investigating narcotic drugs trafficking and smuggling activities, and copyright and trade mark offences discovered at the Airport.
- (b) Intelligence and General Investigation Group is responsible for overseas liaison, providing administrative and investigative support to the Bureau, investigating the financial backgrounds of drug traffickers, and collecting, evaluating and disseminating intelligence concerning offenders and imported cargo.
- (c) Copyright and Prosecution Group is responsible for prosecuting offenders under various legislation enforced by the Service and to investigate offences relating to copyright infringements, false trade descriptions and forged trade marks.

Recent developments

23. The Customs and Excise Service has experienced many changes since 1979. These changes include an expansion of the scope of responsibilities described below, the application of science and technology, the introduction of modern skills and expertise, and the strengthening of international co-operation and intelligence exchange.

Legislation

24. In 1979, a total of 23 ordinances was enforced by the Service. The scope of responsibilities has continued to widen and in 1988 a total of 30 ordinances is being enforced by the Service.

Anti-Narcotics

25. Thai trawlers have been used for smuggling drugs since the 1960s. Before 1979, most drugs were smuggled to Hong Kong by ocean-going vessels or cargo or conveyed by seamen. But in the 1980s drugs have been concealed, e.g. inside postal parcels, false bottoms of suitcases, air compressors, hollowed-out wood carvings, candle stands, cylinders. Some of the drugs are smuggled to Hong Kong through non-suspected countries. Customs has in recent years responded with first, new detection technologies; second, the speedy expansion of the Customs Investigation Bureau to investigate cases of major importance; and third, greater emphasis is placed on sophisticated intelligence gathering and international Customs co-operation.

26. Before 1979, detection of drugs was mostly conducted manually, e.g. in examining passengers' baggage, imported cargo, and mail. Since 1983, new technology was introduced to assist in customs work and X-ray machines were installed at all entry control points.

27. A computer network will soon be set up for the collation of cargo intelligence and other drugs information. Field officers will have better access to intelligence records which will expedite customs work on suspected cargo, crew or vessels. Two X-ray scan-mobiles will also be brought into use in the near future to help examine cargo in remote areas, godowns and cold storage places.

Intelligence and international co-operation

28. In 1980, a Central Intelligence Unit was created to collect and disseminate anti-narcotics intelligence within the Service. Annual bi-lateral meetings were also established between the Hong Kong and Korean Customs. In 1981, customs liaison was established with the People's Republic of China in a bid to combat smuggling activities. In 1987, Hong Kong became a member of the Customs Co-operation Council (CCC) and now participates in CCC activities and attends meetings in its own right. In the same year, Hong Kong was elected as the Regional Liaison Office of the CCC responsible for coordinating intelligence on drug matters among customs administrations of Asian and Pacific Regions.

Entry point control

29. In 1979, there were only five entry points into Hong Kong. Since then another five entry points have been created: Man Kam To Terminal in 1981, Kowloon-Macau Ferry Terminal in 1983, Shatin-Meisha Ferry Terminal in 1984 (suspended in 1986), Sha Tau Kok Terminal in 1985 and Hong Kong-China Ferry Terminal in 1986. To guard against terrorism and armed robberies, walk-through metal detectors have been installed at all entry points since 1983 for the detection of firearms.

Ship rummaging

30. In 1979, customs attention was focused on conventional cargo vessels. But by the early 1980s containerised vessels became the next target. More vessels were selected for search, and more non-suspect ports were upgraded to suspect ports in response to the increased use of diversionary or indirect routes by smugglers.

31. Growing smuggling activities between Hong Kong and China in 1983 and 1984 caused concern to both customs administrations. In order to combat these smuggling activities, trading vessels coming from China and Macau were also searched.

Copyright protection and anti-counterfeiting

32. Before 1979, sound recording piracy was the major copyright problem in Hong Kong and pirated music cassette tapes were commonly found on street stalls. By 1979, this had been completely eradicated by Customs. At the beginning of the 1980s however, computer piracy, literature piracy, infringing video tapes, laser discs, and counterfeit articles such as fashion-wear, leather goods, watches, food-stuff and medicine appeared.

33. To deal with this problem, the Customs set up a Counterfeit Investigation Unit in 1985 to work with the Copyright Investigation Unit in stamping out piracy and counterfeit activities.

Revenue protection

34. In 1979, duties were levied on tobacco, liquor, hydrocarbon oil and methyl alcohol. But in 1984 ad valorem duty was imposed on European type liquor and subsequently extended to cosmetics and non-alcoholic beverages in 1985. Another significant change was made in the method of calculating the duty on tobacco. In 1979, duty was imposed on tobacco leaves, but since 1988 duty has been imposed on cigarettes on a unitary basis. Every time changes came into effect, new working procedures were devised to ensure effective protection of revenue.

Launch patrols

35. Before 1979, very few smuggling cases between Hong Kong and China were recorded. But when China opened its door to foreign investors in the late 1970s, smuggling activities between Hong Kong and China immediately flourished. The Customs' response was to deploy a small fleet of launches to patrol Hong Kong waters.

