

FSM CUSTOMS REGULATIONS

under the

Customs Act of 1996 (Public Law No. 9-139)

October 1, 1997

PART 1. GENERAL PROVISIONS

1.1 Authority. These regulations are promulgated by the Secretary of Finance and the President of the Federated States of Micronesia pursuant to the authority granted by 54 FSMC 267, as created by the Act, 39 FSMC 206, and 18 FSMC 208.

1.2 Repealer. Subparts 1.3(a)(4) and 1.3(c) and Part 4 of the Tax and Customs Regulations dated May 25, 1988, are hereby repealed.

1.3 Definitions.

(a) Terms defined in the Act shall have the same meaning when used herein except where otherwise expressly stated or required by the context.

(b) Definitions contained in the Act are hereby elaborated as follows:

(1) "Goods" may be in bulk or finished form, natural or processed state, separate parts or completed items. Ref: Act §212(18).

(2) Included in the definition of "package" is any type of bundling together of similar or dissimilar items by bands, string, or other restraining material without an exterior covering. Ref: Act §212(24).

(3) Intent to defraud the FSM, as used in the definition of "smuggling", includes intent to import or export prohibited goods and intent to avoid some or all of the legally applicable import tax. Ref: Act §212(33).

(c) Additional terms shall have the following meanings when used herein except where otherwise expressly stated or required by the context:

(1) "Act" means the Customs Act of 1996 (Public law No. 9-139), which created a new chapter 2 of title 54 of the FSM Code (§201 et seq.), as amended by Public Law No. 10-10, and

as it may have been or hereafter be amended

(2) "EEZ" means the exclusive economic zone of the FSM, as defined in 18 FSMC, chapter 1.

(3) "FSMC" means the Code of the FSM, as amended from time to time. A number immediately before FSMC is a title number. Unless otherwise indicated, a number immediately after FSMC is a section number.

(4) "Resale" or "sale" includes any transfer for value of a person's legal or beneficial right, title, or interest in any goods to another person. Raw materials or ingredients which are worked into or otherwise become part of a different or more finished product are deemed sold or resold when that product is sold.

(5) "Ship's gear" means equipment and tools on a vessel or aircraft which are used in the operation of that vessel or aircraft. Nets on a fishing boat are an example. Ship's gear is to be distinguished from ship's stores, which are consumables such as food, fuel, and ice.

(6) "Vessel" means any boat, ship, raft, canoe, yacht, submarine, ferry, hovercraft, or other device for transporting people or things on, beneath, or just above the surface of the water.

#### 1.4 Construction.

(a) The word "herein" refers to these regulations in their entirety unless otherwise expressly stated or clear from the context.

(b) Throughout these regulations are references to the Act -- for example, Ref: Act §212(33). These are for convenience only and are not intended to be limiting.

(c) The word "includes," and any variation thereof should be read as "includes, but is not limited to."

(d) The construction "x or y" means x, y, or both x and y.

(e) Reference to one gender is reference to either gender unless otherwise expressly stated or required by the context.

## PART 2. IMPORT DUTIES

### 2.1 Classification of Goods.

(a) For purposes of Act §221(3), "perfumery, cosmetics, and toiletries" includes dental floss, toothpaste, bath soap, depilatories, contact lens solutions, hair restorer, hair coloring, shaving cream, and other nonmedicinal articles or preparations used in caring for or improving an individual's hair, skin, teeth, or eyes.

(b) For purposes of Act §221(4), "drink mixes, drink preparations, coffee, tea," and the like may be in either dry or liquid form, and "nonalcoholic beverages" include drinking water, whether mineral, sparkling, flavored, or otherwise, but not distilled water.

(c) For purposes of Act §221(5), "beer and malt beverages" include nonalcoholic beer.

(d) For purposes of Act §221(6) "distilled alcoholic beverages" include cordials, aperitifs, liqueurs, and brandies.

(e) For purposes of Act §221(7) "wine" includes wine coolers, sparkling wines (e.g. champagne), and fortified wines.

