

Commonwealth of the Northern Mariana Islands  
**Department of Finance – Division of Customs Service**

# **FY 2020 Annual Report**



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## Part 1

### MISSION

We facilitate trade and travel, collect revenue, and safeguard the CNMI's borders by enforcing the laws.

### FY 2020 GOALS

The Division of Customs Service adopted the strategic plan of the Oceania Customs Organization in order to work cooperatively with the OCO in meeting our plans locally and regionally.

In addition to increasing revenue collections and maintaining strict border protection and security for our Commonwealth, the Division aimed to enhance leadership capability as a focus area in FY 2020.

However, as any plan is clearly dependent upon the availability of adequate financial resources; the government implemented austerity measures in March 2020, coupled with the declaration of significant state of public health emergency due to the coronavirus (COVID-19) pandemic at the exact time, the goals and accomplishments were impacted and not fully realized.

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## Part 2

### ACCOMPLISHMENTS

The Division graduated its 8<sup>th</sup> cycle academy in November 2019, comprised of personnel from Rota, Tinian and Saipan.



Through the partnership of the Marianas Visitors Authority, the Division revised the **Customs Declaration form** (CS No. 1350). This simplified form is required upon entry for all arriving passengers, whether via air or sea. Travelers have to declare everything they acquired abroad and possibly pay customs duty tax on goods. The form was fully implemented on January 2020.

CNMI Division of Customs joined the World Customs Organization and Oceania Customs Organization to celebrate International Customs Day on January 26, 2020 and CNMI Customs Week January 26 – 31<sup>st</sup>, with the theme, "Customs fostering Sustainability for People, Prosperity and the Planet."



The Division amended its regulations to address new legislations related to cannabis and expanded the definition of port of entries. (2020 Vol 4 No 7, Pages 043856 to 043866) The amendments were adopted and published in the Commonwealth Register on 28 September (CR Vol 42 No 09).

The Division also updated its Standard Operating Policies (SOPs) related to use of Internet & Social Media, Use of Computer and Electronic Equipment and Billing/Collection Prioritization.

The Division has also established a post-audit section within the Compliance unit in order to ensure accurate tax assessment and collections.

Trade & Travel

Below is a snapshot of the activities via trade and travel for FY2020.

|                | Number of Flights | Total Pax Cleared | Total Crew Cleared | Cargo Weight (lbs)    |              |
|----------------|-------------------|-------------------|--------------------|-----------------------|--------------|
| <b>Via Air</b> | <b>3,010</b>      | <b>232,648</b>    | <b>15,444</b>      | <b>4,182,061.31</b>   |              |
|                | Number of Vessels | Total Pax Cleared | Total Crew Cleared | Cargo Weight (lbs)    | Containers   |
| <b>Via Sea</b> | <b>270</b>        | <b>2,649</b>      | <b>5,770</b>       | <b>495,495,842.40</b> | <b>7,428</b> |

Revenue Collections

The division annually collects revenue through the excise (duty) tax, container tax, beautification tax, and others, including penalties, collected at the ports. Below is the total revenue collection for each island.

|                | Saipan           | Tinian       | Rota          | Total                   |
|----------------|------------------|--------------|---------------|-------------------------|
| <b>FY 2018</b> | \$ 40,184,466.10 | \$ 89,134.20 | \$ 479,242.44 | <b>\$40,752,842.74</b>  |
| <b>FY 2019</b> | \$ 46,802,410.28 | \$ 85,983.98 | \$ 443,076.17 | <b>\$ 47,331,470.43</b> |
| <b>FY 2020</b> | \$ 37,809,886.41 | \$ 91,735.52 | \$ 411,254.96 | <b>\$ 38,312,876.89</b> |

Enforcement and Border Security

The division continues to maintain security at all ports, seizing all contraband items. Below is a list of the **controlled substances** seized at the port of entries in FY 2020.

| Crystal Meth             | Marijuana               | THC Powder           | OTHER<br>(edibles, paraphernalia etc.) | Hallucinogens<br>(i.e. shrooms) |
|--------------------------|-------------------------|----------------------|--|---------------------------------|
| <b>1,072.71</b><br>grams | <b>1,492.8</b><br>grams | <b>23.6</b><br>grams | <b>317.5</b><br>pieces                 | <b>39</b><br>pieces             |

Below is a list of Intellectual Property Rights, commonly known as **counterfeit items**, intercepted at the port of entries in FY 2020.

| Apparel /Clothing<br>(including tags & buttons) | Footwear         | Purses, Bags, Wallets, etc. |
|---|------------------|-----------------------------|
| <b>3,420</b> items                              | <b>230</b> pairs | <b>151</b> pieces           |

Below is a list of the **undeclared/undervalued items** intercepted at the port of entries in FY 2020.

| Apparel / Clothing | Electronics / Accessories | Household Items<br>(miscellaneous) | Cosmetics        | Liquor<br>(including beer & wine) | Cigarettes        | Pharmaceuticals<br>(Antibiotics & Other Pills) |
|--------------------|---------------------------|------------------------------------|------------------|-----------------------------------|-------------------|--|
| <b>419</b> items   | <b>85</b> items           | <b>588</b> items                   | <b>585</b> items | <b>3466</b> bottles               | <b>2305</b> packs | <b>5800</b> pieces                             |

COVID-19 PANDEMIC

The Division has been at the forefront, alongside other law enforcement agencies, in order to protect our community from the coronavirus. Officers have been stationed at the designated isolation facilities (i.e. CHCC Alternate Care Site), as well as the Emergency Operations Center and assisting with vessel security at the Ports.



