

# Customs Administration 2023 Annual Report



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## EU Integration

### *Bilateral session to present the readiness of the Republic of North Macedonia for Chapter 29 - Customs Union*

In June 2023 at a bilateral screening session with the European Commission, the Working Group for Chapter 29 - Customs Union presented the progress achieved in the process of preparation for accession to the European Union.

European Union legislation pertaining to Chapter 29 encompasses regulations that carry direct binding authority over member states. The session addressed the current status and forthcoming initiatives concerning the adoption of the Union Customs Code and its implementing provisions, along with the Combined Nomenclature, the Common Customs Tariff, and the regulations pertaining to tariff classification. Within the scope of bilateral screening, the presentations included provisions relating to customs duty exemptions, suspension of duties and quotas, customs enforcement of intellectual property rights on goods, precursors, cultural items, transit procedures, customs information systems, and mutual administrative cooperation in customs matters. Furthermore, an assessment was provided on existing capacities for regulatory implementation, as well as plans to enhance digitization capacities in alignment with the imperatives of sustainable development.

Based on the bilateral session's conclusions:

- Chapter 29 - Customs Union demonstrates advanced progress, with achieved high level of preparedness for European integration;
- Customs acts under a plethora of laws and regulations, totaling 60 laws and 637 by-laws and other related acts;
- Noteworthy accomplishments have been attained in revenue collection, (with a twofold increase observed over the past decade);
- In the area of transit of goods, the Republic of North Macedonia operates as an EU member state;
- Consistent efforts are exerted to ensure the seamless functioning of customs systems;
- Introduction of information technologies remains crucial, encompassing all relevant aspects;
- Post-2011, security remains a paramount concern;

- Activities to combat fraud, illicit trade, and organized crime persist as top priorities;
- A serious stance is taken in addressing corruption, reflecting a robust advocacy for combating it.

### *Noted results and priorities in future action on the path to integration in the European Union*

In November, the European Commission released its 2023 Report on the Republic of North Macedonia. The report acknowledges a good level of preparedness concerning European standards for customs regulations and procedures, requiring legislative harmonization, sufficient capacity for implementation and application and access to the common computerized customs systems. The report of the European Commission notes, among other aspects:

- The customs legislation is highly aligned with the EU acquis. The 2023 customs tariff was adopted to reflect the latest changes in the EU Combined Nomenclature. The CEFTA Additional Protocol 5 on trade facilitation was implemented, and the authorised economic operators (AEO) concept was further promoted. So far, 27 companies have been AEO certified;
- On administrative and operational capacity, the standards of professional integrity and anti-corruption are consistently applied;
- Greater amount of collected import duties;
- A comprehensive intelligence system in support of investigation and enforcement is in place. Risk management is applied systematically
- One-stop control with Serbia and Albania are implemented. The digitalisation of customs procedures continued and a green customs declaration was introduced, enabling import and export procedures to be completed in one hour, fully paperless.
- The System for Electronic Exchange of Data (SEED+) is operational, ensuring harmonised work of the agencies present at the borders.

Recommendations are given for the implementation of the New Computerized Transit System Phase 5, to continue the consolidation and full use of IT systems, including alignment with the systems of the Multiannual Action Plan (MASP) of the European Commission and ensuring their continuous upgrade and business continuity, ratification of the Protocol for the Elimination of Illegal Trade in Tobacco Products.

### *Ratified international agreement for participation in the EU Programme Customs 2021-2027*

The international agreement has been concluded for participation in the Customs Programme for the period of 2021-2027 (ratified by the Parliament of the Republic of North Macedonia, Official Gazette No. 129/23 of 21.6.2023). A Grant Agreement for the period 2021-2024 (October 2023) was also signed, with which the Programme officially became active. The European Commission endorsed the Customs Administration's early engagement in program activities to capitalize on its benefits.

Under the programme's framework, various activities such as training, workshops, seminars, working groups, and meetings are conducted, offering customs officers the opportunity to engage closely with the operations of EU member states' customs services. The primary objective of the Program is to facilitate learning, knowledge exchange, and exposure to best practices in customs operations within European Union countries and Western Balkan nations participating in the Program. Additionally, the Program aims to realize the strategic policies and goals of the EU.

20 e-learning courses have been translated into Macedonian through the Customs Programme and they are accessible to customs officers and the business community via the Customs Administration's website and the European Commission's portal (DG TAXUD).

## *Revenue collection and protection of the financial interests*

### *Ensuring efficient revenue collection*

Enhancements in tax revenue administration are achieved through strengthening administrative resources and implementing more effective management practices for taxpayers' tax obligations.

The ongoing enhancement of services for taxpayers is monitored in line with contemporary standards of professional service delivery and quality assurance.

In accordance with the agreement reached at World Customs Organization level, annual updates are made to the explanatory notes of the Harmonized System, Opinions on goods classification, and the Compendium of Customs Valuation. These updates are anticipated to improve customs officials' efficiency and enhance the detection of irregularities.

In the activities to ensure efficient revenue collection, the principle of non-selectivity is adhered to, and efforts are made to reinforce capacities for effective action.

- **Promotion and facilitation of revenue collection procedures and customs and Excise debt securing**

#### **✚ Draft Rulebook for the write-off of outdated uncollectible claims**

A draft Rulebook has been prepared regarding the content, the procedures for customs record-keeping, and the write-off protocol for import duties and other taxes collected by the Customs Administration. The Rulebook should be submitted by the Ministry of Finance for its adoption.

Upon the adoption of this Rulebook, the longstanding issue of clearing outdated claims, persisting since 1999, will be resolved. It will establish a systematic process for the regular write-off of uncollectible debts.

- ✚ **Implementation of a CDEPS web service for electronic connection with the Central Registry for issuing certificates pursuant to Article 197 of the Law on Trade Companies**

The web service is implemented and tested. The functional application depends on the establishment of its application in the Central Registry.

The procedure of submitting a request for certificates from taxpayers is facilitated, saving time and costs.

#### ✚ Improvement of the Revenues (ARS) and guarantees (GMS) sub-systems of the Customs Declarations and Excise Document Processing System CDEPS

The new functionalities ensure a reduced number of requests for refund of erroneous payments by economic operators. Administrative procedures for the Customs Administration and for the economic operators are facilitated, by reducing costs.

#### ✚ Electronic management of guarantees (now the procedure of submitting requests for acceptance and approval of guarantees is carried out with paper documents)

Activities are ongoing for the introduction of an electronic procedure, through upgrade of the MEOS (System for Management of Approvals of Economic Operators). Launching is planned for the end of the second quarter of 2024.

**In the period January-December 2023, a total of 117,796.54 million denars of import and internal trade duties and taxes were collected, a decrease of 1.1%, i.e. a decrease of 1,357.2 million denars compared to the same period in 2022 when 119,153.78 million denars:**

- Customs duties - 9,077.3 million denars against 8,227.8 million denars collected in 2022 (increase of 10.3%)
- VAT - 73,272.0 million denars compared to 77,425.2 million denars charged in 2022 (decrease of -5.4%)
- MVT<sup>1</sup> - 2,166.3 million denars against 1,477.0 million denars collected in 2022 (increase of 46.7%)

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<sup>1</sup> Motor vehicle tax

- Excise duties – 32,432.8 million denars compared to 31,155.7 million denars collected in 2022 (an increase of 4.1%)
- Fees - 848.2 million denars compared to 868.0 million denars charged in 2022 (decrease of -2.3%)

The comparison of collected revenues to the number of employees of the Customs Administration reveals an average **revenue collection of 98,296,418.00 denars per employee.**

Throughout 2023, a total of 1,395 decisions were rendered for subsequent collection of customs debt, amounting to MKD 275,839,634.00. Of these decisions, 1,024 were initiated ex officio, totaling MKD 262,177,323.00, while 371 decisions were adopted upon requests of tax payers, totaling 13,662,311.00 denars.

#### ➤ Accreditation of the Customs Laboratory

The customs laboratory is being modernized with modern equipment and by introduction of new analytical methods, professional development of the competencies of the employees who perform laboratory analyzes for the purposes of correct classification of goods, correct calculation of excise duties and refund of paid duties.

The Customs Laboratory Manual of the World Customs Organization is also used, which indicates the best practical implementations, starting from organizational structure, categories of employees, use of the Laboratory's premises and available equipment, application of information systems, security measures, methods of preparation of samples for analysis, recommended analytical methods, manner of work and procedures for analysis reporting

Preparation activities for introduction of the ISO/IEC 17025:2017 standard - "General requirements for the competence of testing laboratories and calibration laboratories" continue:

- ✚ Harmonization of the Laboratory documentation with the new version of ISO 17025:2017 standard, development of a project for renovation of the Laboratory to meet the technical laboratory accreditation requirements and the approach to the needs of the Green Customs project



The documentation in the Laboratory is partially compliant with the new version of the standard (ISO 17025:2017).

Full harmonization of the documentation will be carried out after meeting the technical requirements of the accreditation standard (ISO 17025:2017).

#### ✚ Rationalization of procedures

The customs laboratory continuously practices regular training of customs officers on sampling for analysis in the customs laboratory.

Training for customs officers on the online databases SAMANCTA<sup>2</sup> and ECICS<sup>3</sup> was organised for easier recognition and classification of goods.

With its activity, the Customs Laboratory provides expert assistance and advice to other units in special procedures that are under the jurisdiction of the Customs Administration.

#### ✚ New analytical methods

A new "Method for testing sulfate ash in lubricating oils and additives - according to the Customs Tariff" has been introduced and is already being applied.

#### ✚ Training

##### ■ ECICS Working Group WEBEX Meeting - Update of the ECICS Database of Chemical Compounds

By participating in this meeting, the employees of the Customs Laboratory got acquainted with:

- the working method of the working group that manages the ECICS database,
- the need for a new approach to introducing new compounds into this database,
- introduction of CUS<sup>4</sup> number on each customs declaration and similar.

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<sup>2</sup> SAMANCTA - Sampling manual for customs and taxation authorities containing information and guidelines on sampling and handling samples for laboratory testing

<sup>3</sup> ECICS -European Customs Inventory of Chemical Substances is an information tool which allows users to: clearly and easily identify chemicals; classify them correctly and easily in the Combined Nomenclature; name them in all EU languages for regulation purposes.

- Attendance at the Third Symposium dedicated to oil and oil derivatives, organized by the equipment manufacturer - ROFA  
At this Symposium, the production program of this company was presented, which, in cooperation with PAC Instruments and Tannas & King (USA), has the opportunity to fully cover the area for testing oil products and oil derivatives.
- Attendance at the Eighth Seminar of the European Customs Laboratories  
At this Seminar, the latest trends for procurement of new instruments and the use of acceptable and more efficient methods (including the new method for testing the new marker in gas oils ACUTRACE), construction/renovation of new and sustainable customs laboratories with a special emphasis on Green Customs were presented.

**In the period January-December 2023, a total of 66 samples were received in the Customs Laboratory for laboratory analysis:**

- **In the first quarter of 2023, a total of 5 samples were analyzed:** 1 sample of food products, 3 samples of oil derivatives and 1 sample of small dried flower from organic hemp.  
The results of the analysis showed incorrect tariff classification in one case, with subsequent collection of MKD 40,192.
- **In the second quarter of 2023, a total of 5 samples were received,** all from oil derivatives. The results showed correct tariff classification. In 4 cases, during the examination of samples of petroleum products, although the tariff classification was correct, the Customs Laboratory Department submitted a letter to the Department for Control and Investigations and to the Customs Office Gevgelija (supplier of the samples) for the need to control the purpose for which such products are used, and informed other ministries (Ministry of Environment and Spatial Planning, State Market Inspectorate) and other competent institutions responsible for the environment and human health.
- **In the third quarter of 2023, a total of 23 samples were received:** 3 samples of food products, 18 samples of oil derivatives and 2 samples of

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<sup>4</sup> CUS -Customs Union and Statistics number - Identification number assigned to chemical products in the European Customs Inventory of Chemical Substances (ECICS) database. This number is used to track and identify chemical substances for customs and regulatory purposes in the European Union.

plastic. From the tests performed on 21 samples, no change in the tariff code was determined.

- **In the fourth quarter of 2023, a total of 33 samples were received:** 21 samples of oil derivatives, 10 samples of plastic masses and 2 samples of food products.

In one "fuel oil" sample, a deviation in one quality parameter was determined according to the national standard for fuel oil. The analysis of two samples in transit procedure reported as base oils resulted in amendment of the tariff code in diesel fuels.

In one sample of the food product "Frozen Bloody pork trimming 75/25" (taken in the previous quarter, with the results of a laboratory test in October), the tariff code was changed by analysis to a code with higher customs duties.

The tests for two new samples of food products taken in the fourth quarter did not result in a amendment of the tariff code, while the analysis of seven samples of plastic masses resulted in determined wrong tariff classification and the tariff code was changed.

- **Introduction of procedures and instruments for appropriate monitoring of excise goods and collection of excise duties**

Preparatory activities for introduction of Track & Trace system for excise goods (new system for tracking and tracing tobacco products inspired by similar systems utilized in EU member states) are underway. Initially introduced in 2019 for cigarettes and rolling tobacco, this system is should expand to cover all types of tobacco products at the EU level by May 2024. The primary objective of this system is to enable authorities to track the movement of legal tobacco products, thereby facilitating the identification of deviations leading to illicit market placement.