(f) Any alcoholic beverage must fall within one of §221(5) 6), or (7) of the Act.

(g) For purposes of Act §221(8), "foodstuffs" do not include live animals but do include ingredients used in food preparation (e.g., flour, spices, salt, and sugar), and "fresh citrus fruit" includes only citrus fruit sold in its natural state and not dried, juiced, canned, preserved, or otherwise processed.

(h) For purposes of Act §221(9), "gasoline and diesel fuel" includes kerosene, jet fuel, or any other fuel product containing gasoline or diesel fuel.

(i) For purposes of Act §221 generally, "products" are the same thing as "goods."

(j) The proper classification of goods shall be made in the first instance by the Customs officer, who may seek such guidance from his superiors as time and circumstances permit. Any such determination may be protested under Act §270.

## 2.2 Refunds

### General

(1) Act §222(1) (damaged, pillaged, or faulty goods) and Act §222(2) (imported goods subsequently exported) provide for refunding of duty paid in certain circumstances. Refunds must be requested on a form prescribed by the Commissioner. The burden of establishing the right to a refund is on the person requesting it, and in the case of a §222(2) refund, that burden must be met by clear and convincing evidence if the request is made more than six months after the date of importation of the subject goods. In no event will a refund include penalties or interest paid.

(2) A refund check may, upon proper endorsement, be used to pay a duty or other sum owed to the FSM. However, no person may avoid paying a duty or other sum owed to the FSM on the ground that the FSM owes that person a refund.

(3) The Secretary hereby delegates his authority to approve refunds under Act §222(1) and (2) to the Commissioner

(b) Damaged, Pillaged or Faulty Goods. Ref: Act §222(1). Duty shall not be refunded for damaged, pillaged or faulty goods to the extent that they retain some value to the importer. For example, if damaged goods retain 30% of their taxable value, only 70% of the duty paid will be refundable. Goods returned to the exporter, lost, stolen, or totally destroyed will normally have no value to the importer.

Imported Goods Subsequently Exported. Ref: Act §222(2)

(1) Export to a buyer who is outside the FSM refers to the physical location where the buyer takes delivery of the goods, not the foreign or domestic character of the buyer. However, a refund will still be available when the buyer takes delivery in the FSM if the goods are to become ship's gear on an aircraft or vessel owned by the buyer, delivery is made to that aircraft or vessel, that aircraft or vessel is registered outside the FSM, and the principal place of business of the buyer is outside the FSM.

(2) If imported goods are partly sold in export and partly sold or used by the importer within the FSM, only a proportionate part of the duty paid will be refunded. Assume, for example, a garment factory which imports cloth, produces garments and scrap material, and exports some but not all of those products. Duty is payable upon the importation of a load of cloth. After the cloth has been utilized in the manufacturing

the cloth as the value (FOB) of exported garments and scrap material bears to the total value of all garments and scrap material produced from that load of cloth.

### 2.3 Other Exemptions.

#### General.

(1) Imported goods which are exempt from duty under Act §222(3) through (8) must nevertheless be declared and cleared upon entry on such form and in such manner as the Commissioner may prescribe.

(2) The burden of establishing the right to any exemption is on the person claiming it. The standard of proof, unless otherwise indicated, is a preponderance of the evidence. The person claiming an exemption must produce any and all testimony, documents, and other evidence which the Commissioner may reasonably request before an exemption will be allowed.

(3) Act §222 is not the exclusive source of exemptions from import duty. Other sources may include international treaties to which the FSM has acceded (regarding, e.g. property of foreign embassies and diplomats), other FSM statutes (e.g., 10 FSCM, chapter 2, designated international organizations, and 24 FSMC 724, general tax exemption for NFC's property, operations, and activities), and certain Congressionally-approved agreements (e.g., civil aviation mutual access agreements).

(b) Per Trip Abroad. Ref: Act §222(3). Goods subject to this exemption must accompany the individual who is importing them; goods received by mail or other form of unaccompanied shipment do not qualify. The individual bringing in tobacco or alcohol products must be old enough and otherwise qualified to possess, use, and consume them under the law of the state into which they are being brought; thus a mother, father, and minor child traveling together could import two, but not three, allowances of tobacco or alcohol. Note that wine, beer, and malt beverages may never be imported duty-free under this exemption.

