

***Enforcement
of the
Strategic Trade Control System
in Hong Kong, China***



**Presented by
Mr. S Y Cheung
Head of Trade Controls Branch
Customs & Excise Department
Hong Kong, China**

October 2008



Hong Kong Special Administrative Region



- **“One Country, Two Systems”**
- **Highly Autonomous Strategic Trade Control System**
- **Policy Objectives:**
 - **Prevent Hong Kong from being used as a conduit for proliferation**
 - **Secure continued access to high technology**

The Four Basics

- **Stringent legislation**
- **Comprehensive licensing control**
- **Vigorous enforcement**
- **Close international co-operation**



Legal Basis of the Enforcement

- **Import & Export Ordinance**
- **Weapons of Mass Destruction (Control of Provision of Services) Ordinance**
i.e. the Brokering Law
- **Chemical Weapons (Convention) Ordinance**
- **United Nations Sanctions Ordinance**

Import & Export Ordinance

- **Import and export of strategic goods are prohibited unless under and in accordance with a licence**
- **Closely adhere to the standards adopted by international control regimes and mirror their control lists:**

MTCR

CWC

AG

WA

NSG

NNPT

Weapons of Mass Destruction (Control of Provision of Services) Ordinance

- **Provision of brokering services is strictly prohibited**
- **Provides legal backing for implementing ITT controls relating to WMD**
- **Make Hong Kong's control system more comprehensive**

Chemical Weapons (Convention) Ordinance

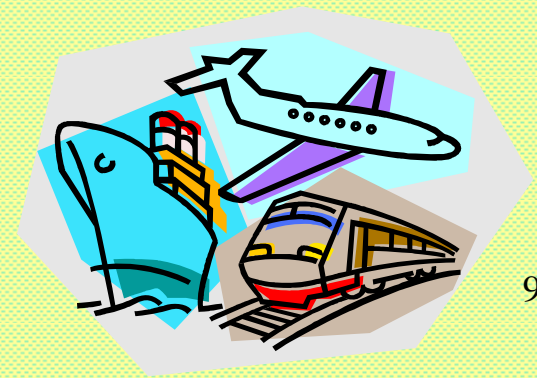
- **Fully implement the Chemical Weapons Convention in Hong Kong**
- **Control the use, production, retention and transfer of chemical weapons and their precursors**
- **Collect information for compiling declarations required under the Convention**
- **Facilitate international inspections to Hong Kong**

United Nations Sanctions Ordinance

Fully implement provisions of the United Nations Security Council Resolutions through local legislation

Enforcement Powers

- **Stop, board, remove, detain and search any vessel, aircraft or vehicle**
- **Seize article; require production and take copies of documents**
- **Enter and search any place without a warrant except domestic premises**



Strategic Trade Control Enforcement Programme

- **Cargo examination**
- **Verification**
- **Investigation**
- **Prosecution**

Cargo Examination



**Documentation
checks**



**Physical
examinations**



Verification

- **Random Licensing Check**
- **Disposal Check**
- **Surveillance Check**
- **Delivery Verification Check**
- **Targeted Company Check**
- **Follow-up Check on Deferred/Rejected Applications**

Investigation



- **Cases developed from own intelligence**
- **Cases developed from verifications and examinations**
- **Referrals from local authorities**
- **Information from overseas authorities**

Prosecution

- **Maximum penalty :**
Unlimited fine + 7years imprisonment
- **Mandatory forfeiture of seized
strategic commodities**



Intelligence Database

- **Customs and Excise Intelligence System**
- **Risk Management**



Risk Management

High Risk Targets are subject to full enforcement attention

Indicators

- **Tier I destinations**
- **Watch-listed companies/vessels**
- **Munitions and Weapons of Mass Destruction-related products**
- **Targeted shipments**



Risk Management

Medium Risk Targets are subject to high level enforcement attention

Indicators

- **Tier II destinations**
- **Companies/vessels with adverse records**
- **Sensitive dual-used articles**

Risk Management

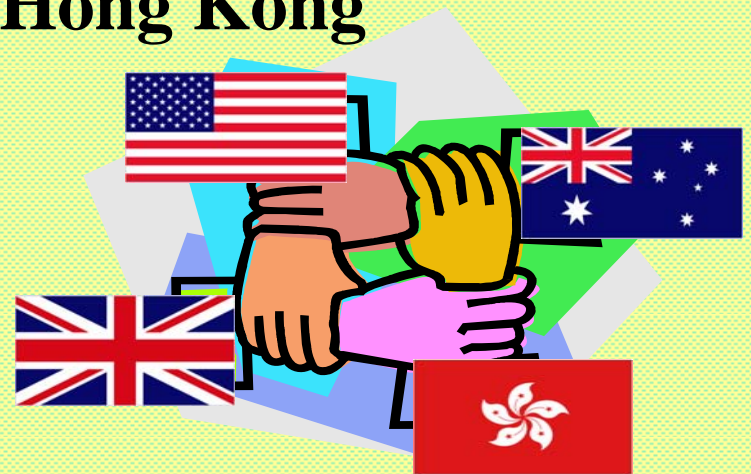
Low Risk Targets are subject to random inspections and checks

Indicators

- **Tier III destinations**
- **Dual-use low-end products**

International Co-operation

- **Inter-agency visits**
- **Referral of cases and request for investigative assistance**
- **Exchange of information**
- **Secondment of experts to Hong Kong**
- **Seminars and meetings**
- **Training**



Thank You



**Customs and Excise Department
Hong Kong Special Administrative Region**