The implementation of this system promises to enhance the quality, accuracy, and comprehensiveness of data related to tobacco product monitoring. It will streamline reporting processes for all stakeholders involved in the tobacco trade, while also improving data management and analysis capabilities.

By enforcing this system, the turnover of non-compliant tobacco products will decrease, safeguarding both public health and the integrity of the national budget. Moreover, it will offer protection to legitimate economic operators. Currently, the following preparatory activities are underway:

- The EU Regulations related to the T&T system have been studied, as well as the available European blueprint documents that deal with the T&T system as an instrument in the fight against illegal trade in tobacco products.
- In May, a TAIEX Expert Mission on TRACK & TRACE System pursuant Tobacco Products Directive (2014/40/EU) was realized. Trainers were experts from Portugal and Belgium, who participated in the implementation of the Track&Trace system in their countries.

Establishment of an interinstitutional working group composed of representatives of the General Secretariat of the Government, the Ministry of Health, the Ministry of Agriculture, Forestry and Water Management, the Ministry of Foreign Affairs and the Customs Administration is in process.

In light of the implementation of the Track & Trace system for tobacco products, the Government has taken the initiative to establish a dedicated working group responsible for preparing the necessary activities to implement this system.

Simultaneously, the ratification process of the Protocol for the Elimination of Illicit Trade in Tobacco Products is underway.

The structured calendar for the annual increase of excise taxes on tobacco products, the introduction of a new Track & Trace system for tobacco products, alongside the actions conducted by the Control and Investigations Sector of the Customs Administration are significantly enhancing the suppression of illegal tobacco trade and ensuring greater protection of citizens' health. At the panel discussion titled "Taxation of Tobacco Products," held on 20<sup>th</sup> November as part of an event organized by the World Bank, it was emphasized that the activities and policies implemented by the Customs Administration serve as a significant link in the successful implementation of health tax reforms.

#### ➤ Tariff and non-tariff measures

Internationally harmonized nomenclature for tariff classification of goods provides solid grounds for simpler application of international agreements, analysis of the global economy for planning purposes in the domain of economic issues, politics and business operations, as well as for trade negotiations in international frameworks.

- ✚ Binding tariff information - in 2023, 255 pieces of binding tariff information were issued (out of a 668 valid in the last three years), for the following types of goods: motor oils, dietary supplements in the form of

tablets and powder, frozen pies unbaked and baked and other stuffed pasta, protein and fruit nutrition bars, food boxes, waterproof spert plates, instant coffee, juice production line, steam boiler, solar collector, border products intended as liquid for direct consumption, sandwiches, etc.

- ✚ **Binding origin information** – there are only 2 valid of the total 8 issued so far in the previous period.
- ✚ **Decisions on the classification of goods in accordance with the EU Combined Nomenclature** - in 2023, 4 Regulations amending the Regulation on the Classification of Certain Goods in the Combined Nomenclature were adopted, thus transposing a total of 12 Regulations of the EU Commission. The regulations refer to the classification of certain goods in the Combined Nomenclature, which were published in the Official Journal of the EU in the period from October 2022 to October 2023. They apply to the following types of goods: automobile set, plastic ring for aromatizing the air when drinking liquid and portable plastic toilet bowl, animal feed, vine kit, electronic cigarette atomizer, cooling pad and vitamin gummies, a set of small cups (4 cups) in fine porcelain, delicately glazed, decorated with numbers produced by artistic typography, a plate in fine porcelain, delicately glazed, decorated with letters produced by artistic typography and flat rolled sheets of non-alloy steel, width between 1 060 and 1 250 mm, wound on reels.

### *Strengthening medium-term budgeting for efficient and transparent of public finance management*

Efforts are underway to prioritize development projects aimed at modernization and alignment with European standards through the planned activities for medium-term budgeting and the enhancement of the public internal control system. The budget expenditure side is directed towards strategic priorities and processes associated with European integration, taking into consideration the general objectives (related policies), specific objectives (determined programmes) and results (related to sub-programmes).

The budget preparation phase (Budgeting process and financial responsibility), planning commences with the foundational scenario (fiscal projections pertinent to customary competencies) and new financing initiatives (new projects and new financial obligations, significant changes in project timelines and financial

frameworks, as well as legislative amendments with financial ramifications post-budget implementation).

High commitment is placed on greater financial responsibility by reducing current expenditures and adhering to established spending standards and defined allocation criteria:

1. Increasing the public finance efficiency and transparency;
2. Improving the budget process from an input-based budget to a result-oriented budget;
3. Provision of continuous support for improving the financial responsibility and capacity of the persons authorized to undertake financial obligations as the main beneficiaries of the approved budget funds;
4. Application of disciplined budget spending with an emphasis on restrictiveness and control of less productive expenses at the expense of increasing investments in capital projects and improving infrastructure;
5. Strengthening the system for public internal financial control in the Customs Administration.

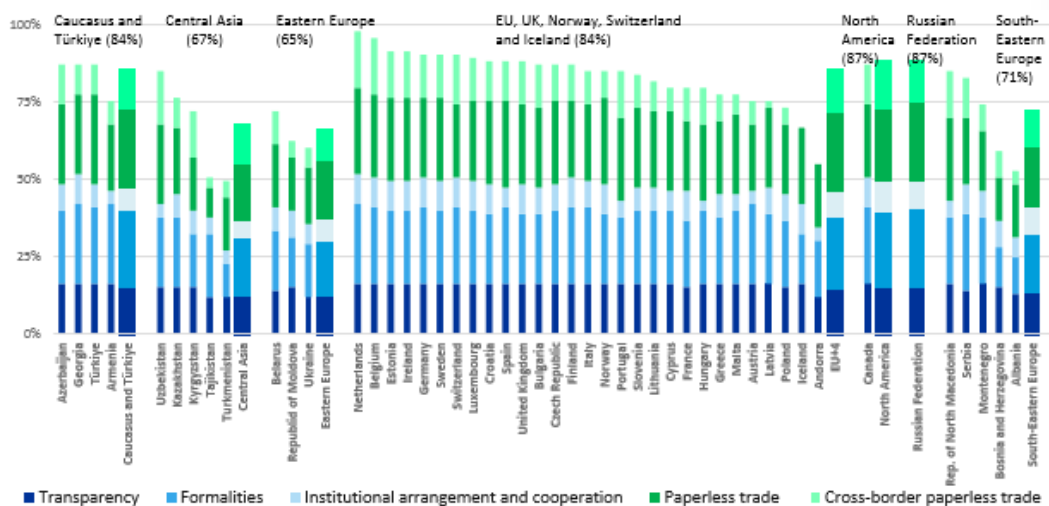
**At the end of 2023, a utilization rate of 93.23% was confirmed for the funds allocated on the expenditure side of the 2023 Budget, in accordance with the planned and approved allocations. Notably, the budget account demonstrates a utilization rate of 99.44%. Both customary activities and new projects have been effectively financed, aligning closely with the predetermined plans without any deviations.**

## ***Trade Facilitation***

### *Harmonization of the national customs legislation with the legislation and best practices of the European Union and additional automation of the procedures*

The UN Global Survey on Digital and Sustainable Trade Facilitation 2023 highlights the performance of countries worldwide concerning transparency, formalities, institutional arrangements, cooperation, paperless trade, and cross-border paperless trade. Notably, within the CEFTA framework and in our region,

North Macedonia stands out with the most commendable results, particularly in the area of cross-border paperless trade.



The European Commission's latest proposal for Customs reforms is paving the way for a vision of a European customs service centered on data and its efficient processing. This initiative aims to streamline customs procedures significantly, particularly benefiting economic operators with a track record of reliability in customs procedures. These operators are viewed as key partners in the ongoing efforts to simplify and modernize customs procedures. Through digital transformation, the cumbersome nature of current customs procedures is being addressed by shifting towards import surveillance driven by data management. This approach provides customs authorities with the means to assess and intercept the importation of goods deemed to pose a risk.

Furthermore, customs formalities are being adjusted to accommodate the modern dynamics of electronic commerce. This includes ensuring that customs duties and VAT are settled at the time of purchase, in line with environmental, safety, and ethical standards. Various measures implemented at EU level, including the development of online platforms through which goods can be procured while fully complying with customs regulations are followed.

Вкупен број на обработени декларации во 2023		УВОЗ	ИЗВОЗ	ТРАНЗИТ	Вкупно
<b>I ЦАРИНАРНИЦА СКОПЈЕ</b>					
МК001000	Ц-ца Скопје			6.123	6.123
МК001010	Скопје 1	82.497	30.239	20.942	133.678
МК001013	Скопје 3	41.444	4.611	9.253	55.308
МК001014	Скопје 4	25.989	7.078	12.268	45.335
МК001015	Скопје 2	57.269	21.802	17.595	96.666
МК001020	Слободна Зона - Скопје	20.448	11.280	4.330	36.058
МК001025	Пошта Скопје	4.672	202	1912	6.786
МК001050	Аеродром Скопје - Отсек стоково царинење	39.783	17.590	5.774	63.147
МК001051	Аеродром Скопје - Отсек за патнички промет	277	5	7.269	7.551
МК001071	Блаце - Отсек за патнички промет	42	51	20.418	20.511
МК001075	Блаце - Отсек за стоково царинење	11.884	19.318	968	32.170
МК001080	Тетово	11.028	3.756	2.882	17.666
МК001091	Јакинце	8	32	0	32
Вкупно Ц-ца СКОПЈЕ		295.341	115.964	109.734	521.039
<b>II ЦАРИНАРНИЦА КУМАНОВО</b>					
МК002010	Куманово	16.649	2.021	3.208	21.878
МК002021	Железничка станица Табановце	0	0	0	0
МК002030	Табановце автопат - Отсек стоково царинење	37.969	40.009	13.741	91.719
МК002031	Табановце автопат - Отсек патнички промет	2.171	396	102.622	105.189
МК002041	Пелинце	4	8	0	12
МК002050	Деве Баир - Отсек за за стоково царинење	12.076	2.921	1.868	16.865
МК002051	Деве Баир - Отсек за патнички промет	293	134	25.967	26.394
МК002061	Белановце-Станчич	464	0		464
Вкупно Ц-ца КУМАНОВО		69.626	45.489	147.406	262.521
<b>III ЦАРИНАРНИЦА ШТИП</b>					
МК003010	Штип	25.746	21.323	10.043	57.112
МК003030	Делчево - Отсек за стоково царинење	8.104	4.778	522	13.404
МК003031	Делчево - Отсек за патнички промет	431	185	5.413	6.029
МК003050	Велес	9.506	3.662	1.816	14.984
Вкупно Ц-ца ШТИП		43.787	29.948	17.794	91.529
<b>IV ЦАРИНАРНИЦА ГЕВГЕЛИЈА</b>					
МК004010	Богородица - Отсек за патнички промет	383	80	88.607	89.070
МК004020	Гевгелија	61.080	22.716	16.966	100.762
МК004021	Железничка станица Гевгелија	0	0	0	0
МК004031	Дојран	64	25	30.154	30.243
МК004040	Кавадарци	13.304	10.244	11.640	35.188
МК004050	Струмица	7.303	12.361	7.245	26.909
МК004060	Ново Село - Отсек за стоково царинење	6.761	1.814	57	8.632
МК004061	Ново Село - Отсек за патнички промет	77	73	7.059	7.209
Вкупно Ц-ца ГЕВГЕЛИЈА		88.972	47.313	161.728	298.013
<b>V ЦАРИНАРНИЦА БИТОЛА</b>					
МК005010	Битола	10.726	5.987	5.211	21.924
МК005020	Меџитлија - Отсек за стоково царинење	4.917	6.262	2.890	14.069
МК005021	Меџитлија - Отсек за патнички промет	113	28	2.612	2.753
МК005030	Прилеп	9.677	13.119	3.063	25.859
МК005040	Охрид	6.195	4.094	1.666	11.955
МК005010	Битола	10.726	5.987	5.211	21.924
МК005020	Меџитлија - Отсек за стоково царинење	4.917	6.262	2.890	14.069
МК005021	Меџитлија - Отсек за патнички промет	113	28	2.612	2.753
МК005030	Прилеп	9.677	13.119	3.063	25.859
МК005040	Охрид	6.195	4.094	1.666	11.955
МК005042	Аеродром Охрид	21	763	3	787
МК005051	Свети Наум	3	0	0	3
МК005060	Струга	9.162	3.242	1.474	13.878
МК005070	Кафасан - Отсек за стоково царинење	21.706	5.198	104	27.008
МК005071	Кафасан - Отсек за патнички промет	273	16	25.565	25.854
МК005081	Стење	51	0	21	72
МК005091	Блато	79	25	115	219
Вкупно Ц-ца БИТОЛА		62.923	38.734	42.724	144.381
Вкупно 2023		560.649	277.448	479.386	1.317.483



### *Customs declarations submitted by companies holders of Authorized Economic Operator Authorization– AEO*

Processed declarations submitted by authorized economic operators account for 36.57% of the total number of processed declarations. Import declarations account for 36.88% of the total number of import customs declarations for 2023. Export declarations account for 35.94% of the total number of export declarations for 2023.

