

Commonwealth of the Northern Mariana Islands
Department of Finance
Division of Customs Biosecurity



FY 2021 Annual Report

Part 1

MISSION

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

FY 2021 GOALS

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

In partnership with the Northern Marianas College, reestablish the Combined Law Enforcement certificate program as well as working with the Community Development Institute in tailoring training programs.

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.

However, as any plan is clearly dependent upon the availability of adequate financial resources and the ongoing public health emergency due to the coronavirus (COVID-19) pandemic, the goals were not fully realized according to plan.

Part 2

ACCOMPLISHMENTS

The Division transitioned to the online payment system for excise tax collections at the ports. This payment system provides taxpayers with the convenience of making their payments through a safe, online portal.

Public Law 21-42 was signed into law on 5 February 2021 requiring that excise tax payment shall be made upon entry and prior to the release of goods, commodities, resources or merchandise. Qualified, low-risk importers were able to apply for a 30-day grace period, provided the importer has a CNMI business license for at least two years; a valid tax identification number; a minimum of one-year compliance with Customs import laws and regulations; and obtain a tax clearance from the Division of Revenue & Taxation for a two-year period. This is resulted in the division ensuring timely payments, and thus, significantly reducing the number of outstanding payments.

The Division held a stakeholder meeting at the Multi-Purpose Center on 1 April 2021 to answer questions and clarify how the new practice will impact importation into the CNMI. Since the effective date of 6 May, a total of 267 importers were approved on Saipan, Tinian and Rota. There are a handful importers that were not approved based on the criteria.

On 27th April 2021, the Governor's Executive Order (EO) 2021-009 transferred duties, function and personnel from the CNMI Department of Lands and Natural Resources to the Department of Finance in order to strengthen border security. The quarantine section is responsible for the Animal and Plant Health Inspection Services (APHIS), which plays a vital role in ensuring the safety of agricultural



trades that help protect the CNMI from pests and other diseases that can affect our islands. Thus far, the integration of 25 personnel has been harmonious and effectively bolsters the Division's effectiveness in the enforcement against unwanted or illicit importation of products, items, or goods that are harmful to the environment, economy and quality of life.

On 7th June 2021, the Division of Customs and Quarantine entered into a memorandum of agreement formalizing a partnership in administering a customs and quarantine academy. Under the agreement, NMC and Finance will work together to train Customs and Biosecurity cadets. The cadets who participate in the Customs and Quarantine academy will receive training and professional development opportunities that relate to their responsibilities. The cadets will also be considered full-time NMC students and will have access to student services, programs and financial aid available to NMC students.



Those who complete the Customs and Quarantine academy will earn 40 college credits in the process of their coursework. These college credits can be used toward the completion of a degree in the field of criminal justice.



Relatedly, in order to bring quarantine personnel up to speed, the Division helds two modified training sessions, July 2021 and August 2021. The quarantine inspectors received over 120 hours of classroom training on customs regulations, excise tax provision and border enforcement.

The Division has adopted the Pacific Harmonized Commodity Description and Coding System (PACHS) 2022, the internationally recognized upgraded system of classifying goods promulgated by the World Customs Organization (WCO), which comes into effect on January 1, 2022. PACHS 2022 incorporates all HS 2022 amendments



and has been extensively peer reviewed due to its importance in our various economies in customs functions such as determining customs tariffs for imported and exported goods, calculating taxes and for trade statistics.

The Division also amended its regulations to address new practices. The amendments were published as adopted on May 28, 2021 (Vol 43 Number 05).

Trade & Travel

Below is a snapshot of the activities via trade and travel for FY2021.

Via Air	Number of Flights	Total Pax Cleared	Total Crew Cleared	Cargo Weight (lbs)
	1,869	16,744	3,643	4,560,792.17

Via Sea	Number of Vessels	Cargo Weight (lbs)	Containers
	245	443,413,774.47	6,584

Biosecurity Permits & Certificates*

	Plant Permits Received:	Animal Permits Received:	Plant Permit – Single Issued:	Plant Permit – Multiple – Issued:
Permits	193	10	31	27
	Phytosanitary Certificate Issued:		Certificate of Origin Issued:	
Certificates	11		0	

**the above information applies only to 4th Quarter of FY2021.*

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.

	<u>Saipan</u>	<u>Tinian</u>	<u>Rota</u>	<u>Total</u>
FY 2018	\$ 40,184,466.10	\$ 89,134.20	\$ 479,242.44	\$40,752,842.74
FY 2019	\$ 46,802,410.28	\$ 85,983.98	\$ 443,076.17	\$ 47,331,470.43
FY 2020	\$ 37,809,886.41	\$ 91,735.52	\$ 411,254.96	\$ 38,312,876.89
FY 2021	\$ 32,289,824.42	\$ 51,169.61	\$ 444,034.11	\$ 32, 785,028.14

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 2021.