#### Visitor's Personal Effects. Ref: Act §222(4)

(1) A "visitor to the FSM" is an individual who may be either a citizen or a noncitizen of the FSM. A citizen visitor will qualify for this exemption upon presentation to Customs of satisfactory evidence that the citizen resides outside the FSM and intends to depart from the FSM within 90 days after arrival in the FSM. A noncitizen visitor is a nonresident of the FSM who legally enters the FSM on a written visitor's entry permit for 90 days or less or with no written entry permit at all

other than a Form 958, 5004, or successor form. An individual ceases to be a visitor for purposes of this exemption upon departure from the FSM or upon the passage of 90 days after arrival in the FSM, whichever is sooner. In such a case, all personal effects previously entered duty-free, not otherwise exempt from duty, and still located in the FSM shall become subject to duty as though imported on the date the importing individual ceased to be a visitor for purposes of this exemption

(2) "Personal effects" are goods --e.g., luggage, clothing, cameras, diving and other sports equipment -- that will be taken with the visitor upon departure from the FSM. Goods intended for consumption in the FSM -- e.g., food, tobacco, alcoholic beverages -- do not qualify under this exemption. However, they may qualify under the per-trip abroad exemption.

(3) Personal effects subject to this exemption must accompany the visitor who is importing them; goods received by mail or other form of unaccompanied shipment do not qualify.

(d) Foreign Aid Projects. Ref: Act §222(6). Normally, the required foreign aid agreement must be in writing. However, the Commissioner may presume the existence of such an agreement with respect to books, medicine, emergency relief supplies, and other goods which the Commissioner is satisfied are being donated from abroad for charitable purposes and not for resale. The burden of proving such circumstances must be met by clear and convincing evidence.

(e) Personal Gifts. Ref: Act §222(7). This exemption relates to goods received by mail or other form of unaccompanied shipment, not to goods which enter the FSM in the baggage of an individual person.

(f) Fishing Vessels Based in the FSM. Ref: Act §222(8).

(1) This exemption does not apply to vessels which are wholly owned, directly or indirectly, by citizens of the FSM nor to vessels which are registered in the FSM.

(2) Included within the meaning of "equipment installed in the vessel" is any ship's gear which remains on or about the vessel at all times while it is in the FSM, including the EEZ.

(3) Note that this exemption relates only to certain kinds of vessels based in the FSM. Regarding other kinds of vessels, including those in transit, see Act §238(6)(d) and the regulations thereunder.

(g) Government Imports. Ref: Act §222(9)

(1) To qualify under this exemption, the importing government, and no other person, must be shown as consignee of the goods and otherwise identified as the importer. There must be a purchase contract directly between the government

and the foreign exporter, and payments must be made by the government directly to the foreign exporter. Use by the government of a third party agent or other representative in the FSM, insofar as the third party receives or forwards the goods or the payment therefor, will result in the third party, not the government, being deemed to be the importer.

(2) To qualify under this exemption, the goods must be imported for a public purpose, not for resale or as an accommodation to a private party. If, within one year after importation, a resale nevertheless occurs, the importing government shall be obligated to pay duty based on the value of all remuneration received in the resale, whether in cash or otherwise. The duty is due and payable within 15 days after the date of sale.

(3) With respect to medicines or textbooks distributed to the public by the importing government through its public health care facilities or schools, as applicable, the charging of a nominal fee will not constitute a resale for purposes of this exemption.

(4) Claims for exemption under this provision must be approved by the Commissioner and will be carefully scrutinized.

2.4. Basis of Import Duty.

(a) Where a container contains goods falling into two or more import tax classifications, it is the responsibility of the importer to establish how the total insurance, freight, and other charges from the FOB location to the CIF location should be distributed among the contents thereof. If the importer fails to do so and the methods in Act §223(3) are insufficient to do so, then as an alternative to appraisal under Act §223(4) the Customs official may elect to distribute the insurance, freight, and other charges among the goods in proportion to the relative FOB value of those goods.

