

Press Release

LCQ9: Combating the activities of buying and selling of duty-not-paid cigarettes and selling of counterfeit cigarettes

Wednesday, July 5, 2017

Following is a question by the Hon Tommy Cheung and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (July 5):

Question:

One of the amendments made by the Smoking (Public Health)(Notices) (Amendment) Order 2017, passed by this Council on the 14th of last month, is to increase the area of the graphic health warning on the packets or retail containers of tobacco products from the original covering of at least 50 per cent to at least 85 per cent. Some members of the tobacco industry worry that such amendment will make it more difficult for manufacturers to display their authenticity labels on the packets of tobacco products, thus making it easier for lawbreakers to mix counterfeit cigarettes with genuine cigarettes for sale. Regarding the law enforcement actions taken by the Customs and Excise Department (C&ED) to combat the activities of buying and selling of duty-not-paid cigarettes (illicit cigarettes) and selling of counterfeit cigarettes, will the Government inform this Council:

(1) of (i) the number of law enforcement operations carried out by C&ED each year from 2013 to 2016 to combat the activities of buying and selling illicit cigarettes, (ii) the quantity of the illicit cigarettes seized in such operations and (iii) the total dutiable value involved; the respective numbers of persons who were (iv) fined and (v) imprisoned upon conviction;

(2) of (i) the number of law enforcement operations carried out by C&ED each year from 2013 to 2016 to combat the activities of ordering illicit cigarettes via telephone and the Internet, (ii) the quantity of the illicit cigarettes seized and (iii) the number of persons arrested in such operations; whether C&ED has assessed the effectiveness of such law enforcement operations; if so, of the criteria adopted for conducting the assessment and the assessment outcome;

(3) of the number of reports, received by C&ED each year from 2013 to 2016

through its 24-hour reporting hotline, on activities of buying and selling illicit cigarettes; whether C&ED has assessed the effectiveness of that hotline; if so, of the criteria adopted for conducting the assessment and the assessment outcome; whether C&ED has plan to provide more incentives to encourage members of the public to report such activities; if C&ED does, of the details; if not, the reasons for that;

(4) whether the authorities will commission an independent consultant to conduct a survey to find out the percentage of smokers buying illicit cigarettes in the smoking population in Hong Kong at present, so as to provide objective data for assessing (i) how rampant the activities of buying and selling illicit cigarettes are and (ii) the effectiveness of the efforts to combat such activities; if so, of the details; if not, the reasons for that;

(5) of the measures put in place by the authorities to ease the worry of members of the tobacco industry about counterfeit cigarettes being mixed with genuine cigarettes for sale; and

(6) whether the authorities will allocate additional resources to the Illicit Cigarette Investigation Division under C&ED to enable it to (i) step up its efforts in intelligence collection and detection of activities on the distribution and retail of illicit cigarettes, and (ii) conduct more sampling tests on cigarettes sold in the market, so as to find out whether there is a rising trend in the selling of counterfeit cigarettes; if so, of the details; if not, the reasons for that?

Reply:

President,

The Customs and Excise Department (C&ED) has been taking stringent enforcement actions against the sale and purchase of duty-not-paid cigarettes (illicit cigarettes) to protect government revenue. As indicated by the market condition, C&ED's enforcement operations and reports from the public, illicit cigarette activities are under control. This reflects the effectiveness of C&ED's measures in combating these activities.

My reply to the six parts of the question is set out below:

(1) Statistics on C&ED's enforcement against the sale and purchase of illicit cigarettes and the number of persons who were fined or imprisoned for such illicit activities between 2013 and 2016 are set out in Table 1 of the Annex.

(2) At present, offenders sell illicit cigarettes mainly by means of telephone ordering. C&ED has set up a dedicated team to combat telephone-order peddling, and is continuing to enhance the programme of "Joint Effort with Community against Illicit Cigarettes" by strengthening cooperation with community partners such as mobile communications service providers, estate management offices and their frontline staff with a view to broadening the intelligence network. Statistics on C&ED's enforcement against telephone-order peddling are set out in Table 2 of the Annex.

C&ED has also been closely monitoring the ordering of illicit cigarettes via the internet, though the situation is not common.

(3) C&ED has been encouraging the public to report the sale and purchase of illicit cigarettes. Its 24-hour information hotline is publicised through notices, posters and announcements of public interest at immigration control points, its website and in the mass media such as YouTube, newspapers, radio and television channels. Statistics on the number of reports on illicit cigarette activities received by the hotline between 2013 and 2016 are set out in Table 3 of the Annex.

(4) C&ED currently has no plan to conduct a survey on the number of smokers buying illicit cigarettes in Hong Kong. The primary objective of C&ED is to combat illicit cigarette activities at source through close monitoring and investigation at different stages (including smuggling, storage, distribution and retailing) and intelligence collection to gauge the situation of illicit cigarette activities. Timely enforcement actions are taken to stop the inflow of illicit cigarettes into the territory and the market.

(5) C&ED is committed to implementing rigorous measures and multi-level enforcement strategies, such as targeted investigation, to combat illicit cigarette activities on all fronts so as to address the concerns of the industry. If C&ED suspects that the cigarettes seized or sold in the market are counterfeits, it will ask the relevant trademark owners for verification and take immediate enforcement action against any illegal acts.

(6) At present, C&ED combats the sale and purchase of illicit cigarettes through flexible deployment of manpower and focused enforcement actions. C&ED will review its staffing from time to time to see whether additional manpower or resources are required to cope with the work.

Ends