#### IMPORT AND EXPORT DECLARATIONS PER CHANNELS (Q1-Q4 2023)

##### УВОЗ:

- Green channel import declarations in the first quarter account for 67.8% of the total number of processed import declarations, in the second quarter with 67.3%, in the third quarter with 66.7% and in the fourth quarter with 66.3%.
- Yellow channel import declarations in the first quarter account for 23.3% of the total number of processed import declarations, in the second quarter with 24.4%, in the third quarter with 25.6% and in the fourth quarter with 25%.
- Red channel import declarations in the first quarter account for 8.9% of the total number of processed import declarations, in the second quarter with 8.3%, in the third quarter with 7.7% and in the fourth quarter with 8.7%.

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##### ЕКСПОРТ:

- Green channel export declarations in the first quarter account for 97.2% of the total number of processed export declarations, in the second quarter with 97.9%, in the third quarter with 97.4% and in the fourth quarter with 98%.
- Yellow channel export declarations in the first quarter account for 1.9% of the total number of processed export declarations, in the second quarter with 1.9%, in the third quarter with 2.4% and in the fourth quarter with 1.7%.
- Red channel export declarations in the first quarter account for 1% percent of the total number of processed export declarations, in the second

quarter with 0.2%, in the third quarter with 0.3% and in the fourth quarter with 0.3%.

### Licenses issued via EXIM

In 2023, the competent institutions issued a total of 116,488 import, export and transit licenses via EXIM, with an average processing time for obtaining a permit of 0.5 days

### Number of freight motor vehicles

Throughout 2023, the border crossing points of the Republic of North Macedonia were crossed by a total of 1,351,638 freight motor vehicles. Among these, 847,211 lorries were fully laden, while 504,427 were empty. The majority of this traffic occurred at border crossings with Greece (402,104 freight motor vehicles- 221,289 full and 180,815 empty), and Serbia (382,336 freight motor vehicles - 309,964 full and 72,372 empty).

Number of freight motor vehicles crossing border																			
Type	Kosovo			Serbia			Bulgaria				Greece			Albania					
	B L A C E	J A Z O	T O V I E	T A B A N O L I C E	P E L I C E	T O H O L O	D E L I C I O	D E V E R E	H O B C O L O	T O D I L A B	B O G O R D I B A	M E D Z I J A N	D O J R A N	T O T A L	K J I F A N M	S V E T I M	S T E N J E	B L I T O	T O T A L
Entry																			
Loaded	27.733	0	27.733	139.695		139.695	5.782	54.129	12.578	72.489	107.091	33.285	37.118	177.494	41.365	0	0	92	41.457
Empty	89.697	4.000	93.697	21.520	316	21.836	6.904	5.642	9.793	22.339	18.525	4.133	4.283	26.941	20.813	60	798	2.144	23.815
Exit																			
Loaded	95.506	0	95.506	170.269		170.269	6.474	18.943	15.232	40.649	31.154	2.529	10.112	43.795	36.768	0	620	736	38.124
Empty	13.271	8.307	21.578	49.238	1298	50.536	10.851	32.304	15.720	58.875	100.597	33.495	19.782	153.874	29.938	37	193	768	30.936
Total																			
Loaded	123.239	0	123.239	309.964		309.964	12.256	73.072	27.810	113.138	138.245	35.814	47.230	221.289	78.133	0	620	828	79.581
Empty	102.968	12.307	115.275	70.758	1.614	72.372	17.755	37.946	25.513	81.214	119.122	37.628	24.065	180.815	50.751	97	991	2.912	54.751
Total loaded and empty per country			238.514			382.336				194.352				402.104					134.332
																			1.351.638

## Preparation of new and amendment of the existing legislation

### Customs-related legislation

#### Amendments to the Convention on a Common Transit Procedure

Amendments to the Convention on a common transit procedure have been prepared to ratify the Decisions of the Joint Commission. A draft Law on the Ratification of the Amendments is in parliament procedure.

### **Amendments to the Rulebook on the manner of completing the customs declaration and the book of codes used when completing the customs declaration**

A Rulebook supplementing the Rulebook on the manner of completing the customs declaration and the Book of Codes used when completing the customs declaration has been adopted, introducing codes for import and other duty relief on goods intended for the realization of projects and a code for accounting declaration.

Amendments to the Rulebook on the manner of completing the customs declaration and the book of codes used when completing the customs declaration are being prepared to ensure harmonization of the provisions for completing the transit declaration with the annexes of the Implementing Regulation and the Delegated Regulation of the Union.

Adoption of a **new Customs Law** regulating new digital procedures, new approvals, the right to a hearing when a negative decision is taken, new terms of customs procedures, new digital systems (alignment with the new Customs Law of the Union) is foreseen to be adopted by the end of 2024.

**Customs Law Implementing Regulation** laying down the conditions, criteria, deadlines for action pursuant the new Customs Law is foreseen to be adopted by the end of 2025.

**Guidelines for the implementation of the new Customs Law** will be prepared (for import, export, transit, guarantees, entry of goods into the customs area, etc.).

**Draft amendments to the Law on representation activities in customs procedures** have been prepared and submitted to the Ministry of Finance. This proposal aims to revise the commissions outlined in the law, establish conditions for renting border crossing facilities, simplify the process for obtaining a license for representation activities in customs procedures, enhance the clarity and effectiveness of the text, and address specific challenges encountered in its implementation.

A Strategy with an Action Plan for the promotion of the benefits to holders of AEO authorizations for the period 2024-2026 has been developed (with planned activities). This comprehensive plan outlines specific activities aimed at facilitating the granting of benefits, including streamlined control implementation, reduced documentary and physical requirements, and enhanced collaboration with other government agencies. These initiatives are crucial for promoting the advantages of the AEO programme and ensuring its success.

### *Excise related legislation*

In the fourth quarter of 2023, amendments to the Law on Excise Duties (Official Gazette No. 209/2023) entered into force, thus further aligning the excise related legislation with the European legislation in the area of excise duties.

The Law Amending the Law on Excise Duties refers to the area of tobacco products harmonizing the minimum total excise duty on cigarettes with the minimum in the EU, as well as harmonizing the minimum excise duty on smoking tobacco with the minimum amounts prescribed in the EU. These amendments derive from Council Directive (EU) 2011/64 of 21<sup>st</sup> June 2011 on the structure and amount of excise duty for tobacco products, which lays down the minimum amounts of excise duty for tobacco products.

The aligning of the minimum amounts of excise duty for tobacco products is carried out gradually, with the introduction of a new excise calendar according to which, the amount of excise duty on cigarettes and other tobacco products, as well as e-cigarette liquid, will be fully harmonized with the mentioned Directive by 2030.

Additionally, the articles of the Law on Excise Duties in the area on denatured alcohol have been adjusted, thus bringing them in line with Directive (EU) 2020/1151 of the Council of 29<sup>th</sup> July 2020 amending and supplementing Directive 92/83/EEC on the harmonization of the structures of excise duties on alcohol and alcoholic beverages. With these amendments, the provisions on the procedure of denaturing ethyl alcohol and its use are supplemented, the procedure for issuing preferential user approval is facilitated, the introduction of a herbal product for smoking by heating, which will be subject to excise duty regardless of whether it contains or does not contain nicotine is regulated.

In the section related to conducting misdemeanor proceedings, the misdemeanor related to excise duties were revised and their separation was carried out according to the severity of the misdemeanor.

In December 2023, a proposal was submitted to the Ministry of Finance to **amend and supplement the Rulebook on the manner of taxation with excise duty on alcohol and alcoholic beverages and tobacco products and the Rulebook on the manner of taxation with excise duty on energy and electricity.**

*Regulation of procedures with internal documents (preparation of new and revision of already existing Guidelines, procedures, instructions, manuals)*

#### Customs procedures

- **Amendment of the Guidelines for temporary storage of goods and summary declaration**

The possibility of debiting the bank guarantee for temporary storage with an amount corresponding to the total percentage of duties (import and other duties and taxes) is introduced, if the holder of the approval has a system and keeps records for the goods in temporary storage according to tariff codes. At the same time, the amendments concerning the approval and the procedure for the submitted request for amendment of the approval were further specified.

#### Excise procedures

- **Guidelines on excise goods movement**

The procedures for excise goods movement, the manner of completing the the electronic administrative document and the actions of traders and customs officers are regulated more closely.

- **Guidelines on refunding excise duty for marked gas oil and liquid petroleum gas used in industry and households**

The Guidelines regulate the manner and procedure implemented by the competent organizational units of the Customs Administration of the Republic of North Macedonia and the Commission for Ensuring Compliance with User Registration Conditions for Excise Duty Refund, when refunding part of the excise duty for marked gas oil used for

heating in households or in the process of production and liquefied petroleum gas (LPG) used as a fuel in the production process or as an addition to another mineral oil as a fuel in the industry to persons who have the right to refund part of the excise tax paid.

### Authorisations for simplified customs procedures

At the end of 2023 there were:

- 1,018 authorisations for representation in customs procedures (6 new/none revoked),
- 87 active authorisations for customs warehousing (6 new/none revoked),
- 161 inward processing authorisations (9 new/5 revoked),
- 14 outward processing authorisations (2 new/none revoked) and
- 76 authorisations for simplified procedures, of which 50 for simplified procedures at import and 57 for simplified procedures for export (1 new for simplified procedures at import/1 canceled for simplified procedures at export) and
- 172 authorisations for simplified procedure for proving origin (status of approved exporter, 144 active/4 new/28 revoked),
- 191 authorisations for simplified transit procedure, of which 8 are newly issued and 7 are revoked. Of these, 67 are authorised consignee authorizations (2 newly issued, none revoked). There are 39 authorised consignor (2 newly issued and 3 revoked). There are 85 comprehensive transit guarantee authorisations (4 newly issued and 4 revoked).

At the end of 2023, there were 62 excise licenses (2 new/none revoked),

- 5 authorisations for small independent breweries (no new/none revoked),
- 4 authorisations for small distilleries (1 new/none revoked),
- 208 authorisations for preferential user of excise goods (4 new/2 revoked),
- 2 authorisations for petroleum coke excise bonds (no new/none revoked) and
- 28 authorisations for farmers - small producers of spirits (8 new/none revoked),

- 101 authorisations for users of excise stamps (11 new/none revoked),
- 43 authorisations for distributors, wholesalers and retailers (5 new/none revoked),
- 269 excise tax refund authorisations (37 new/none revoked) and 17 traders with marked fuel (3 new/none revoked).

### ➤ Digitalized processes and services

Number of registered external users (total active and new 2023)

REGISTERED EXTERNAL USERS	2023	Number of users 2023	Q1	Q2	Q3	Q4	2023 / 22 +/-	Share
CDEPS		3.362	60	52	44	40	196	27%
EXIM		8.351	119	130	99	137	485	67%
NCTS		179	6	5	-8	1	4	1%
PEK		539	5	3	2	2	12	4%
<b>TOTAL</b>	<b>12.431</b>	<b>190</b>	<b>190</b>	<b>137</b>	<b>180</b>	<b>697</b>		

The activities for a higher level of automation have continued through development of new systems for interoperability with EU systems and systems from the national government domain:

- Development and implementation of changes to the New Computerized Transit System – Phase 5 and implementation of the new architecture of the Intercommunication System with European systems

Harmonization with the Union Customs Code needs to be carried out (transit declaration with a reduced data set, adjustments to the data from the Union Customs Code with alignments with the EU model of customs data, new rules regarding transit guarantees), to enable new IT connections (compliance with new requirements around registration of "en route" events, development of necessary interfaces with new support systems, development of a harmonized interface with new support systems), IT transition (development of an interface harmonized with AES- Automated export system, compliance with requirements for submitting transit declarations before placing the goods for inspection, transition between

NCTS phase 4 and NCTS phase 5 in terms of processing, message exchange and IT system operations).

The NCTS 5 development and implementation project officially started in late April 2023 with the signing of a contract with an external contractor. The Customs Administration prepared a National Implementation Project Plan which was revised with the Contractor in accordance with their project plan. The deadline for putting into production the new NCTS 5 is the fourth quarter of 2024.

The Customs Administration in cooperation with the contractor defined the Transit Strategy, after which the competent bodies of DG TAXUD were informed.

According to the analysis carried out for the necessary interfaces to connect NCTS 5 with other customs systems, the contractor together with the responsible Working Group is preparing the document for integrations with CDEPS, ITE and EXIM.

Connection of the Customs Administration with CCN/CSI, as well as ieCA & CTA CONF, systems needed to conduct the testing of the new system, has been established. After completing the installation of the new NCTS 5 system, the tests that are part of MODE1 will continue, followed by MODE2 and MODE3 tests.

Training for the use of NCTS 5 are planned for both customs officers, and economic operators.

The transition period at EU level ends in January 2025.