(b) For purposes of Act §223(5), "special or sample discount" is a discount granted on the basis of favoritism and not available to all.

(c) A "relationship" in Act § 223(6) is not restricted to a blood or marital relationship but extends to any type of

special relationship which could result in the importer being charged less than fair market value.

(d) The "ruling rate of exchange" in Act §223(7) shall be such rate as the Commissioner shall publish at least once a month, based on such current sources as the Commissioner reasonably believes to be accurate.

## 2.5 Enforcement Liens.

### (a) General.

(1) Act §§224 and 226 provide for liens on imported goods and the personal property of an importer, respectively. The procedures for levying under either type of lien are set out hereinafter. "Personal property" in Act §226 means any property which is not real property (land) under applicable law.

(2) These enforcement liens may be collected by levy upon the applicable property in the same manner as the levy of an execution. - This means that the property may be seized and sold, and the proceeds thereof applied or distributed, in accordance with generally applicable administrative procedures without resort to the courts. Any party may seek judicial assistance, protection, or other appropriate intervention, but no one is required to do so.

(b) Demand Notice. If a duty is not paid when due, any Customs officer may, by written notice, demand payment thereof, together with all applicable interest and penalties. A demand notice under Act §224 shall indicate that the property subject to lien is the imported goods and shall be sent to the named consignee of the goods, if any, or to any other person reasonably believed to be an importer of the subject goods. A demand notice under Act §226 shall indicate that the property subject to lien is all personal property of the importer to whom the notice is being sent. Any demand notice may be sent to a person either by personal delivery or by mailing, first class postage prepaid, to the last known address of that person, and shall be effective upon the date of such personal delivery or mailing. The notice shall be on a form prescribed by the Commissioner, which shall contain the following statement:

"Pursuant to 54 FSMC \_\_\_\_ [state whether section 224 or 226], the duty, interest, and penalties demanded hereby is a lien upon \_\_\_\_ [identify property subject to the lien -- i.e. "the imported goods" or "any of your personal property"]. If said amount is not paid in full within 30 days after the date of mailing or



personal delivery of this notice, any or all of such property may be seized by Customs and sold at public auction to satisfy the lien.

"You may appeal from this notice by submitting a written protest to the FSM Secretary of Finance, P.O. Box PS-158, Palikir, Pohnpei FM 96941. Such protest must be received by the Secretary or your local Customs office not later than 30 days after the date of mailing or personal delivery of this notice to you. Except as otherwise provided in this notice, the protest will be governed by 54 FSMC 270. Your protest may, if you wish, include a request for a hearing before the Secretary or his designee, in which case a hearing will be conducted in accordance with 17 FSMC 109.

"If you have filed a timely appeal from this notice, the sale (but not the seizure) of any property will be postponed while the appeal is pending and for 10 days after the decision is rendered therein. You may obtain the return of any property already seized and prevent further seizures only by paying the duty, interest, and penalties demanded hereby. While an appeal is pending, any such payment will be deemed made under protest, and will be returned to you to the extent required by the outcome of the appeal."

c Seizure and Sale.

(1) If the duty, interest, and penalties demanded by the notice are not paid within the 30-day notice period, Customs may seize any property subject to the lien which is not exempt from execution and which has a value sufficient to cover the amounts due. If any of the property is of a kind which is exempt from execution pursuant to 6 FSMC 1415, but in an amount exceeding the exemption, the importer may select the portion of such exempt property which he desires to retain under the exemption, provided he makes such selection known to the Customs officer involved at the time of seizure. Otherwise, Customs shall make the selection.

(2) Upon seizure, Customs may, at the importer's expense, remove the seized property to a safe place or place a caretaker in charge thereof and shall make a written inventory of the property seized.

(3) Property subject to seizure which is in the possession or custody of a third person (e.g., money in a bank account) must be delivered to Customs upon written demand therefor. Failure to do so shall subject the third party to personal liability for the value of such property.

