

Chapter 4

Suppression of Illicit Trafficking and Manufacturing

Means of Control

The supply of narcotic drugs and psychotropic substances is strictly controlled in Hong Kong by legislation and administrative procedures that reflect relevant international drug control conventions.

The Dangerous Drugs Ordinance (DDO) (Chapter 134) is the principal legislation dealing with dangerous and controlled drugs. For major offences involving trafficking in, or the manufacture of, dangerous drugs, the maximum penalty is a fine of HK\$5 million and life imprisonment. The maximum penalties for other drug related offences are also severe. For instance, possessing a dangerous drug carries a fine of HK\$1 million and seven years' imprisonment, opening or managing a divan incurs a fine of HK\$5 million and 15 years' imprisonment, and cultivating cannabis or opium poppy carries a fine of HK\$100,000 and 15 years' imprisonment.

The import and export of dangerous drugs are subject to stringent control under the DDO. Hong Kong strictly adheres to the principles laid down in international drug control conventions, under which the essential requirements are to keep national drug enforcement agencies informed of the movement of all cross-border consignments of dangerous drugs.

The Government regularly reviews and amends the ordinance taking into

account the ever-changing drug abuse and illicit trafficking trends. Where there is evidence of widespread abuse of a substance in other countries or when the abuse of a substance in Hong Kong is assessed to constitute a public health or social problem, the substance concerned will be considered for scheduling as a dangerous drug under the ordinance. The full sanctions and controls provided in the ordinance can then be applied with regard to dealing, possessing, importing, exporting and supplying the subject drug.

The DDO is jointly enforced by the Hong Kong Police Force, the Customs and Excise Department and the Department of Health. The first two agencies are mainly concerned with the enforcement of the ordinance in respect of trafficking, manufacture, and other non-medical use of dangerous drugs, while the Department of Health is responsible for licensing the import/export, manufacture, sale and supply of dangerous drugs for medical purposes.

The Dangerous Drugs Regulations (Chapter 134A) provide, amongst others, legal guidelines to medical practitioners on records to be kept regarding the storage and supply of dangerous drugs. Contravening the record keeping requirements can lead to a fine of up to HK\$450,000 and three years' imprisonment.

The Pharmacy and Poisons Ordinance (Chapter 138) controls the medical use of drugs by providing for the licensing of manufacturers, wholesalers, retailers and import/export dealers, the registration and testing of pharmaceutical products and the keeping of an up-to-date Poisons List. The regime facilitates proper control over psychotropic and other substances, making them lawfully obtainable only when prescribed by a medical doctor. The maximum penalty for an offence under

this ordinance is a fine of HK\$100,000 and two years' imprisonment.

The Pharmacy and Poisons Board is responsible for the enforcement of the provisions of the ordinance. In practice, the board acts through the Department of Health and executive committees established under the ordinance.

Almost all dangerous drugs are subject to the additional controls provided under the Pharmacy and Poisons Ordinance by being included in the Poisons List. Psychotropic and other potent medicinal substances are also included. All importers and exporters of pharmaceutical products containing substances included in the Poisons List are required to hold a Wholesale Poisons Licence issued by the board.

The Import and Export (General) Regulations (Chapter 60, subsidiary legislation) provides that the import and export of every consignment of a pharmaceutical product is subject to licensing requirements. The licensing authority is delegated to the Director of Health. The Customs and Excise Department is the major enforcement agency under this ordinance, and is charged with the task of suppressing illicit imports and exports.

Precursor chemicals that can be used for the manufacture of narcotics or illicit drugs are controlled under the Control of Chemicals Ordinance (Chapter 145). Licensing requirements and other controls are imposed on a list of precursor chemicals as set out in international conventions. Heavy penalties are provided for their unauthorised import, export, manufacture or possession. The maximum penalty for importing, exporting, manufacturing, supplying or possessing specified

chemical substances without a licence is a fine of HK\$1 million and imprisonment for 15 years. The Customs and Excise Department is the licensing and major enforcement authority under this ordinance.

The Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405) and the Organised and Serious Crimes Ordinance (Chapter 455) provide for the tracing, freezing and confiscation of the proceeds of drug trafficking and for action against drug money laundering. The maximum penalty for money laundering offences in both ordinances is a fine of HK\$5 million and 14 years' imprisonment. Under the two ordinances, there are provisions requiring suspicious transactions that may be related to money laundering to be reported. The maximum penalty for failure to comply with this requirement is a fine of HK\$50,000 and three months' imprisonment.

A special unit jointly manned by Police and Customs officers and known as the Joint Financial Intelligence Unit screens and disseminates information it receives regarding suspicious transactions which may constitute money laundering or other financial crimes.

Legislative Amendments

The anti-money laundering provisions in the Drug Trafficking (Recovery of Proceeds) Ordinance and the Organised and Serious Crimes Ordinance have been further strengthened through the enactment of the Drug Trafficking and Organised Crimes (Amendment) Ordinance 2002 which came into operation on January 1, 2003.

The Pharmacy and Poisons Regulations (Chapter 138A) was amended in 2005 to better control the use of codeine containing cough preparations. Codeine preparations containing 0.2% or more are tightened to be controlled as prescription only medicines. This came into effect on December 25, 2005.

Trends and Seizures

In 2006, a high priority was accorded to preventing and interdicting drug trafficking and abuse. The involvement of young persons with psychotropic substances, such as ketamine, cannabis, methylamphetamine, cocaine and “Ecstasy”, was a major operational target of the law enforcement departments throughout the year. When compared to 2005, there was a substantial increase in the number of persons arrested for drug offences. This can be attributed to sustained law enforcement action, especially in respect of psychotropic substances being abused in entertainment premises.

Heroin

The heroin reaching Hong Kong mainly originates from the Golden Triangle. The heroin is smuggled overland through Mainland China to clandestine stores in areas of Southern China adjacent to the SAR. Hong Kong syndicates arrange small but frequent amounts of heroin to be smuggled into Hong Kong via the land boundary with the Mainland. The huge volume of vehicular and passenger traffic coming through the boundary is exploited by traffickers. The heroin smuggled into the SAR is mostly for consumption locally. Throughout most of

2006 the heroin supply was tight causing low purity at the consumer level.

In November 2006, in an operation codenamed "Moon-cracker" launched by the Customs and Excise Department, 15 cases of high-grade heroin trafficking at the Hong Kong International Airport were effected. Fifteen Africans, including 13 Tanzanian men, a Kenyan man and a Mozambique man, were arrested. Each of them had internally concealed with about two kilograms of high-grade heroin. In total, Customs seized about 30 kilograms of high-grade heroin, with street value of about HK\$14 million.

Police dismantled two heroin cutting centres in 2006. Enforcement action also focused on neutralising premises used as divans where heroin was being sold and consumed and disrupting street sales. Overall arrests in relation to heroin offences were down by around 15% (2,020 to 1,713). A total of 52.22 kilograms of heroin were seized compared to 31.87 kilograms the previous year.

The average retail price of heroin increased from HK\$354 per gram last year to HK\$440 per gram in 2006. Retail purity decreased to an average of 30% when compared to an average purity of 49% in 2005.

Ketamine

Ketamine seizures massively increased in 2006 and arrests also increased substantially. In 2006, ketamine arrived in Hong Kong from Southeast Asian countries in multi-kilo level and numerous large consignments were intercepted by the Police. In September 2006, a record seizure of 549 kilograms was seized in one individual case. There were two other large seizures of 200 kilograms and 151 kilograms in individual cases earlier in the year. Ketamine remained the

most prevalent drug of abuse among young persons. The abuse of the drug was often in dance entertainment venues. The number of persons arrested for offences related to ketamine in 2006 was 1,612 compared to 687 in the preceding year. A total of 1,006.08 kilograms of ketamine was seized in 2006 compared to 296.13 kilograms in 2005. The average retail price was HK\$173 per gram compared to HK\$258 per gram in the preceding year. Prices dropped partly on account of an abundance of supply in the market.