36. In 1986, 3 high speed sector launches were commissioned for patrol duties to replace the 3 wooden hull small launches used before 1979. Each of these three sector

launches is equipped with sophisticated navigation and communication equipment. In addition, marine officers are armed with sub-machine guns and shot guns.

Complaints enquires

37. In view of the significant increase in the number of complaints against Customs Officers, a Customs Complaints and Enquiries Unit, with a separate staff working full time on the investigation of complaints and discipline, was set up in 1980.

Future developments

38. In the years ahead and beyond 1997, the Service expects the following new developments -

The New Kowloon-China Ferry Terminal

39. A new Kowloon-China Ferry Terminal in Tsimshatsui to replace the temporary terminals at Central and Tai Kok Tsui is scheduled for completion in September 1988. The terminal is designed for a maximum capacity of 2,200 passengers per hour in each direction. The basic operational set up in the new terminal requires a minimum of 86 posts.

New border control point at Lok Ma Chau

40. The Lok Ma Chau Crossing is important for the planned "super-highway" to Guangzhou, the development for the Chiwan Oil support base, and the Shekou Special Industrial Zone. The Lok Ma Chau Terminal is now under construction and is expected to be operational by the end of 1989. To cope with the anticipated workload at this new border control point, 174 posts will be needed.

Air Cargo Investigation Unit

41. Local and overseas intelligence in the past few years indicates that the use of air cargo/parcels for smuggling narcotics to the U.S.A. and European countries is increasing. An Air Cargo Investigation Unit has been proposed for 1988-89 to aid detection of illegal air consignments.

Border Investigation Unit

42. Significant seizures of dangerous drugs and dutiable commodities from China have been made in recent years warranting special attention at border control points such as Lowu, Man Kam To and Sha Tau Kok. There is a strong need to contain growing smuggling activities across the border by stationing a team of permanent Customs investigators in the border area and such a unit has been proposed for 1988-89.

Participation in Customs Co-operation Council (CCC)

43. Hong Kong formally participates in CCC activities and meetings in its own right. After 1 July 1997, the Hong Kong Special Administrative Region will continue to be a member of the CCC using the name "Hong Kong, China". A Regional Liaison Office (RLO) was established in Hong Kong on 1 December 1987 and is a co-ordination centre for Customs intelligence on drug related matters within the Asia-Pacific Region. The Service's involvement in CCC activities will continue to grow.

Expansion of Customs facilities at Kwai Chung Container Terminal

44. The Kwai Chung Container Port's present level of traffic already exceeds the designed throughput capacity. The development of additional terminal facilities will be phased through to the mid-1990s to meet an anticipated annual growth rate of 8.5%. A Customs building will be constructed within the Kwai Chung Container Port Area by 1992-93 and a Kwai Chung Container Terminal Investigation Team will be set up to anticipate the increasing activities of the Terminal. The Team will be responsible for the detection of illegal activities, collation and development of intelligence in order to enhance the existing Customs control.

Expansion and modernisation of Customs fleet

45. Customs will resume full responsibility for anti-smuggling operations in Deep Bay and Mirs Bay and five additional sector patrol launches will be ordered in August 1989. In the very near future, the Customs fleet will comprise 8 sector patrol launches and 7 harbour patrol launches. These launches are manned by specialised officers with appropriate marine qualifications.

Customs control computer system

46. To improve the existing customs control systems, the Customs and Excise Service has sought approval to computerise its Customs Intelligence System, Air Cargo Processing System, Container and Sea Cargo Processing System, Ship Research System, Ship Rummaging Process and Dutiable Commodities Control System. This will improve the supply of information for cargo examination processing, ship rummaging, investigation work, and duty assessment and payment. The project is expected to be in operation by the end of 1989 and officers will need to be trained in the system's use.

Drug Trafficking (Recovery of Proceeds) Bill

47. The enactment of this Bill will empower law enforcement officers to investigate the financial resources of drug traffickers and their associates, and to forfeit their proceeds from drug trafficking upon conviction. Customs and police will be entrusted with these responsibilities. Due to

the complexities involved, the Service has decided to set up a special group of 26 investigators, headed by a Superintendent with the assistance of a Treasury Accountant and other support staff. Officers of this group will undergo specialised training on asset tracing and laundering methods.

Control on toxic substances

48. The Secretary for Trade and Industry has recently proposed consumer product safety legislation to cover the void in policy responsibility for toxic substances used or found in the household. The enforcement of control measures on the import, manufacture and sale of toxic household substances will be the responsibility of Customs and Excise.

Stage V development of Hong Kong International Airport

49. The Stage V Development of the existing airport will be completed and commissioned in December 1988. The Customs examination counters and baggage carousels will increase from 34 to 52 and from 4 to 6 respectively. The number of arriving passengers is forecast to increase from 18,794 a day at present to 22,703 in 1992. To meet this growth an additional 43 posts of various ranks at Air Passenger Division will be created in 1988-89.