(4) Customs shall, after seizing property, give public notice of a proposed sale thereof at least seven days in advance of the time and place of the sale, by notifying the magistrate or other head officer of the municipality in which the property was seized and by posting a written notice of the sale in a conspicuous place at or near the municipal office in the municipality in which the sale is to be held, and shall notify the importer if he can be found with reasonable effort, in the State where the goods were seized. In addition, a notice of the proposed sale shall be posted in the nearest post office and shall be broadcast on the local radio station.

(5) Unless the total amount due (including duty, interest, penalties and any costs of seizure, including subsequent storage charges) is paid in full prior to the sale, Customs shall sell the property levied upon at public auction to the highest bidder on the advertised date of the sale. Sufficient money shall be deducted from the proceeds of the sale for the full payment of all duty, penalties and costs of the seizure and sale. Any proceeds of the sale remaining after deduction of these amounts shall be paid over to the importer whose property was seized.

(6) A sale of seized property shall be stayed during any timely appeal by the importer owning such property and for 10 days after the decision is rendered therein.

(7) The purpose of a sale is to convert seized property to money. If the seized property is itself money, no sale is required.

### PART 3. CUSTOMS PROCEDURES AND OFFENSES

3.1 Call-outs. Ref: Act §231(4)(b). The sooner a request for Customs services outside of regular working hours is made, the more likely it is to be honored. Such a request which is honored is a "call-out." The fee for a call-out shall be an hourly rate per person, with a minimum of two hours per person. The number of persons and amount of time required for a call-out is at the discretion of the Commissioner. Call-out fees shall be paid promptly upon billing. The Commissioner may require advance payment of 150% of estimated fees for a call-out, subject to subsequent adjustment when the actual fee is determined. The hourly rate per person shall be set from time to time by the Commissioner to reflect the actual average cost of making Customs personnel available for call-outs. Until further notice, that rate is \$5.00 per hour.

3.2 Annual Report. Ref: Act §231(6). The Commissioner shall deliver this report to the Secretary for review and transmittal to the President of the FSM, who shall formally transmit it to Congress.

**3.3 Customs Facilities.** Ref: Act §232. The Secretary shall work reasonably with controlling authorities in regard to their provision, at no charge to the FSM, of suitable Customs facilities at ports, airports, and transit buildings.

**3.4 Cooperation with State Authorities.** Ref: Act §233(1) The Commissioner may authorize State tax officials to accompany Customs personnel when they inspect imported goods.

**3.5 Removed Goods.** Ref: Act §234(2),(3) and (4). Goods or containers removed from the dock or airport before clearance and release shall be officially sealed and, where feasible, locked. Such seals and locks may only be removed by Customs personnel. Refusal to permit Customs access to any such removed goods or containers prior to their clearance and release shall constitute interference with the goods or container contents for purposes of Act §235(5).

**3.6 Inspection of Goods.**

(a) The right to examine goods includes the right to break them if there is reasonable cause to suspect that they contain undeclared items or substances.

(b) The importer is responsible for unpacking and repacking goods undergoing inspection. Customs personnel may perform that function themselves but are not required to do so.

**3.7 Manifest.** On arrival of a vessel or aircraft at any FSM port, the master or pilot must deliver to Customs a manifest pursuant to Act §238(1)(a) and 18 FSMC 205. That manifest must be signed by the master, pilot, or other person having command or charge of the vessel or aircraft as to the truth of the statements contained therein. The manifest must be on a form prescribed by or satisfactory to the Commissioner and contain the following:

- a a list of all passengers on board;
- (b) a list of all passengers or other persons disembarking at the port;
- (c) a list of all crew on board;
- (d) a list of all crew's personal effects on board;
- (e) a list of all stores on board;
- (f) a list of all stores or gear, if any, to be unloaded in the port;

- g a list of all cargo on board;
  - h a list of all cargo to be discharged in the port;
- and
- (i Such other information as the Commissioner may request.

In the foregoing list, all persons aboard the vessel or aircraft must be classified as either passengers or crew, and all things aboard the vessel or aircraft must be classified as either cargo, stores, gear, or crew's personal effects.