- **Development and implementation of the national domain of the Economic Operators Registration and Identification System (System EORI 2)** - facilitates the registration of economic operators referred to in Article 9 of the Union Customs Code of the Union and Unified Management of Users and Digital Certificates (UUM&DS – Provides digital identity management services and access for economic operators in the European Union) – preparation underway, technical specification drawn up;
- **Upgrade of the Integrated Tariff Environment (ITE) system**  
Under the annual contract for maintenance of the ITE system, as of September 2023 it was made possible to manage the privileges of the system users through the LDAP protocol (AD - active directory) of CU, to



connect the ITE system with AD of CA, as well as to modify the existing ones and creation of new roles in the system. A tool for creating an audit log at application level has been installed, which offers information on all activities (modification of data, deletion and creation of new data, including addresses where the user connected to the system from). The Module for managing samples of stamps, seals and signatories of customs authorities and other bodies participating in customs procedures has been put into operation, with adaptation of the module to the needs of Customs at national level. Preparation of Guidelines for the application of this module is underway. The Module for electronic submission of Request for Binding Tariff Information (BTA) and its integration with the customs declaration and excise document processing system (CDEPS) is being upgraded. New interfaces are created or changes and upgrades are made to the established interfaces for communication (web services) with other IT systems depending on the needs.

The system's security is monitored monthly, with reports detailing inspections, actions taken, and proposals for improvement. Additionally, consulting services are needed to develop or adapt modules of the ITE system to comply with the Customs Law of the Republic of North Macedonia and align with the European Union Customs Code.

#### **- Development and implementation of a new National Single Window system**

This system aims to streamline processes and data management for issuing permits related to cross-border movement of goods. It will adhere to EU standards and practices, incorporating relevant regulations and technical specifications.

By developing appropriate interfaces, the system is expected to effectively integrate national IT systems used by Customs and other government institutions. These systems encompass business processes associated with cross-border flow of goods.

Overall, the goal is to ensure more efficient communication between institutions and provision of many benefits for the business community regarding facilitation and acceleration of cross-border trade. The project is funded through a World Bank loan.

Following the successful blueprint completion in 2021, the project has entered its next phase, entailing the development and implementation of the system.

This phase began in January 2023, with the signing of the NSW Development and Implementation Technical Support Agreement with the selected consultancy consortium. The consultant will offer advisory services across all project phases.

Over the past year, extensive collaboration with the consulting consortium has focused on preparation of technical specification as part of the tender documentation for procurement of hardware and software solution for the system. Implementation of these solutions is scheduled for the first quarter of 2025. The procurement procedure is expected to be realized during 2024, and a contract will be concluded with the most favorable contractor. At the same time, in 2023, in cooperation with the consulting team, activities started for preparation of a new draft Law on the Establishment of the Single Window System, which will be the legal basis for its implementation and putting it into operation.

#### **- Implementation of the national domain of the Customs Declarations and Excise Documents Processing System (CDEPS)**

By enhancing the System for Customs Decisions, we aim to enable fully electronic submission and issuance of decision requests, along with attachment of necessary evidence and compliance with data requirements outlined in EU Customs Law. Additionally, new requirements and decisions, such as those for guarantees and authorised exporters, will be accommodated. Specifications for each requirement related to the Customs Decisions System are currently being prepared.

Changes to the System for Customs Decisions will also involve improvements to the Reference Data Management System and their integration to ensure thorough verification of conditions for issuing each specific decision.

By upgrading the MEOS (Economic Operators Approval Management System), efforts are underway to introduce electronic procedures which will allow for submission of applications for authorized exporter authorization, approval for accounting separation, and binding origin information. Commissioning is slated for 2024.

Furthermore, activities have commenced to upgrade the MEOS section pertaining to authorized economic operator authorizations. This includes

configuring a timer for "automatic acceptance of the AEO application" and introducing new actions and statuses for AEO authorizations.

### Upgrade of the Import and Export System in CDEPS

To align with EU best practices and further facilitate and speed up customs procedures, preparations are underway to upgrade the system for enabling post-completion changes to declarations. This includes implementing additional controls and enabling automatic allocation of quotas in cases of partial allocation.

- **Access to the e-POC application** (a tool developed by the European Union for digitalisation of proofs of origin and verification process specifically, movement certificates EUR.1).

This application will enable electronic certification of EUR.1 forms in the exporting country, with these electronic certificates being accepted in the importing country. Additionally, it facilitates the electronic exchange of correspondence concerning the verification of all proofs of origin in trade between the EU and regional countries.

Representatives from the CA regularly participate in meetings of the working group responsible for developing the e-POC system. These meetings involve presenting and reviewing documents pertinent to this project.

As outlined in the Feasibility study, the production launch of the e-POC system is scheduled for Q1 2027, at which point the Customs Administration will gain access to the system.

### Availability of IT systems

System		Total operational hours	Number of crashes	Crashes in hours	Percentage of crashes	Percentage of availability
CDEPS	<b>2023</b>	8,760	53	38.44	0,44%	99.56%
NCTS		8,760	16	3.53	0,04%	99.96%
ITE		8,760	1	0.5	0,01%	99.99%

EXIM		8,760	8	22.29	0,25%	99.75%
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### Reported incidents via Service Desk

In 2023, a total of 420 reports were filed for incidents related to hardware equipment and network issues, while 6,267 reports were lodged for software and business-related problems.

#### ➤ Modernized ICT Infrastructure

Plans are underway for the **development and implementation of a data warehouse**. The primary objective of this initiative is to establish a centralized database containing clear and high-quality data, serving as the foundation for effective decision-making processes and, ultimately, enhancing business operations within the Customs Administration to better safeguard the domestic market.

Funding for this project is provided through a grant from the Government of the Republic of Korea, following the signing of a Memorandum of Cooperation in October 2023.

Additionally, activities are ongoing to establish a **Disaster Recovery Data Center** to meet the necessary requirements and standards for data protection. This will ensure appropriate protection of systems against disasters and the seamless continuity of operations. The scope of this project encompasses all ICT systems within the Customs Administration. By early 2024, there are plans to relocate the System for processing declarations and excise documents to this secure facility.

The remote disaster recovery site has been constructed in Prilep and is under the management of the Ministry of Interior.

## Enhancing the Business Environment and Streamlining Trade Conditions

### *Regional economic cooperation*

#### ➤ Business environment that saves costs and time in trade

The Open Balkans initiative, consisting of North Macedonia, Albania, and Serbia, is focused on enhancing regional capacity and delivering tangible benefits to citizens

and businesses. This is achieved through strengthened economic collaboration and the promotion of freedom of movement for both people and goods.

Our country's primary objective in regional cooperation is to implement practical measures that enhance citizens' daily lives, remove barriers to facilitate smoother trade, attract more investments, increase human capital mobility, and expedite digitization and modernization efforts across the Western Balkans.

The complete digitization of customs operations holds significant importance in facilitating and expediting legal trade, ultimately enhancing companies' competitiveness in the global market. Insights from the "Advancement of Cooperation in the Digital Age" conference, held in Tirana from 8-9 November 2023, organized by the Customs Administration of Albania with the support of GIZ, underscored the need to enhance cooperation among border institutions in the Western Balkans. This serves as a key step toward closer integration and accession to the EU common market.

Our delegation, headed by Deputy Director Asani, presented the project for implementing the new National Single Window System. This system promises to revolutionize cross-border trade by facilitating faster and more efficient customs clearance processes, resulting in shortened clearance times, reduced costs for companies, and increased revenue collection.

During the presentation, special emphasis was placed on highlighting the benefits for companies holding the status of authorized economic operator.

### Implementation of joint projects and activities planned within CEFTA, the Open Balkans initiative or with bilateral agreements

#### 1. Mutual recognition of Authorized Economic Operator authorizations

At the end of 2023, there were a total of **27 valid authorized economic operator authorisations**. In 2023, 1 new authorisation was issued.

#### Authorized Economic Operator Framework Project

Within the AEO Framework project, CEFTA parties are encouraged to collaboratively embrace this concept and establish a reciprocal link between the AEO framework and the proposed system for implementing the Decision on Fruit and Vegetables Trade Facilitation.

Under the auspices of GIZ - the German Society for International Cooperation, the first regional conference on enhancing collaboration between Customs Administrations and Phyto-agencies within the Framework for Authorized Economic Operators (AEO) in CEFTA was convened in Valona in September 2022.

Subsequently, in May 2023, a follow-up regional meeting took place in Banja Luka, aiming to reinforce regional cooperation and foster better coordination between Customs Administrations and other governmental bodies under the Authorized Economic Operator programme. All CEFTA parties endorsed the establishment of a joint working group comprising of representatives from customs authorities, agencies, and approved AEO holders, marking a promising beginning to joint cooperation. The activities of this working group are currently underway, focusing on correctly appointing members and deputies, setting clear objectives, and adhering to deadlines to identify common ground and areas of collaboration between customs authorities and designated border agencies under the OEO section.

On 13<sup>th</sup> December, an event titled "Authorized Economic Operator (AEO) Concept: Role and participation of relevant state institutions in its application" was organized by the Customs Administration of the Republic of North Macedonia in collaboration with USAID Activity Partnerships for Economic Growth. The event aimed to elucidate the concept of an authorized economic operator and facilitate a deeper understanding among institutions about the goals and essence of the AEO concept. Moreover, in cooperation with the Customs Administration, it sought to explore avenues for enhancing cross-border movement for authorized economic operators.

#### CEFTA database on AEO holders

In June 2023, an inaugural meeting for the Project CEFTA Database for Authorized Economic Operator (AEO) authorisations was held. This project aims to develop and implement an IT system for the systematic exchange of data among CEFTA Parties, in line with the Additional Protocol 5 to the CEFTA Agreement and its technical annexes. It also seeks to harmonize relevant legal and regulatory requirements, providing technical assistance, support, and maintenance throughout the project's duration.

The CEFTA central AEO database will facilitate the sharing of AEO data and documents among customs administrations of CEFTA parties, enhancing their cooperation and leveraging the benefits of AEOs authorisation holders.

In mid-September 2023, a regional meeting of Customs Administrations from the CEFTA region was held in Budva. During the session, three draft documents were deliberated: the Data Exchange Protocol, Detailed Functional Requirements, and the Activity Report (Inception Report). The entire documentation on the system's performance will be submitted for review to Customs Administrations to ensure the successful implementation of the connection with national IT systems and to establish data exchange protocol between the central database of AEO records and the national systems of CEFTA parties.

In addition to notifying users directly, all changes in Authorized Economic Operator (AEO) statuses and additions will also be synchronized with the SEED+ platform.

The aim is to leverage the scope and capabilities of the SEED+ platform to enhance the efficiency of AEO information exchange. By integrating updated AEO data into the SEED+ platform, customs officers who already have access to this database, will receive immediate notifications regarding changes in AEO statuses. This eliminates the need for customs officers to individually access the central AEO database to verify AEO statuses, thereby streamlining their procedures.

The database has already been established, and data sharing and entry have been completed. Furthermore, administrators and users have undergone training to ensure proficient use of the system.

## 2. Expanded network of **green corridors**, with 24/7 availability and introduction of green corridors with the EU

Green corridors make it possible to facilitate transport of goods and are viewed as a mechanism for supporting business operations, through the introduction of electronic services and systematic exchange of electronic data (SEED+), which leads to a transition to paperless documentation and enhancing trade efficiency. It is also a concept of closer cooperation with the European Union.

Data<sup>5</sup> from the first half of 2023 indicates that the implementation of green corridors within the CEFTA framework has resulted in an average reduction of waiting time at the border by 10 minutes per truck. This translates to a saving of 5,459 days compared to 2022.

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<sup>5</sup> <https://cefta.int/news/cefta-transport-community-green-lanes-with-the-eu-mark-first-year-of-implementation/>

Efforts are underway to explore opportunities for further expanding the Green Corridors, particularly towards EU countries, with a focus on Bulgaria.

3. Introduction of **joint border controls** at selected border crossings and reduction of waiting time at border crossing points to 70% of the current waiting time

#### *Border crossings with Serbia*

In June 2023, extensive reconstruction and expansion work were undertaken on the interspace paved areas at the Tabanovce – Preševo border crossing point, including the addition of lanes at the border line itself. These efforts aimed to enhance visibility and improve traffic flow at the Tabanovce - Preševo border crossing point.

Similarly, in June 2022, significant infrastructural improvements were made at the Tabanovce - Preševo border crossing. These enhancements not only improved the working conditions but also allowed border police officers from both countries to operate simultaneously in two separate booths, thereby accelerating the processing of passenger and cargo vehicles, particularly during peak tourist seasons.

The installation of separate booths for police officers enabled simultaneous registration of two vehicles, significantly reducing processing times. Additionally, the widened lanes in the interspace provided greater maneuverability for incoming and outgoing vehicle traffic.

Despite the high volume of tourists during the summer period, all available booths or lanes were consistently staffed by police officers from both countries, ensuring a continuous and expedited flow of traffic.

