

## **Press release**

### **LCQ1: Disposal of seized illicit cigarettes**

Wednesday, June 8, 2011

Following is a question by the Hon Wong Yuk-man (asked by Legislative Council House Committee Deputy Chairman Hon Fred Li) and a reply by the Acting Secretary for Financial Services and the Treasury, Ms Julia Leung, in the Legislative Council today (June 8):

Question:

On April 8 this year, when the Panel on Security of this Council discussed at its special meeting the item of "Enforcement against the smuggling and sale of illicit cigarettes", the authorities indicated that the Government had disposed of illicit cigarettes forfeited by auction or destruction. In this connection, will the Government inform this Council:

(a) when the authorities formulated the policy of disposing of forfeited illicit cigarettes by auction, and what the justifications were; according to the authorities' estimation, whether the general public are aware of that policy; whether the authorities had carried out any consultation or made any announcement in formulating such a policy;

(b) how the authorities ensure that the illicit cigarettes disposed of by auction are of good quality, and that law-breakers did not add to those illicit cigarettes any substance which is hazardous to health; of the respective market values of the illicit cigarettes forfeited from 2000 to 2007; among the illicit cigarettes forfeited by the authorities in the past 10 years, of the respective quantities of those being disposed of by auction and the proceeds generated, and the quantities of those destroyed; the places where the auctioned illicit cigarettes were shipped to, and the percentages of the illicit cigarettes shipped to the various places in the total quantity of illicit cigarettes being disposed of by auction in that year; whether the authorities have assessed if the auction of forfeited illicit cigarettes is ethical, if it encourages smoking and if it deviates from the policy of anti-smoking and tobacco control over the years; if they have assessed, of the outcome; and

(c) how the authorities destroyed illicit cigarettes in the past 10 years; given that some experts have pointed out that as illicit cigarettes contain heavy metal and carcinogenic substances, incineration is not appropriate, and have therefore suggested that the authorities should dispose of the illicit cigarettes by landfilling, what measures the authorities have to ensure that the destruction of illicit cigarettes is safe and will not affect environmental hygiene?

Reply:

President,

(a) According to the Dutiable Commodities Ordinance (Cap 109), seized illicit cigarettes will be forfeited by the Customs and Excise Department (C&ED) after an order of forfeiture is granted by the court or on the condition that no legal claim is made. To increase government revenue, it has been the government policy to sell confiscated items with resale value by auction or tender. However, certain categories of confiscated items are not suitable for resale due to their special nature. The Government will therefore destroy such items, including prohibited items, perishable goods, controlled chemicals, etc.

In early 1990s, taking into consideration the increasing number of seized illicit cigarettes and that cigarettes were not prohibited, the Government had disposed of confiscated cigarettes by limited auctions with the condition that all the auctioned illicit cigarettes had to be used for export only. Subsequently, as most of the seized illicit cigarettes are of unknown ingredients and from unknown sources, coupled with the possibility that the conditions of the illicit cigarettes have changed either in the course of smuggling and confiscation or before the completion of legal proceedings, the Government has not sold confiscated illicit cigarettes since 1999 based on consideration of health risks. All illicit cigarettes are destroyed after completion of relevant procedures for the cases concerned.

(b) The quantities and market values of illicit cigarettes forfeited from 2002 to 2007 are set out at Annex.

Between 2002 and April 2011, C&ED has forfeited approximately a total of 993 million sticks of illicit cigarettes, of which 85% have been destroyed without any auctions. The rest will also be destroyed after completion of relevant procedures for the cases concerned.

(c) According to the disposal procedures, after obtaining necessary approval from the Environmental Protection Department, C&ED will dispose of the forfeited illicit cigarettes at designated landfills. The responsible officers have to ensure that the illicit cigarettes are completely destroyed and cannot be retrieved for reuse.

Ends