“Ecstasy”

Ecstasy-type tablets are brought into Hong Kong from production sources by couriers. The drugs may be “body-packed” or concealed in luggage. There were again tablets in circulation being sold to consumers as "Ecstasy" that after examination were found to contain a mixture of dangerous drugs. The retail price of an ecstasy-type tablet was HK\$83 in 2006, the same as in 2005. Over the year, a total of 104,296 ecstasy-type tablets were seized, compared with 47,694 tablets seized in 2005. In January 2006 an ecstasy tabletting enterprise was dismantled in an industrial building and 60 kilograms of MDMA powder were seized. Several other seizures of a large number of tablets in single cases boosted the overall figure for 2006.

Cannabis

Cannabis is brought into Hong Kong by passengers concealing the drug on their body or in luggage. Larger consignments may be smuggled by the maritime route. Smaller quantities are sent by mail. The sources of herbal cannabis found in Hong Kong are mainly from Cambodia and Thailand. The total

herbal cannabis seized in the year amounted to 140.60 kilograms compared to 404.83 kilograms last year. The average retail price of herbal cannabis increased from HK\$57 per gram in 2005 to HK\$69 per gram in 2006. Police neutralised two substantial cannabis-growing enterprises based in industrial premises in 2006.

For cannabis resin, it is originated in Nepal. The abuse of cannabis resin becomes uncommon in Hong Kong and the demand in the market is shrinking in recent years. In 2006, a total of 1.76 kilograms were seized by Customs.

Methylamphetamine

Methylamphetamine, in crystalline form, is smuggled into Hong Kong via the land boundary with the Mainland. Whilst the vast majority is for local consumption, in rare cases individuals were apprehended when attempting to smuggle small amounts of “ice” back to their homelands via the Hong Kong International Airport. In 2006, a total of 6.74 kilograms of methylamphetamine were seized compared to 228.11 kilograms in 2005 (2005 figure was boosted by a seizure of 192 kilograms in a single case). The average retail price of one gram was HK\$389 compared to HK\$350 in 2005.

Cocaine

Cocaine, originating from South America, is infiltrated into Hong Kong by couriers secreting the drug on their body or in luggage and sometimes by swallowing the drug. Another method of smuggling cocaine is by post or courier service falsely declared as some innocuous item. The logistics of trafficking cocaine from distant production areas in South America to the region and

consequent limited supply had kept the price relatively high. However, there has been an increase in demand in cocaine in the last few years and prices have in general reduced when compared to pre-2004 levels. The average retail price of cocaine increased slightly to HK\$791 per gram compared to HK\$745 per gram in 2005, however this is well below pre-2004 prices. In 2006, 296 persons were arrested for cocaine offences compared to 217 in 2005. The total cocaine seizures in 2006 amount to 14.88 kilograms, compared to 11.61 kilograms in 2005. A further increase in crack cocaine cases was noted in 2006 and the Police dismantled five crack cocaine production operations.

Other Psychotropic Substances

Abuse of prescription medicinal preparations continued in 2006 and seizures of midazolam (120,611 tablets), nimetazepam/nitrazepam (17,457 tablets), triazolam (1,071 tablets), diazepam (48,923 tablets) and chlordiazepoxide (5,853 tablets) were made. Heroin addicts use such tablets (crushed and mixed with heroin) to prolong the effect of the narcotic and ease withdrawal symptoms.

External Co-operation

In order to interdict transnational drug trafficking, the Hong Kong Police work closely with their counterparts in the Mainland and overseas. As a result of the close partnership with Mainland and overseas enforcement agencies, several large-scale drug manufacturing enterprises in the region were dismantled and substantial amounts of drugs were seized before they could reach Hong Kong or other markets. Illicit drugs seizures in the Mainland and overseas arising from such joint efforts amounted to 116.5 kilograms of methylamphetamine, 30 kilograms of methylamphetamine tablets, 0.87 kilograms of heroin and 0.2 kilograms of ketamine. Furthermore through the efforts of Narcotics Bureau of

Police substantial amounts of precursor chemicals were seized before they could be used in clandestine laboratories, thereby preventing the large-scale manufacture of illicit drugs in the region.

On the international co-operation front, Hong Kong Customs continued to take an active role in the exchange of intelligence and the conduct of joint operations with other Customs administrations and law enforcement agencies. Significant cases included a seizure of 141 kilograms of cocaine with seven arrests in the Mainland; a seizure of 14.5 kilograms of methylamphetamine with one arrest in Taiwan and a total seizure of six kilograms cocaine with six arrests in Thailand.