Cocaine	Crystal Methamphetamine	Marijuana	Marijuana Seeds	THC (Oil, Vape Pens, Etc.)
4.2 grams	443 grams	318.2 grams	53.3 grams	10.2 grams

Below is a list of Intellectual Property Rights, commonly known as **counterfeit items**, intercepted at the port of entries in FY 2021.

Apparel (including tags & buttons)	Footwear	Purses, Bags, Wallets, etc.	Electronic Items (miscellaneous)	Household Goods (miscellaneous)	Eyewear (sunglasses)
1,569 items	73 pairs	3 pieces	58 pieces	31 pieces	12 pieces

Below is a list of the **undeclared/undervalued items** intercepted at the port of entries in FY 2021.

Construction Materials	Auto Parts
118 pieces	158 pieces

*****This data is significant.** In FY 2020, the total quantity of undeclared items was 12,978 items, from apparel and electronics to liquor and pharmaceuticals.

Including for the first time is the listing of the **agricultural (biosecurity) items*** intercepted at the port of entries in FY 2021.

Plants materials	Animal / Animal by-products
7 pounds	8 pounds

**the above information applies only to 4th Quarter of FY2021.*

COVID-19 PANDEMIC

The Division continued to assist at the forefront, alongside other law enforcement agencies, in order to protect our community from the coronavirus.

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.

Eight personnel began their certification course through the Center for Customs and Excise Studies on the following topics: Customs Valuation, Enforcement & Compliance Management, Ethics & Governance, Customs Tariff, Risk Management, and Cargo and Travelers - Principles & Procedures. Each course is approximately 40 hours and shall be completed in December 2021. This certification course is coordinated and sponsored by the Oceania Customs Organization.

Officers also continued to participate in the online Intellectual Property Crime training through Interpol's International IP Crime Investigators College, a training module initiative with UL.

Part 3

CHALLENGES & OPPORTUNITIES

CHALLENGE 1: In FY 2021, the division was challenged in applying for federal grants.

CHALLENGE 2: The travel restrictions in place in the CNMI as well as other jurisdictions has stalled our opportunity to participate in 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 officers to self-train our personnel. Having our own instructors will also help to motivate staff to be more productive. Relatedly, our agency has been able to avail of island training events, mainly due to the lack of offerings by government or other entities.

OPPORTUNITY 1: 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. The development of a maritime enforcement unit is in progress and shall be fully implemented in FY 2022.

OPPORTUNITY 2: Through the Oceania Customs Organization, personnel have been participating in certification courses related to customs administration. Eight officers shall complete 8 certificate courses in FY 2022 (December 2021).

OPPORTUNITY 3: the overall reduction in shipping flow has enabled the division to be more vigilant; thus, effectively preventing the importation of contraband, including narcotics and counterfeit items. As a result, the division has goals to further develop an Intellectual Property Rights (IPR) or counterfeit unit to be further expand border security, hopefully by FY2023.

OPPORTUNITY 4: Through the support of the Secretary, the division is currently working to expand the workforce, in hiring an additional 10 officers and 10 trainees.

OPPORTUNITY 5: Most significant opportunity for the Division is the merger of the quarantine section into the Division, thereby exponentially increasing border security.

Part 4

FY 2022

The division aims to move to an **online declaration form**, maintaining its partnership with the Marianas Visitors Authority. However, the date for this transition has not yet been identified. The arrival questions shall remain as is. This means, upon entry for all arriving passengers, whether via air or sea, travelers will continue to declare everything they acquired abroad and possibly pay customs duty tax on goods, with an added convenience, using personal mobile phones or the kiosks that will be available upon arrival.

In FY 2021, the division revived discussions to construct a **new building** and/or complete renovations on existing structures. The division aims to complete the renovations of the Detector Dog Training Center in FY 2022. The center was badly damaged from Super Typhoon Yutu and the program and personnel have been operating out of other offices since 2018. Through the due diligence of the Public Assistance Office, we will renovate the training center, pending approval from the Federal Emergency Management Agency.

STRATEGIC GOALS

Previously, the Division reported that it is working on completing long-term goals. Those goals are:

- identify and secure public land for the development of a CNMI Customs warehouse and permanent office building
- establish a marine enforcement unit and a tactical response unit, in order to expand the interdiction of narcotics within the CNMI and increase 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 22nd 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.