Regarding cargo traffic, the current flow is subject to carrier rushes and varies based on the day of the week, particularly during morning hours when carriers queue to access the terminal. Notably, widening the existing lanes to accommodate two lanes during lane-change for weighing is crucial. This expansion addresses a bottleneck issue during morning entry, as carriers hesitate to enter due to prolonged wait times at the terminal, which is charged after 3-4 hour stay. Additionally, customs clearance for goods is available from 07:00 to 19:00. Before this year's summer season, a solution was implemented by adding another lane for unrestricted access to the scales. One or two scales are operational as needed. This infrastructural upgrade has significantly accelerated cargo vehicle flow, allowing trucks to enter the customs terminal promptly. As of the third quarter of 2023, approximately 266,000 trucks have entered and exited the country, averaging nearly 1,000 trucks (entry/exit) every 24 hours.



Establishing effective signaling for precise vehicle alignment is imperative for more efficient, high-quality, and priority processing. This is especially important with the presence of authorized economic operators who should receive top priority at border crossings for all services, both upon entry and exit from the state.

### *Border Crossings with Albania*

In July 2023, the infrastructure implementation protocol was signed, paving the way for infrastructure readiness for the operation of the Joint Border Crossings Agreement at Kjafasan and designating facilities for use by border services at both Kjafasan and Qaftane crossings. As of 31<sup>st</sup> July 2023, the Joint Border Crossings Agreement between Albania and Macedonia is fully operational.

Customs procedures on the side of the Republic of North Macedonia are running smoothly, thanks to well-established infrastructure and organized arrangements. Customs procedures commence and conclude seamlessly on both sides of the border. Furthermore, in December 2023, new booths were installed for border police and customs officers of North Macedonia and Albania at Kjafasan, improving working conditions for both countries' services.

However, customs procedures on the Republic of Albania's side face some challenges due to infrastructure and procedural arrangements. During a joint meeting of the two Customs services on 21<sup>st</sup> August 2023, the participants agreed that relocating Macedonian Customs to the initial control point would significantly enhance customs procedures, facilitating a faster flow of goods and passengers, and enabling the activation of weighbridge of the Albanian Customs.

### *Border crossings with Kosovo*

Activities are currently underway to establish a One Stop Shop at BCP Blace. The proposed Agreement between North Macedonia and Kosovo on joint border crossing points Blace/Hani Elizit and Jajince/Globocica has been harmonized with Kosovo. Following its signing and ratification in the parliament of the Republic of North Macedonia, the Agreement has proceeded to the parliament of Kosovo for ratification. Subsequently, negotiations, drafting, and signing of the implementation protocols will be undertaken to facilitate the practical application of the Agreement.

As per the agreed control method, customs and border controls at BCP Blace/Hani Elizit will be conducted on the territory of North Macedonia at Blace, while customs and border controls at the joint BCP Jajince/Globocica will take place on the territory of Kosovo in Globocica.

#### **4. Expanded and improved application of risk management within CEFTA according to the 2020-2024 CEFTA Risk Management Strategy and systematic exchange of electronic data (SEED) to all agencies involved in customs clearance of goods**

The Subcommittee on Customs and Rules of Origin of CEFTA, convened in November 2023, approved the draft Decision to establish an electronic system aimed at facilitating risk management within CEFTA. This decision encompasses the adoption of common risk profiles, data exchange from control reports, and swift alarm mechanisms.

Within the SEED system, dedicated modules have been developed to accommodate common risk profiles, facilitate data exchange from control reports, and enable rapid alerts.

Activities to establish information exchange through the SEED system among CEFTA parties not sharing a border have continued. This included the harmonization of a Memorandum between the Customs Administrations of the Republic of North Macedonia and Montenegro, with its signing anticipated.

Furthermore, from 3rd May to 2nd June 2023, the third joint action involving Customs and phytosanitary services of CEFTA parties was conducted, focusing on control of wooden packaging materials. This initiative led to the implementation of appropriate risk profiles in the systems and daily monitoring of activities, including the number of controls conducted and any identified irregularities, all recorded within the SEED system.

Within 4th-22nd December 2023, the Fourth joint action was conducted between the customs services of CEFTA parties to scrutinize the customs value of children's toys imported from China. This initiative led to the implementation of appropriate risk profiles within the systems and daily monitoring of activities, including the number of conducted controls and any identified irregularities, all of which were logged into the SEED system.

Furthermore, owing to the implementation of green corridors and the CEFTA SEED electronic data exchange system, border waiting times in CEFTA have been significantly reduced to 7 minutes per truck compared to 2022. This translates to a remarkable 20-year reduction in waiting time when considering the total number of border crossings throughout the CEFTA region in 2023. The digitization of

processes and enhancement of transport infrastructure not only contribute to time savings at border crossings but also strengthen economic ties with the EU.<sup>6</sup>

- 5. Introduction of a regional e-commerce market by adopting the key harmonized rules and principles of the internal market**, by facilitating the customs clearance of shipments and overcoming the practice of limited access (geo-blocking)\

#### Sharing electronic advanced data (EAD)

On 29th and 30th March, a Regional Workshop on "Sharing Electronic Advanced Data (EAD)" between customs authorities and postal operators within CEFTA parties was convened in Sarajevo. The workshop, organized by the German Society for International Cooperation (GIZ), aimed to facilitate the exchange of electronic advanced data (EAD) on postal items at the CEFTA level.

The primary objective is to make EAD exchange mandatory for both postal and express mail shipments. This entails utilizing existing infrastructure for data exchange and conducting thorough risk analyses in advance.

Customs authorities are tasked with ensuring that their existing systems have the technical capacity to receive and process data from digital CN23 forms, converting them into a format acceptable to customs authorities.

Pilot projects will be implemented to establish a legal framework for data exchange at the shipment level between postal services and customs authorities. This will be accomplished through mechanisms such as Memoranda of Understanding (MoU) and bilateral or multilateral data exchange agreements.

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<sup>6</sup> <https://cefta.int/news/transport-connectivity-and-green-lanes-are-vital-for-enhancing-the-trade-within-cefta-and-between-cefta-and-eu-meeting-between-the-acting-director-of-the-cefta-secretariat-danijela-gacevic-and-minist/>

## *Protection of the society*

The daily activities, operations and reform processes are based on the recommendations for elevated European standards towards which the European Union customs services tend to and which serve as the cornerstone for future planning endeavors: new approach to data management, emphasizing enhanced exchange mechanisms and more effective use for risk management purposes (higher-quality data from commercial sources), a comprehensive framework for cooperation, revised concept of Authorized Economic Operator, and establishing a novel framework of responsibility and trust known as the ABC model (Authorized, Bonded, or subject to greater Control), facilitating electronic trade while ensuring appropriate controls, package of measures for Green Customs practices, and enhanced capacities of customs services to undertake a myriad of missions effectively.

In terms of the protective role of Customs, the landscape is constantly evolving, demanding adaptability and vigilance. There are greater expectations for ensuring security against threats such as explosives, weaponry, dual-use goods, narcotics, and their precursors. Compliance with security standards for traded goods, including adherence to phytosanitary and medical regulations, remains paramount. Equally important is the combatting of illicit trade in tobacco products, curbing the circulation of unreported cash, preventing the trafficking of cultural heritage items, and adequately safeguarding intellectual property rights.

### **Suppression of illegal trade and organized crime**

Collaborative efforts are underway to enhance capabilities in combating organized crime. These initiatives include: advanced electronic recording and information exchange both domestically and internationally, modernization of border control equipment, procurement of new technological tools for video surveillance and the enhancement of mobility and rapid response facilities.

**2023-2026 Customs Risk Management Strategy and Action Plan for its implementation** were adopted in May 2023. The strategy covers the key objectives for dealing with customs related risks, with the main goal of achieving a quality, comprehensive, effective and efficient approach to risk management. The strategy establishes the main strategic priorities:

- Strengthening the capacity of employees for risk management;
- Improving data quality and information support for efficient risk management;
- Provision, availability and sharing of risk management data, cooperation between institutions and international cooperation;
- Effective control system based on risk management, advance assessment, control where necessary;
- Promotion of cooperation with the business community in order to facilitate and speed up legal trade.

In October 2023, the following were adopted:

- **2023-2027 Strategy for the prevention of unauthorized trade in narcotics, drugs that threaten human health**, with a 2023-2024 Action Plan for its implementation, including implementing measures in line with the new challenges in preventing smuggling of narcotics;
- **2023-2027 Strategy for the prevention of illicit trade in firearms and ammunition** with a 2023-2024 Action Plan for its implementation, which implements the conclusions of the National Strategy for Small Arms and Light Weapons adopted in March 2023.

### Coordinated investigative and intelligence activities within the framework of electronic work processes

#### - Controls and Investigations Management System (CIMS)

The introduction of the new integrated information system within the Control and Investigations Sector aims to digitize various work processes associated with control activities, investigative procedures, intelligence operations, risk management, and other functions within the Customs Administration. This system will replace existing applications, expand coverage to previously untouched areas, standardize data, integrate processes, enhance traceability, and refine operational protocols. Preparation of project documentation is underway in collaboration with the Delegation of the European Union (DEU). A procurement procedure is planned for announcement by the DEU in the first quarter of 2024.

The new integrated information system in the Department of Control and Investigations will enable electronic coverage of work processes related to control activities, investigative actions, intelligence activities, risk

management and other competencies of the Department of Control and Investigations in the Customs Administration, related to controls. The new information system should replace the existing applications that cover certain segments of the operation, cover processes that have not been covered by the existing applications, harmonization and standardization of data, integration of processes, traceability of objects, improvement of operational procedures.

The documentation for the implementation of the project is being prepared in cooperation with the Delegation of the European Union. A procurement procedure is expected to be published by DEU in the first quarter of 2024.

- **Procurement of two applications IBM i2 Analyst Notebook concurrent User license + Software subscription & Support 12 (with usage training)**

The i2 Analyst's Notebook data analysis application facilitates swift gathering and structuring of information, providing analysts with a visual analysis tool for rapid comprehension. By offering a cohesive overview, it expedites the creation of an integrated, intelligent understanding of cases.

This application consolidates and enhances vast and varied datasets, presenting a coherent and logical depiction of individuals, locations, organizations, events, and more. It furnishes researchers and analysts with a cutting-edge workspace to enhance hypothesis exploration and reveal insights, patterns, and concealed relationships through a comprehensive 360° perspective. Employing secure information and case management protocols, it ensures thorough segregation and safe collaboration.

Under the auspices of the Council of Europe and the European Union, customs officers from the Financial Investigations Unit have been trained on how to use the application. Basic training was conducted in May 2023, aimed at enhancing the outcomes of financial investigations.

**In the period January - December 2023, the Financial Investigation Unit conducted 20 financial investigations against 22 individuals and 12 legal entities. In 18 cases, the financial investigation was conducted in parallel with the activities of the units investigating the predicative work (parallel investigations).**

- **Implementation of the activity "Efficient management of statistical data system at national level" (special objective 3, measure 1 of the**

## National Strategy for Combating Money Laundering and Terrorist Financing 2021-2024)

The Track Record Project is in its final stages. A tender procedure has been opened by the Delegation of the European Union, which is the contracting authority and funder of the project.

### - Establishment of data exchange services with other institutions

Based on concluded agreements and memoranda, the Customs Administration through its Financial Investigation Unit exchanges electronic data with the Employment Agency, the Pension and Disability Insurance Fund, the Ministry of Internal Affairs works, the Ministry of Information Society and Administration - Central Population Register, the Ministry of Justice, the Administration for Keeping Registers, the Real Estate Cadastre Agency, the Central Registry, the Health Insurance Fund, the Public Revenue Administration, the Financial Police Administration and the Administration for financial intelligence through the **Interoperability Platform** that is actively used for the exchange of data between institutions at national level.

Separate memoranda of cooperation were concluded with the Financial Police Authority and the National Security Agency. A protocol for cooperation in the area of seized goods in misdemeanor, criminal and administrative procedure was also signed with the Agency for management of seized property.

The Customs Administration has also signed memoranda and protocols for cooperation and data exchange with commercial banks operating on the territory of our country, which will enable fast expedited and streamlined access to banking transaction data pertaining to both individuals and legal entities. Progress is underway in establishing technical connections with the banks.

In September, based on feedback from experts in the Republic of Slovenia, amendments were made in the Procedure for conducting financial investigations, which the Financial Investigation Unit of the Investigations Department acts upon.

The Financial Investigations Unit actively participated in a workshop organized by the Financial Intelligence Authority, focused on developing the new National Risk Assessment of Money Laundering and Terrorist Financing. In the upcoming period, the Financial Investigation Unit is

anticipated to play a proactive role in preparing the National Risk Assessment for money laundering and terrorist financing.

The Customs Administration also participates in the work of the National Commission for Monitoring the Implementation of the Strategy for Strengthening the Capacities for Conducting Financial Investigations and Confiscation of Property for the Period of 2021-2023. The Second Report on the Strategy's Activities Implemented in the Period of April-December 2022 has been prepared and submitted to the Government.

At a Government session, the Information on the Second Report was adopted with adoption of proposed conclusions.

In September 2023, amendments were made to the Criminal Code in the section on extended confiscation, customs fraud and unauthorized manufacturing, possession, mediation and trade in weapons and explosives.