The Government Laboratory

The Government Laboratory is instrumental in enforcing the ordinances against drug abuse by undertaking analysis of controlled drugs and subsequently presenting reports or testimony for court use. In 2006, 6,450 drug cases were examined, an increase of 12% over the previous year. The increase was mainly attributed to the upsurge of cases involving ketamine and benzodiazepines. 1,614 cases of ketamine and 1,521 cases of benzodiazepines were examined in 2006 compared to 918 and 1,065 cases respectively in 2005. In 2006, the Laboratory examined a record quantity of over 1,000 kilograms of ketamine. Besides, the average purity of ketamine in the drug samples remained consistently at a level above 80% throughout the whole year. The number of amphetamine type stimulants tablets examined (including mainly those commonly known as “Ecstasy”) dropped to around 81,000 tablets as compared with over 160,000 tablets

in the previous year, though the number of cases had increased to 416 from 368 in 2005. It is noteworthy that cases of “Ma Ku” (or known as “Yaba”) also increased in 2006. “Ma Ku” refers to methylamphetamine sold in tablet form and they are usually embossed with the logo “WY”. The number of cocaine cases continued to rise in 2006. A total of 371 cases with 15 kilograms of cocaine were examined in 2006, resulting in a 28% increase in case number compared to that of 2005. On the other hand, cases involving heroin continued to decrease from 1,787 in 2005 to 1,474 in 2006.

The Government Laboratory also provides a 24-hour service in the investigation of suspected dangerous drug manufacturing scenes. Upon request by law enforcement departments, professional staff of the Laboratory will attend the drug scenes and provide expert opinions in collecting relevant exhibits for the establishment of manufacturing scenarios. In 2006, 13 drug-related crime scenes had been attended by the professional staff of the Laboratory, two were related to cannabis cultivation and more than 2,000 cannabis plants were examined.

The Government Laboratory provides drugs of abuse urinalysis service for the urine samples submitted by the Correctional Services Department, Social Welfare Department and Methadone Clinics of Department of Health in their drug-use surveillance programs. In addition, such urinalysis service is also offered to rehabilitating drug abusers of voluntary organisations, such as the Hong Kong Christian Service PS33. Reports on the latest urinalysis statistics are submitted to Commissioner of Narcotics on a monthly basis. In 2006, 28,287 samples were processed with a total of 78,693 urinalysis tests performed, corresponding to a decrease of 20% and 13% in terms of samples and tests performed respectively

when compared with the figures in 2005. The decrease in the number of urine samples processed and the number of tests performed was partly due to a drop in the submission of samples from Methadone Clinics and partly to a change of analytical procedure to streamline the work.

International Conventions

The following international drug related conventions apply to Hong Kong:

- The Single Convention on Narcotic Drugs 1961, as amended by the Protocol 1972, makes provision for the control of narcotic drugs for illicit purposes and for the prevention of their diversion to illicit channels. The convention was applied to Hong Kong in January 1965 and the protocol in July 1978.
- The Convention on Psychotropic Substances 1971 extends the international control system to other psychoactive substances such as central nervous system stimulants, sedatives/hypnotics, and hallucinogens. The convention was applied to Hong Kong in January 1991.
- The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988 is a comprehensive convention directed at improving international co-operation in the suppression of illicit drug trafficking and drug money laundering. The convention was applied to Hong Kong in May 1997.

The three international conventions provide a treaty-based framework for

co-operation to address the drug problem. Hong Kong constantly reviews its control regime on narcotic drugs and psychotropic substances to ensure compliance with the provisions of the conventions.

Drug Arrests

During 2006, 6,971 persons were arrested for drug offences. There were 2,719 arrests for major drug offences such as drug trafficking, manufacturing dangerous drugs and possession of relatively large amounts. The number of arrests for minor offences, e.g. possession of drugs for own consumption, totalled 4,252.

In 2006, the number of young people aged under 21 arrested for drug offences increased substantially. A total of 457 young persons were arrested for major offences as compared to 292 in 2005. A total of 591 young people were arrested for minor drug offences, an increase when compared to the 364 arrested in 2005.