3.8 Ship's Gear. Ship's gear shall not be deemed to be imported if it is on a vessel or aircraft which itself is not deemed to be imported pursuant to Act §238(6)(d) upon both entry into and departure from the port and the FSM of that vessel or aircraft, and if it is on or about that vessel or aircraft at all times while in the FSM. Ship's gear is "about" a vessel or aircraft while in port if it has been removed for repair or maintenance.

### 3.9 Payments.

(a) Customs shall provide a written receipt for all payments of duty, interest, or penalties. Importers are urged to obtain and keep such receipts for their own protection.

(b) The Commissioner may establish an account for any importer into which the importer deposits money in trust for the payment of future duties, interest, and penalties, and from which the Commissioner may withdraw money to pay any such future duties, interest, or penalties owed by that importer if and when they become due. The Commissioner may not withdraw funds for any other purpose and shall, upon demand by the importer, refund money in the account to the importer at any time to the extent that the importer does not then owe duty, interest, or penalties. Written receipts shall be provided for both deposits into and withdrawals from the account.

3.10 Bulk Fuel Imports. Fuel tankers typically unload directly into the importer's tanks, thus bypassing the physical custody of Customs. Where the specific quantity to be unloaded is known in advance, the duty must be paid before unloading begins and the fuel will remain subject to Customs control pending inspection to confirm the quantity unloaded. Often, however, the importer's tanks are to be "topped up" and the quantity of fuel unloaded will not be known until after unloading is completed. Customs may require prepayment of duty in an amount sufficient to cover the largest estimated quantity which might be unloaded, subject to adjustment after unloading and

measurement. Alternatively, Customs may allow unloading prior to payment of duty. Any fuel entering the importer's facilities before duty is paid thereon is deemed to be "removed goods" under the Act, including §§225 and 234 thereof, and payment of duty is due within the time limit for entry specified in Act §238(2). Duty is payable on the actual liquid gallons which are unloaded, without adjustment for temperature.

3.11 Drugs. It shall be a defense to any of the offenses in relation to drugs identified in Act §263 that the import, export, possession, or other offensive activity is authorized by or pursuant to chapter 11 of 11 FSMC. This includes possession by an individual of a prescription drug, prescribed for that individual, in an amount reasonably related to that individual's personal usage needs, if the drug is one which may be legally prescribed in the FSM.

3.12 Protests. Ref: Act §270

(a) The Customs office in which a protest is lodged shall promptly forward a copy thereof to Customs central office.

(b) The date of a decision for purposes of Act §270 (3) is the date on which the protester first learned, or in the exercise of reasonable diligence should have learned, of the decision. Where the decision affects more than one importer, notice to one is notice to all.

(c) Normally, the full duty claimed must be paid in order to sustain a protest. In no event may a protest be sustained without payment of the amount of duty payable if the protest were to be successful. Payment of the difference between the amount claimed and the amount admitted to be due may be waived in whole or in part by the Secretary or his designee upon a showing that the protester is unable to pay the full amount claimed. Such a waiver is only effective, and penalties and interest continue to accrue, during the pendency of the protest and any timely appeal therefrom.

3.13 Inspection of Mail. Reference is made to 39 FSMC 205 (Opening of mail for customs purposes - Authorized) and the implementing Regulations for Customs Inspection of FSM Mail dated May 4, 1987. Those Regulations shall continue in effect subject to the following modifications:

(a) References therein to the Revenue Division mean the Division of Customs or its successor.

(b) A State tax official accompanying Customs personnel in the inspection of mail shall be deemed an FSM Customs official for such limited purposes and must be designated by the Secretary in the same manner as Customs personnel under section 3 of those Regulations.

(c) In section 7(a) of those Regulations, change "54 FSMC §201" to "54 FSMC 221" and change "54 FSMC §202" to "54 FSMC 222 (as interpreted in the FSM Customs Regulations)."

(d) Sections 8, 9, 10, and 13 are repealed and superseded hereby.