In November 2023, a meeting of the National Commission for Monitoring the Implementation of the Strategy for Strengthening the Capacities for Conducting Financial Investigations and Property Confiscation for the Period 2021-2023 was held, at which a Conclusion was adopted for the development of a new Strategy for strengthening the capacities for conducting financial investigations and confiscation of property for the period 2024 - 2028. This process will be carried out with the technical and administrative assistance of the German Society for International Cooperation (GIZ).

The Financial Investigations Unit also participates in the work of the Institutional Network for the Protection of the Financial Interests of the European Union in the Republic of North Macedonia (AFKOS Network).

In December 2023, a meeting of the Advisory Body was held in the premises of the Financial Intelligence Authority, to discuss the preparation of the Action Plan for the implementation of the recommendations given by the Moneyval<sup>7</sup> Committee Report, as well as the preparation of the Roadmap for the implementation of a national assessment of the risks of money laundering and terrorist financing.

### **Border Interagency Unit**

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<sup>7</sup> Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (Council of Europe body )



The **Border Interagency Unit (BIU)**, established with the support of UNODOC<sup>8</sup> and in cooperation with the World Customs Organization and Interpol operates at the Skopje International Airport according to standards and principles of selectivity of passengers, luggage and cargo at the airports in the Republic of North Macedonia. Its aim is suppression of drug smuggling, terrorism, illegal migration and other forms of organized crime. The BIU, which started working in April last year is composed of 7 customs inspectors and 7 police officers. For the successful implementation of the goals and tasks, numerous trainings have been organized for representatives from the Customs Administration and the Ministry of Interior to strengthen the capacities for exchange, processing and analysis of information about passengers, baggage and cargo (for passengers using air transport) between state authorities and other international institutions.

On 27.02.2023, a Memorandum of Cooperation for the Implementation of the Airport Communication Project (AIRCOP) and the Container Control Program (CCP) was signed between the Ministry of Interior and the Customs Administration, regulating the status of the BIU and the manner of the operation of the unit.

Standard Operating Procedures have been prepared by the working group of the Ministry of Interior and the Customs Administration, as well as the agreement between these two institutions for the expansion of INTERPOL's systems and databases.

Using the information and data exchange systems of the World Customs Organization, the BIU is connected with 44 countries where such joint units have been established.

As a result, the authorities uncovered a smuggling incident involving approximately 700 grams of jewelry valued at around 3,000 euros. The case has been transferred to CO Airport for further investigation.

Additionally, in another case, a passenger attempting to illegally transport approximately 4 kilograms of jewelry out of our country was detected.

Furthermore, a notable discovery involved the seizure of 184 Bonds with a nominal value of 500,000 US dollars each, totaling 92 million US dollars.

Investigative activities are also ongoing in relation to the discovery of forged British visas and residence permits which have been discovered on travellers, nationals of Turkey, who intend to attempt to gain entry to the UK illegally.

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<sup>8</sup> United Nations Office on Drugs and Crime - UNODC

All cases of violations of the law are referred by the BIU to the competent investigative services of the CA or the Ministry of the Interior.

In the reporting period, an evaluation mission for the implementation of the UNODC project was carried out by independent authorized evaluators, which resulted in excellent evaluations for the operation of the BIU.

Technical refurbishing of the office was done by establishing monitoring of the video surveillance system of the Border Police, as well as establishing authorized entry of all 14 officers of the BIU into the I247 system of INTERPOL, with which the Customs Administration gained access to the official bases of INTERPOL for the first time.

BIU representative participated at the annual meeting of the UNODC Management Board, held in November in Vienna - Austria, where the progress in the implementation of the project was emphasized, with the highest marks.

The second phase of the project, which will begin in April 2024 and will last until 2028 was also presented, whereby, in addition to strengthening the unit's capacities, processing will also begin at the Ohrid International Airport.

In December, the BIU took part in a INTERPOL global coordinated action, together with the units for the suppression of illegal narcotic drug trade at the Ministry of the Interior and the Customs mobile teams. The primary targets were international airports and the suppression of drug smuggling, with emphasis on Latin American countries, and within the EMPACT process of Interpol.

### Sector for special investigative measures

The Sector for Special Investigative Measures is a new organizational unit in the Customs Administration. Activities for putting the Sector's facilities into operation (equipment, staffing and professional training) are underway.

Out of 30 job positions in Sector for Special Investigative Measures, 4 (four) job positions have been filled: Assistant Director, operator, marking inspector and senior inspector reproducer.

The following by-laws have been prepared:

1. Guidelines on the operation of the Sector for Special Investigative Measures in the Customs Administration of the Republic of North Macedonia (draft);

2. Procedure on acting when initiating and effectuating special investigative measure order "monitoring and recording of telephone and other electronic communications" in the Customs Administration (draft);
3. Operational processes pursuant the Guidelines on the internal control system of the Customs Administration.

Cooperation with the Operational-Technical Agency (OTA) has been established and activities have been agreed in the area of providing appropriate equipment needed for the implementation of special investigative measures, as well as training of SSIM employees, necessary for the smooth execution of work tasks and obligations.

SSIM employees participated in a training

In cooperation with the United Kingdom Embassy, training on operating handling of drones was carried out and a donation of 2 (two) drones was provided for the needs of the Sector for Special Investigative Measures.

#### Coordinated actions to suppress the gray economy

In the reporting period, in joint actions with the Ministry of Interior, the State Market Inspectorate and the Public Revenue Office, controls were carried out at green markets and sales outlets in Skopje specializing in hookah smoking equipment. These controls resulted in the seizure of a significant quantity of contraband items, including 547 kilograms of chopped smoking tobacco, 2,534 electronic cigarettes, 494 kilograms of hookah tobacco, and 28,580 cigarettes. These items were found to be lacking proper payment of excise duties.

In the period from January to December 2023, the Investigations Department, in collaboration with the Ministry of Interior, the State Market Inspectorate, the Public Revenue Office and the State Environment Inspectorate conducted numerous inspections concerning automobile salvage yards on the territory of Skopje. These controls unveiled multiple violations of the law, particularly regarding the entry of foreign passenger motor vehicles on our country's territory and their circulation without payment of requisite customs duties. A total of 70 passenger motor vehicles were identified during these inspections, having been released into circulation without fulfilling the necessary customs duty obligations. Corresponding reports have been filed with the appropriate prosecutor's office for further action.

In the reporting period the Investigations Department, in cooperation with the Ministry of Interior, the State Market Inspectorate, the Public Revenue Office and the Postal Agency conducted several inspections of express mail couriers within the Skopje region. These inspections uncovered various violations of legal regulations concerning the entry of goods into our country's territory and the release of shipments without the payment of customs duties. Notable findings from these inspections include the discovery and seizure of 60.85 kilograms of hookah tobacco, 521 kilograms of chopped smoking tobacco, 47 units of perfumes, toilet waters, and shampoos, as well as 142 packages of various types of slimming tea and nutritional supplements. It was determined that these goods were released into circulation without prior payment of customs duties. Accordingly, appropriate reports have been submitted to the relevant authorities for further action.

#### *Verification of documents under mutual administrative assistance in customs matters*

In 2023, the Investigations Department issued 180 requests to verify proofs of origin issued by foreign customs authorities. Among the 43 responses received, 56% yielded negative results, prompting decisions for the collection of customs debt totaling MKD 1.361.820,00.

Regarding the subsequent verification of proofs of origin issued by Macedonian customs authorities, initiated upon requests from foreign customs authorities, the Investigations Department received 65 such requests in 2023. Responses detailing inspection outcomes were provided to foreign customs authorities for 45 of these requests.

In 2023, the Investigations Department received 11 requests for administrative assistance from foreign customs services. Subsequently, it conducted verifications of documents attached to export and transit declarations. Based on these verifications, an irregularity was detected in one case, leading to the initiation of a misdemeanor procedure before the competent misdemeanor authority.

The Investigations Department conducts subsequent verification of value declared in invoices attached at import into our country. In 2023, the department sent 79 requests to foreign customs authorities. 22 responses were received, one of which

revealed that the transport costs, which is part of the customs duty calculation base was omitted in the import customs declarations duties due to varying parities. Subsequently, an additional audit was initiated within the legal entity to rectify the omission and facilitate the recording and collection of any outstanding debt.

### *Post-clearance control*

In 2023, the Customs Administration conducted:

- 118 post-clearance controls of companies, with 44 findings of irregularities. Evaded duties were determined in the total amount of about 19.14 million denars;
- 84 control of users of LPG as fuel or users of marked mineral oils. There were 30 findings with established irregularities
- 27 authorisations- excise permit holders, wholesalers and retailers of mineral oils authorisations, with 17 findings of irregularities including about 1.54 million denars of evaded duties;
- 19 combined controls (external and customs control) resulting in 7 findings of irregularities and determined evaded duties in total amount of about 9.32 million denars.

### *Control of holders of authorizations for simplified customs procedures*

The Units for Supervision of Authorization Holders (USHA), situated within each regional customs office, conduct assessments to ensure compliance with the specified requirements for holding authorizations for simplified procedures once every two years.

In 2023, USHA Kumanovo conducted 4 documentary inspections of holders of authorisations for simplified customs procedures, with no identified deviations or non-compliance issues.

According to the procedure for conducting field controls of authorization holders, the **Units for Supervision of Holders of Authorization (USHA) conducted a total of 278 field controls of authorization holders**. USHA Shtip conducted 93 regular controls of authorizations for procedures with economic effect and holders of authorizations for temporary storage of goods. USHA Bitola carried out 31 controls of authorizations for procedures with economic effect. USHA Kumanovo conducted 2 field controls of holders of authorizations for simplified procedures. USHA

Gevgelija conducted 23 controls of holders of authorizations for procedures with economic effect, during which two customs violations were detected and fines were imposed. USHA Skopje conducted 129 field controls of holders of authorizations for procedures with economic effect and holders of authorizations for temporary storage of goods, with 13 irregularities found and established customs violations, resulting in imposed fines.

In the majority of the inspections conducted, no violations subject to customs fines and mandatory penalties were detected. In cases involving some authorization holders, specific recommendations were provided instead.

The customs offices carried out a total of 3,179 inspections of authorization holders for simplified customs procedures. Among these, CO Prilep completed 116 inspections without any identified deviations or non-compliance issues. CO Veles conducted 22 inspections of goods undergoing local customs clearance procedures, with no irregularities detected. CO Shtip conducted 345 inspections of authorization holders for simplified procedures in local customs clearance, also without detecting any irregularities. CO Strumica and CO Gevgelija each conducted 60 and 23 inspections, respectively, with no irregularities found.

CO Kavadarci performed 103 inspections of authorization holders for simplified procedures in local customs clearance, again without detecting any irregularities. CO Skopje 1 completed 576 inspections, revealing two irregularities. CO Skopje 2 conducted 902 inspections without any identified irregularities. CO Skopje 3 and CO Tetovo each carried out 39 and 16 inspections, respectively, without detecting any irregularities.

CO Skopje 4 completed 36 inspections, finding two irregularities. CO Airport Skopje conducted 607 inspections, revealing two irregularities. CO Free Zone carried out 258 inspections, identifying five irregularities. CO Tabanovce and CO Deve Bair each completed 34 and 4 inspections, respectively, without detecting any irregularities. Finally, CO Kumanovo conducted 38 inspections without finding any irregularities in authorization holders for simplified procedures in local customs clearance.

### Physical controls

In 2023, physical inspections were conducted on 13.2% of customs declarations for both export and import. Among these inspections, irregularities were detected in 32% of the declarations.

For export, physical inspections were conducted on 0.7% of customs declarations, with irregularities found in 1.8% of the inspected declarations.

For import, physical inspections were conducted on 19.5% of customs declarations, and irregularities were discovered in 32.5% of these inspected declarations.

### Passenger traffic controls

In 2023, a comprehensive total of 47,570 controls were conducted in passenger traffic, distributed as follows: 12,347 checks in the first quarter, 12,402 in the second quarter, 11,663 in the third quarter, and 11,158 in the fourth quarter. The controls targeted various modes of transportation, including 10,816 passengers, 23,822 passenger vehicles, 1,619 buses, 10,971 trucks, 92 planes, and 250 trains.

During the first quarter, out of 12,347 total controls, irregularities were detected in 290 cases, accounting for 2.23% of the total controls.

In the second quarter, out of 12,402 total controls, irregularities were found in 159 cases, representing 1.28% of the total controls.

During the third quarter, out of 11,663 total controls, irregularities were identified in 230 cases, comprising 1.97% of the total controls.

In the fourth quarter, out of 11,158 total controls, irregularities were found in 147 cases, making up 1.32% of the total controls.

Type of detected irregularity during passenger traffic controls in 2023				
	Q1	Q2	Q3	Q4
<b>TOTAL</b>	<b>290</b>	<b>159</b>	<b>230</b>	<b>147</b>
Foreign currency reports	6	/	6	9
Customs misdemeanors reports	42	43	50	59
Criminal charges	7	3	7	9
Violation of IPR reports	3	/	3	1
On-the-spot fines	232	112	164	69
Statements on forfeiture of assets	/	1	/	/

In 2023, there were a total of 247 instances of seizure involving various goods.