Leadership and Personnel Capacity

The Division continues to maintain professional development and on-going training for its officers. Below is a list of the many training events that were completed.

Associate Judge Joseph N. Camacho conducted the search and seizure training for Customs officers in the beginning of the fiscal year.



Threat Assessment Training coordinated by the CNMI Homeland Security & Emergency Management.

Food and Drug Administration in coordination with the CHCC-Bureau of Environmental Health provided a 2-day training event regarding the FDA authority, interdiction and

enforcement of counterfeit food & drug products.

Through the Oceania Customs Organization (OCO) Customs completed a 4-day training on Intellectual Property Right Enforcement provided by US Patent and Trademark Office (USPTO), INTERPOL, Pharmaceutical Security Institute, US Customs Border Protection and other regulatory and enforcement agencies.

Officers also attended the series of workshops provided by the Office of Personnel Management, such as: Workplace Violence Awareness & Prevention, Preventing Sexual Harassment in the Workplace, Basic Workplace Safety, Communications, and many others.

Officers were able to start the online training series with International Intellectual Property (IP) Crime Investigators College – a training for police officers, customs officers, prosecutors and regulatory body representatives dealing with Intellectual Property (IP) Crime.

Officers successfully completed the 40 hours of professional development in attending the Association of Pacific Islands Public Auditors (APIPA) 31st annual conference August 3-14, 2020.

Coordinated through the JIATF West and provided by the Northern California High Intensity Drug Trafficking Areas, Customs completed a 12-hour Writing Search Warrant course via zoomlink on September 25-17, 2020.

Officers also initiated their online Intellectual Property Crime training through Interpol's International IP Crime Investigators College, a training module initiative with UL.

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## Part 3

### CHALLENGES & OPPORTUNITIES

The Division is working to collect outstanding taxes of over 120 days. Most of the accounts that are past due is a result of companies going out of business. Other factors include having a disconnected phone number, or the listed mailing address has changed. To address this matter, the Division is working with the Division of Revenue and Taxation as well as the Office of Zoning to obtain the most current and accurate business location, phone number and mailing address.

We also are addressing the ongoing challenge of ensuring correct tax assessment and classification by providing continuing excise tax training to all officers.

Our islands are not immune from the trafficking of narcotics in open waters. To this end, the Division aims to procure a boat to conduct maritime security & border patrol, enabling Customs to expand its jurisdictions in the sea, from Rota island up to our northern islands.

One of the opportunities that the Division would like to participate is the train the trainer or instructor certification courses for Tactical Combat Casualty Care (TCCC), Alternate and Concealed Carry Training, Advanced Pistol Instructor Training Program, Basic Tactical Medical Instructor Training Program, Firearms Instructor Training, Use of Force Instructor Training Program, Maritime Law Enforcement and Boating Operations & Maintenance. Courses such as these will

enable Customs self-train our personnel. Having our own instructors will also help to motivate staff to work harder.

The potential solution to the financial challenge is the search and application for grant (federal) funding.

Due to the reduction of flights into our islands, personnel were reassigned to assist with the needs at the COVID-19 isolation/alternative care sites. In doing so, the Division is challenged in preventing the importation of contraband, including narcotics and counterfeit items.

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## Part 4

### FY 2021 GOALS

The Division constantly strives to increase revenue collections and maintain strict border protection and security for our Commonwealth and aims to enhance leadership capability as a focus area in FY 2021.

We are working with Northern Marianas College to reestablish the Combined Law Enforcement certificate program as well as working with the Community Development Institute in tailoring training programs.

Similarly, we are reviewing each officer's training history in order to identify our overall skills & knowledge as well as prioritize personnel that are lacking in specific training pertaining to Customs enforcement and/or operations.

It is the intent to provide training or conduct training related to use of non-lethal weapons, emergency first aid, and Digital Photography for Law Enforcement, Advanced Interviewing for Law Enforcement Investigators, Case Organization & Presentation Training Program, Commercial Vessel Boarding Training Program, and Vessel/Container Examination. We also aim to provide more training opportunities related to cyber security, financial crime investigations and applicable training events in order to prevent financial fraud.

The Division shall continue its partnership with local and federal agencies, such as the Bureau of Environmental & Coastal Quality, CNMI Drug Enforcement Task Force, CNMI Homeland Security & Emergency Office – Marianas Fusion Center, US Coast Guard, US Drug Enforcement Agency, US Homeland Security Investigations, and the US Postal Inspector.

A Memorandum of Agreement was recently entered between the CNMI and Guam Customs & Quarantine Agency in an effort to Enhance Collaborative Border Management. CNMI Customs also has a long-standing partnership with the member jurisdictions of the Oceania Customs Organization, and has been a member of the Oceania Customs Organization (OCO) for more than twenty years.



## STRATEGIC GOALS

The Division aims to:

- identify and secure public land for the development of a CNMI Customs warehouse and permanent office building
- establish a marine unit, through the application of grant funding for the purpose of expanding Customs interdiction of narcotics within the CNMI and maintain border security

## ACKNOWLEDGEMENT

With the support of the Secretary of Finance, David Dlg. Atalig, and Governor Ralph Dlg. Torres and Lt. Governor Arnold I. Palacios, our endeavors to maintain strict border security and consistent revenue collections would not be possible.

We also thank members of the 21<sup>st</sup> Legislature in revising tax laws and statutes that will enable increased revenue collections for our island economy.

Importantly, the officers and their families who love their job and report to work ready to protect our borders and beyond.