(e) In the event of any inconsistency between those prior Regulations and either these new Regulations or the new Act, the new Regulations or Act will control.

**3.14 Importer's License.** If Customs becomes aware of any person who should but does not have a valid importer's license under 32 FSMC, chapter 1 (Business Licensing), Customs shall report that person to the Secretary of Resources and Development or his successor as administrator of the licensing law. Goods imported by such unlicensed importer shall not be detained by reason of the lack of a license. However, the unlicensed importer may be subject to such criminal or civil sanctions as are provided for in the licensing law itself.

**3.15 Official Ports of Entry.** Reference is made to 18 FSMC, chapter 2 (Ports of Entry), which designates ports of entry, provides for the President to designate additional ports of entry, and requires all vessels and aircraft entering the FSM to do so at a port of entry unless the President or his designee grants permission to anchor or land elsewhere or the vessel or aircraft is in distress.

(a) Permission to enter other than at an official port must be based on a determination by the President or his designee that such entry is required by the public interest or an emergency. Unless expressly waived by the person granting the permission, all overtime, travel, and other extra costs incurred by the FSM in servicing the entry shall be reimbursed by the person who requested the permission.

(b) A forced entry is when a vessel or aircraft entering the FSM anchors or lands, without permission and in distress, at other than an official port.

(c) An illegal entry is when a vessel or aircraft entering the FSM anchors or lands, without permission and not in distress, at other than an official port.


(d) Any entry, whether legal or illegal, forced or unforced, with or without permission, at or not at an official port, subjects the vessel or aircraft, its contents, and the people on board to Customs control. It shall be the responsibility of every person on board, the owner of the vessel or aircraft, the consignee of any cargo, and the owner of any cargo, to report any entry at other than an official port to

Customs personnel at the earliest possible time, to take such steps as are reasonably possible in the circumstances to preserve and present for Customs inspection the vessel or aircraft, its contents, and the people on board, and to comply with all applicable Customs laws and procedures.

APPROVALS

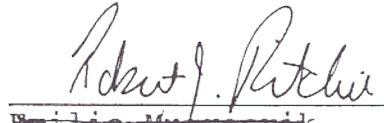
Pursuant to the authority vested in me as Acting Secretary of Finance, I hereby issue and promulgate these FSM Customs Regulations. The shall become effective upon approval by the President, compliance with title 17 of FSMC, and the taking effect, by its own terms, of Public Law No. 9-139, as amended (the Customs Act of 1996).

Date: July 30 1997

  
Ihlen Joseph, Acting Secretary  
FSM Department of Finance

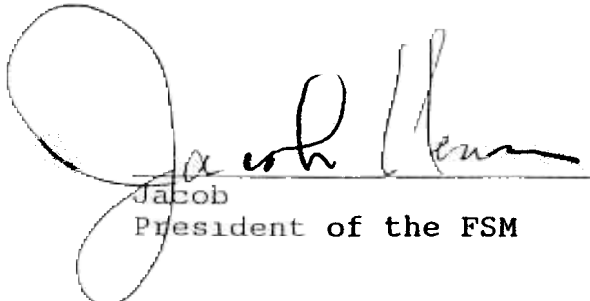
These FSM Customs Regulations have been reviewed by the Office of the FSM Attorney General and found to be in proper form.

Date: 7/30 1997

  
~~Emilio Mubracrik~~  
Acting Attorney General

I approve the adoption and join in the promulgation of these FSM Customs Regulations.

Date: 7/31 1997

  
Jacob  
President of the FSM

EFFECTIVE DATE

In response to comments received prior to the effective date of these FSM Customs Regulations, minor changes were made to subparts 2.2(c) and 2.3(c). Those change are hereby approved bythe following officials, who also declare that these FSM Customs Regulations shall become effective as of October 1, 1997.

*Mu Yum*  
Secretary, FSM Department of Finance

Date: September 14,

*Richard G. Caldwell*  
FSM Attorney General (Acting)

Date: September 16,

*Jack L. Henn*  
President of the FSM

Date: September 26,