Larger seizures	January-December 2023
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Goods	Total cases	Total quantity
Narcotics – Marijuana (kg)	3	105.4179 kg
Narcotics – Cocaine (kg)	1	0.0059 kg
Precursors	1	126 l
Counterfeits (IPR violation, in pcs)	10	9,863
Cigarettes and cigars (pcs)	25	104,700
Other tobacco goods – cut tobacco, hookah( (kg)	37	18,316 kg tobacco
Hookah aroma (pcs)	1	145
Electronic cigarettes (pcs)	4	3,344
Alcohol (l)	4	597
Foreign currency	22	400,815 EUR 15,050 AUD 1,890,000 LEK
Foreign currency – Bonds 184 x 500.000 USD	1	92,000,000 USD
Gold (kg)	3	43.53
Hazardous substances (Montreal) - Refrigerant containers (pcs)	2	1.350
Pharmaceuticals (pcs)	4	66.127 and 17 boxes
Supplements (pcs)	4	797
Weapons (1 gun CZ and 1 flare gun)	2	2
Ammunition (15 9mm bullets, 140 signal cartridges and 200 detonation plugs)	2	355
Weapons' spare parts	1	1

### Notable seizures

Individual cases of significant seizures occurred, among which the most notable was the interception of illegal trade involving 4 tons of pills and gel for oral potency enhancement. This included 48 thousand boxes of Oral Jelly (100 ml gel for oral use of Kamagra), 10,530 strips containing 100 mg Kamagra tablets, and 7,000 boxes of 100 mg and 150 mg Cenforce tablets. The total value of these seized goods amounted to 41.7 million denars, posing health risks to citizens.



During detailed inspection of the goods, customs inspectors from the Sector for Control and Investigations discovered that the company importing the goods lacked a valid authorization for wholesale trading in drugs and medical devices. Furthermore, the product in question was identified as a medicine not listed in the Register of Medicines maintained by the Agency for Medicines and Medical Devices of the Republic of North Macedonia, and it was declared under a different classification.

### Smuggling of gold jewelry

As a result of a coordinated action based on intelligence, an attempt to smuggle gold jewelry worth 2.3 million euros was prevented.

On 20<sup>th</sup> March 2023, a Serbian national who intended to avoid customs control arrived at the Skopje International Airport on a flight from Istanbul. He headed towards the green corridor where passengers who have nothing to declare for customs control pass by.

The customs officers, who previously received information that there is a suspicion that the passenger may be smuggling gold, selected him for a detailed customs control. During the search of the person and his luggage, backpack and suitcase, 43,127 kilograms of various gold jewelry were found, with an estimated value of around 2.3 million euros.

### Prevention of unauthorized entry/exit of illegal migrants

In 2023, authorities detected 4 instances of illegal migrants leaving the country, 16 instances of illegal migrants entering the country (4 cases), and 4 instances of migrants found within the country's territory (1 case).

### Criminal charges filed

In 2023, **criminal charges** were filed for a total of 52 cases, **against 16 legal entities and 60 individuals** for:

- Smuggling (Art. 278 of the Criminal Code) - 14 cases of criminal charges brought against 15 individuals;
- Customs fraud (Art. 278-a of the CC) - 4 cases of criminal charges brought, against 3 legal and 5 individuals;

- Concealment of goods subject to smuggling and customs fraud (Art. 278-b of the CC) - 10 cases of criminal charges brought against 1 legal and 10 individuals;
- Excise tax evasion (Art. 279 of the CC) - 8 cases of criminal charges brought against 4 legal and 9 individuals;
- Unauthorized production and trade in narcotic drugs, psychotropic substances and precursors (Art. 215 of the CC) - 5 cases of criminal charges brought against 7 individuals;
- Falsification of documents (Art. 378 of the CC) - 2 cases of criminal charges brought against 2 individuals;
- Illicit trade (Art. 277 of the CC) - 2 cases of criminal charges brought, against 2 legal and 2 individuals;
- Forgery of money (Art. 268 of the CC) - 1 case of criminal charges brought, against 1 individual;
- Violation of industrial property rights (Art. 285 of the CC) - 3 cases of criminal charges brought against 3 legal entities and 3 individuals;
- Fraud (Art. 247 of the CC) - 1 case of criminal charges brought against 1 legal entity and 3 individuals;
- Use of a document with untrue content (Art. 380 of the CC) - 1 cases of criminal charges brought, against 2 legal entities and 2 individuals;
- Unauthorized production, possession, brokering and trading of weapons or explosive substances (Art. 396 of the CC) - 1 case of criminal charges brought against 1 individual;

In 2022, criminal charges were brought for a total of 32 cases against 45 individuals and 13 legal entities.

#### Initiated misdemeanor proceedings (Customs Houses)

In 2023, a combined total of 1,845 reports of customs misdemeanors were documented, comprising 636 reports concerning individuals and 1,209 reports related to legal entities. Fines were subsequently imposed, totaling 138,579 euros. This sum included 26,400.5 euros for individuals, 92,749.5 euros for legal entities, and 19,429 euros for responsible persons. The successful collection of misdemeanor fines amounted to a total of 92,914.5 euros, distributed as follows: 21,545.5 euros from individuals, 57,592.5 euros from legal entities, and 13,776.5 euros from responsible persons.

Note: The difference between the amounts of imposed and collected misdemeanor fines arises from the provision in article 264 point 8 of the Customs Law. This stipulates that offenders who pay the fine within eight days of receiving and signing the misdemeanor payment order are entitled to pay only half of the imposed fine.

Upon failure to meet the payment deadline, requests for misdemeanor proceedings are forwarded to the Department for Misdemeanor Procedure.

#### Misdemeanor proceedings handled by the Department for Misdemeanor Proceedings – Commission on Misdemeanors

Misdemeanor proceedings are conducted by a misdemeanor authority of the Customs Administration - Department for Misdemeanor Procedure - Commission on Misdemeanors.

In 2023, the Department for Misdemeanor Procedure recorded a total of 1,746 cases. This marks a significant increase from the 489 cases recorded in 2022, with the workload more than tripling. Out of the cases registered in 2023, 1,716 involved customs misdemeanors, 12 involved foreign exchange misdemeanors, and 18 involved excise misdemeanors.

During the same year, the Department for Misdemeanor Procedure, specifically the Commission responsible for misdemeanors at the Customs Administration, resolved a total of 1,144 cases. This included 1,088 cases in regular procedure and 56 cases in repeated procedure. Fines were imposed, totaling 97,111.00 euros. Further details regarding misdemeanor cases by quarter are provided in the table below.

Misdemeanor cases	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Regular procedure	99	422	472	87
Repeated procedure	8	3	3	42
Total resolved misdemeanor cases	107	425	475	129
Total amount of fines imposed (in EUR)	20.380,00	31.931,00	24.825,00	19.975,00

The 658 unresolved cases registered in 2023 were submitted to the Department for Misdemeanor Procedure in November and December. These cases involve perpetrators engaging in multiple instances of the same offense during the same

time period, utilizing the same ongoing relationship. Consequently, a decision will be made to consolidate these cases into joint proceedings, resulting in a single misdemeanor sanction.

### Participation in International Operations

The customs officers actively participated in the following international operations:

- Operation **CLAUDIUS II, WESTERN BALKANS**, carried out in two operational phases from 08.05.2023 to 14.05.2023 and from 29.05.2023 to 04.06.2023, organized by HMRC, aimed at preventing all types of cross-border crime with a particular focus on cash, tobacco and tobacco products and drugs.
- Operation **ARTEFACT**, carried out at the border crossing point Tabanovce Motorway and the surrounding archaeological sites within 28.03.-03.04.2023, organized, focused on prevention and detection of illegal trade, mining and smuggling of cultural goods. The operation was organized by the DCAF office in Ljubljana under the Project "Countering Serious Crime in the Western Balkans IPA 2019" and coordinated by the Ministry of Interior of our country.
- Operation **LAKE 2022/2023** from 05.05.2023 to 28.05.2023, organized and coordinated by EUROPOL and focused on fight against illegal trade in European eel babies (*Anguilla anguilla*), also known as glass eels, protected under Appendix II of the Convention on the International Trade in Endangered Species - CITES.
- Operation **DEMETER IX** (01.10 - 31.10.2023), organized by the World Customs Organization (WCO) focused on illegal shipments of all types of waste (plastic and electronic waste) and substances controlled under the Montreal Protocol - ozone depleting substances (ODS), hydrofluorocarbons (HFCs).
- Operation **THUNDER 2023**, carried out in the period from 02.10.2023 to 27.10.2023, organized by INTERPOL and the World Customs Organization (WCO), focused on preventing illegal trade in wild flora and fauna (live or dead wild animals and plants and their parts and trophies, various cosmetic and food products containing protected species found on CITES lists, as well as other products made from parts of protected species) and forest-related crime.
- Operation **STOP III**, conducted in the period from 04.12.2023 to 15.12.2023, organized and coordinated by the World Customs Organization, focused on

fake or substandard medicines, as well as on all other products for daily consumption that may violate intellectual property rights (IPR).

- Joint Police-Customs action **Joint Action Day South East Europe 2023** (JAD SEE 2023), carried out in the period from 13.11.2023 to 18.11.2023, organized by EUROPOL within the framework of the EMPACT FIREARMS initiative, directed against illegal trade and smuggling of firearms and ammunition, illicit drug trafficking and illegal migration.
- Operation **ARMSTRONG 2023**, conducted in the period from 27.11.2023 to 01.12.2023, organized within the EMPACT FIREARMS 2022-2025 initiative of EUROPOL, focused on combating the illegal trade in weapons, weapon parts and ammunition, in postal shipments and express shipments.

The Customs Administration of North Macedonia is part of the GLOBAL SHIELD international project organized by the World Customs Organization, which is focused on monitoring the import and export of chemicals and other products that can be used to make explosive devices. Within the scope of the project, the Customs Administration regularly submits monthly reports on imports and exports of such chemicals and products through the "CENcomm2" platform for this project.

### Protection of Intellectual property Rights

To activate the Intellectual Property Rights (IPR) module within the electronic Customs Declarations and Excise Document Processing System (CDEPS), testing was conducted on the Management of Economic Operators (MEOS) module. This involved the submission of requests for customs actions and the IPR module, which records cases of goods seized due to intellectual property rights violations. These electronic modules will facilitate electronic submission of customs action requests by rights holders and streamline communication with Customs Administration units regarding seized goods.

Through ongoing collaboration with representatives of trademark rights holders, regular training sessions are conducted to keep customs officers up-to-date regarding emerging trends in counterfeiting. These training sessions have been held in Skopje, Veles, and various customs offices.

**In 2023, a total of 30 new applications for customs actions to protect intellectual property rights were accepted.** At the end of December 2023, there are 181 active applications, encompassing 1,008 trademarks for which protection has been sought.

From January to December 2023, a total of 29,336 goods were seized due to suspected intellectual property rights violations, in a total of 28 cases. Violations were identified for 15 trademarks, with 9,863 goods confirmed by rights holders as infringing intellectual property rights.

The structure of the goods infringing an intellectual property right:

- 4,843 pieces of clothing
- 4,980 pieces of children's toys
- 34 pieces of sunglasses
- 2 pieces of women's bags
- 4 pieces of footwear

Counterfeit products mostly originate from Turkey and China.

#### Other prohibitions and restrictions

To ensure the comprehensive implementation of the Basel Convention for controlling the transboundary transfer of hazardous waste, meetings were convened with the Ministry of Environment and Spatial Planning. The objective was to delineate the necessary steps and methodologies for executing this initiative. With the endorsement of the Ministry of Internal Affairs and Communications, the Customs Administration will enforce the Basel Convention in alignment with its integration into the EU's TARIC systems.

Moreover, the Customs Administration is actively engaged in upgrading the transport permits module within the EXIM system. As part of this upgrade, a draft amendment to the Instructions for the application of the Law on transportation in road traffic has been formulated. This is aimed at enhancing control measures by operational officials and facilitating electronic inspections of transportation. It entails utilizing the web service of the Ministry of Transport and Communications and implementing electronic records based on attached documentation in the Information System for processing data in electronic form and electronic signature during import, export, and transit procedures of goods (EXIM).

The Customs Administration adheres to the restrictive measures published in the Official Gazette of the Republic of North Macedonia. Customs officers at both border and internal customs branches are regularly briefed on these measures as

per internal protocols. Following the introduction of restrictive measures concerning the military aggression against Ukraine, economic operators and customs agents pose daily inquiries regarding sanctions application. Due to the absence of consolidated national-level texts following certain decisions, the European Union's sanctions map (<https://www.sanctionsmap.eu/#/main>) is frequently consulted for guidance. Additionally, electronic systems integrated with EU restrictive measures are utilized for reference.

The Customs Administration took part in:

- Workshop on prevention of unauthorized export of sensitive technologies, held from 03.19-02.21.2023 in Ljubljana - Slovenia;
- Regional workshop on the latest Regulation (EU) 2021/821 of the European Parliament and of the Council of the EU of May 20, 2021 establishing a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items;
- Regional workshop focused on the practical implementation of legal changes by EU Member States and EU P2P partner countries that already have or are implementing the same control principles in their latest legislation. Given that a new Law on Export Control of Dual-Use Goods and Technologies is being drafted in our country, the workshop had space for open discussions, exchange of good practices and questions to resolve all open issues and challenges related to the draft version of the law.
- Summer University, EU P2P (Partner-to-Partner) Export Control Program for Dual-use Goods, which took place from July 3-7, 2023 in Barcelona ;
- Meeting with the co-rapporteurs for our country to join the Wassenaar Arrangement (Wassenaar Arrangement - WA) from Poland and Austria, held on October 3-4, 2023;
- Legal aid workshop to advance the process of harmonizing the legislation of the Republic of North Macedonia with the EU Dual Use Regulation (2021/821), i.e. to ensure compliance with the regulatory framework established by the European Union.

#### Other conservation efforts focused on nature preservation

Under the project "Enhancing Capacities for Natura 2000 and CITES" activities are underway for implementation of EU directives for nature protection

(including the Habitats Directive and Birds Directive) as well as adhering to the CITES Regulation governing international trade in endangered species of wild fauna and flora.

At national level, a working group has been established, with participation from the Customs Administration, specifically in the CITES component. The objective is to ensure full alignment of national legislation with EU regulations and the CITES Convention on International Trade in Endangered Species of Wild Fauna and Flora. This entails reviewing existing laws governing nature protection and drafting new or revised legislation.

To facilitate trade permits, specialized software is being developed. Draft versions of the Law on Cross-Border Movement and Trade in Wild Species, along with accompanying by-laws, have been prepared and submitted for review by relevant authorities.

As part of the project, training sessions are planned for stakeholders involved in issuing permits for cross-border trade in wild species, as well as for authorities responsible for control and inspection supervision. To date, three training sessions have been conducted.

## *Organizational and infrastructural development*

### Professional and efficient public administration

#### Enhancing the system for human resources management

Throughout 2023, the Customs Administration maintained a steadfast commitment to promoting and advancing human resources management, recognizing the pivotal role of personnel in achieving strategic objectives for EU integration and enhancing institutional efficiency.

By the end of 2023, the Customs Administration had a total of 1,181 employees. 2 of them hold official positions (Director General and Deputy Director), 1,177 are customs officers in accordance with the Law on Customs Administration, and 2 individuals were classified as workers as per the Law on Labor Relations.



Regarding professional qualifications, the workforce comprised 4 employees are PhD holders, 74 master's degree holders, 697 are University diploma holders, 8 college diploma holders, 394 employees have secondary education qualifications, and 4 individuals with other educational backgrounds. Notably, 66.5% of the Customs Administration staff hold higher education credentials.

In 2023, the following acts and regulations regarding human resources management were adopted:

- Rulebook amending the Rulebook on the systematization of the job posts in the Customs Administration;
- Rulebook amending the Rulebook on the organization and work of the Customs Administration;

The amendment of the Rulebooks on the systematization of job posts and of the organization and work in the Customs Administration refer to the introduction of a new organizational unit, the Department for an electronic Single Window System within the Sector for Customs System.

- New Collective Labour Agreement of the Customs Administration, which increased the benefits of the customs officers and brought compliance with the Minimum Wage Law, which led to an salary increase of the employees of the Customs Administration.

New Collective Labour Agreement of the Customs Administration, with which the customs officers' salary is increased by 10% in order to comply with the new General Collective Labour Agreement.

During 2022, the ERP (Customs Administration Resource Planning System) and HRM (Human Resource Management System) underwent upgrades utilizing modern technological tools for software development. This upgrade facilitated the application to operate on three levels based on service-oriented architecture. Effective from 1<sup>st</sup> January 2023, all business processes began operational use. This enhancement of the Human Resources module within the system fulfilled one of the envisaged strategic objectives.

### Recruitment

In the period January - December 2023, there was 1 new recruitment in the Customs Administration for an indefinite period and 4 new recruitments for a fixed period for the fiscal year 2023.

One appointment was made by the Government of Macedonia, to the position of Director General of the Customs Administration.

A recruitment procedure for 6 new recruits was conducted based on an Agreement for taking over of employees.

In the same period, the Department for Human Resources Management conducted 46 internal calls based on which a total of 69 customs officers were promoted.

Pursuant to the Law on Customs Administration, the employer changed the status of 65 employees from workers to customs officers, and for this purpose an amendment was made to the Rulebooks for the systematization of job posts in the Customs Administration, where the jobs to which employees are promoted are systematized.

In the period January to December 2023, the Customs Administration undertook several initiatives to enhance its capacities, streamline processes, and improve selected customs procedures. Specifically, in the reporting period, 36 customs officers were temporarily promoted, while 47 were promoted for an indefinite period. Additionally, 2 customs officers received recognition for their university degrees, 21 were deployed as per orders, and 79 were temporarily assigned to other duties. A total of 182 decisions were made for the redeployment of customs officers.

In 2023, six employees were suspended from their positions pending the conclusion of legal proceedings and other related procedures.

In alignment with efforts to combat corruption, the Customs Administration carried out periodic deployments of 129 customs officials across various Customs Houses, including Skopje, Kumanovo, Gevgelija, Shtip, and Bitola.

### Disciplinary procedures

In 2023, the Customs Administration conducted 23 disciplinary procedures, of which ten (10) were stopped as unfounded. After a report submitted to the line manager, for five (5) customs officers the line manager has ruled through a given rationale that he will not initiate disciplinary proceedings. For eight (8) customs officers liability has been established and they have been punished with a 15% salary reduction for a period of 6 months, 4 months, 3 months, 2 months and 1 month.

The employment contracts of six (6) customs officers were cancelled.

### Termination of employment

In 2023, the Customs Administration adopted 28 decisions on termination of employment on the basis of old-age pension, 6 decisions on termination of employment on the basis of resignation from the Customs Administration, 10 decisions on termination of employment at the request of the employees and 6 decisions for termination of employment after death.

### Training

Throughout 2023, the Customs Administration conducted **193 training sessions**, engaging **3,411 participants**. On average, each employee received training for a duration of 19 hours and 45 minutes.

841 employees, constituting 71.27% of the total staff (1,180), participated in at least one training session.

In 2023, customs officers had the opportunity to enhance their competencies in document and goods examination through virtual reality equipment, donated by the World Customs Organization.

For the first time, the Customs Administration independently organized a short training for managers, during which the heads of customs offices got acquainted with fundamental management terminology. This training will serve as the basis for creating a comprehensive program that will be mandatory for every middle level manager in the Customs Administration.

Beyond internal staff training, the Customs Administration also extended its educational efforts to service users, including:

- Two prior training sessions aimed at candidates for representatives in customs procedures with a total of 38 participants,
- A presentation titled "Refund of excise duties through the Customs Declaration and Excise Document Processing System (CDEPS)," attended by 30 participants.

### Labour union's activities

**The Customs' Branch of the Union of the Workers in Administration, Judicial Bodies and Citizens' Associations - UPOZ** is dedicated to continually improving workers' rights and enhancing working conditions. It

operates within its mandate to ensure quality work conducted with dignity. Through active participation in UPOZ's activities, the Customs Branch has played a pivotal role in shaping key legislation such as the Law on Public Sector Employees and the Law on Administrative Servants. Thanks to its advocacy and input, significant improvements have been achieved for public sector employees, including those within the Customs Administration.

. The Customs Branch of UPOZ has been instrumental in amending and ratifying a new Collective Labour Agreement. This agreement includes provisions for salary increases by a defined percentage, wage supplements, higher allowances for night and shift work, paid home duty, annual leave allowances (K-15), employer-provided employee insurance, increased annual leave days, alignment of customs officers' salaries with minimum wage increments, and various other benefits for all Customs Administration employees.

Since its establishment, the Independent Labour Union of the Customs Administration (ILUCA) has been dedicated to enhancing working conditions, fostering a positive social environment, and promoting ethnic and social unity among all Customs Administration employees.

In 2023, ILUCA actively participated in aligning the Customs Administration's Collective Agreement with both the Law on the Customs Administration and the General Branch Labour Agreement for Public Sector Employees. These efforts resulted in the signing of a new Collective Labour Agreement, which not only improved the economic situation of Customs Administration employees but also granted them additional rights and enhanced social protection.

Furthermore, in 2023, ILUCA allocated funds for collective and life insurance for its members, provided solidarity aid for members and their immediate families during prolonged sick leave or in the event of the death of a union member or their family member. Additionally, ILUCA organized various activities to commemorate occasions such as the International Women's Day and provided Christmas presents for children. The union also contributed towards the expenses of organized excursions abroad and supported other relevant activities.

### Implementation of Anti-corruption Measures and Deveopment of Regulatory Systems

The focus lies on fostering integrity, which is now recognized as a collection of positive behaviors crucial for maintaining honest and ethical work environments.

Adherence to service standards is imperative, ensuring that customer and participant expectations in customs procedures are consistently met.

The fight against corruption within the Customs sector must be resolute to safeguard international trade and the global economy. It aims to prevent the emergence of detrimental outcomes such as less revenues, unrealistic prices posing unfair competition to domestic industries, undervaluation of goods, and incorrect tariff classification in import and export processes.

Empirical evidence and research underscore that when corruption compromises border control, particularly in cases involving illegal and hazardous commodities criminal activities intensify leaving enduring repercussions.

Strategic activities (Integrity Strategy):

1. **Implementation of a new video surveillance system, integrated and System for automatic number plate recognition (CCTV&ANPR)** - with the possibility of selecting and providing recorded material for the needs of the Customs Administration's unit, but also of external institutions that work on the problem of suppression of crime and corruption;

In September 2023, a contract was signed for procurement of Video Surveillance System, integrated with a system for automatic number plate recognition. With the implementation of the new equipment, detailed, high-quality and timely information will be obtained, which will be used for further analysis and the achievement of the ultimate goal: fight against illegal trade and crime, protection of the financial interests of the state, protection of the safety and health of citizens.

2. **Introduction of a system for body cameras for customs officers at border crossings** - procurement and installation of equipment that will record all the activities of customs officers on duty at border crossings;
3. **Improvement of the system of mandatory redeployment** – periodic redeployment of customs officers in the Customs Houses;
4. **Harmonization of the records of asset declarations and declarations of interests with the Law on Prevention of Corruption and Conflict of Interest;**

5. Enhancement of procedures and determination of the work and activities that are in conflict with the duty of the customs officials (from NSPCCI<sup>9</sup> 2021-2025);
6. Enhancement of the procedure for more effective detection and proof of criminal acts committed by customs officers (from NSPCCI 2021-2025);
7. Reduction of discretionary powers in all segments of customs operations;
8. Campaign to prevent corruption and conflict of interest through printing and distribution of brochures, posters and social media.

89 internal investigations were initiated in 2023 based on the Sector for Professional Responsibility's Action Plan, various sources including complaints, reports from the customs line 197 and information provided by heads of organizational units and employees within the Customs Administration. Among these investigations, **12 reports identified irregularities in the conduct of customs officers**. Furthermore, with a focus on adherence to legal provisions, by-laws, and operational directives of the Customs Administration, **66 internal controls** were executed during the same period. Within these controls, **27 reports noted irregularities in the actions of customs officers**.

2023/month	Internal investigations	Irregularities	Internal controls	Irregularities
January	16	1	4	2
February	9	1	6	2
March	6	/	7	5
April	9	/	6	2
May	5	1	5	2
June	5	/	7	3
July	5	1	5	1
August	7	3	4	2
September	3	/	6	2
October	10	2	6	3
November	8	/	5	/
December	6	3	5	3
<b>Total:</b>	<b>89</b>	<b>12</b>	<b>66</b>	<b>27</b>

<sup>9</sup> National Strategy for the Prevention of Corruption and Conflict of Interest

In accordance with the requirement stipulated in the employment contract with the Customs Administration, or upon termination of the employment contract, customs officers are obligated to furnish a completed asset declaration to the Sector for Professional Responsibility. In the reporting period, the following submissions were recorded: **93 customs officers submitted asset declaration sheets, 52 customs officers submitted property status change forms, 56 customs officers submitted statement of interests.**

2023/month	Asset declaration sheets	Property status change forms	Statement of interests
January	4	4	2
February	48	6	40
March	/	6	/
April	5	1	2
May	4	4	1
June	3	2	4
July	8	4	3
August	4	5	1
September	8	3	2
October	1	3	1
November	3	4	/
December	5	10	/
<b>Total:</b>	<b>93</b>	<b>52</b>	<b>56</b>

A new Register of risk points in customs operations susceptible to corruption was revised and prepared for the period January - March 2023, April - June 2023, July - September 2023 and October - December 2023, as a useful tool for permanently and efficiently dealing with possible violations of the customs legislation through internal controls, and therefore also for the prevention of corruption.

#### Modernization of the border crossing infrastructure

Ensuring the safety and modernization of road infrastructure remains a top national priority, aiming to enhance citizen safety, bolster the economy, and streamline transportation and logistics timelines. Of particular strategic importance is the east-west connection with the Republics of Albania and Bulgaria.

Currently, our focus is on:

1. Enhancing service quality and optimizing working conditions for economic operators and customs officers by upgrading border crossing infrastructure.
2. Implementing an automated terminal management system at border crossings for smoother operations.
3. Upgrading equipment by replacing outdated items and installing new ones, such as weigh bridges, aggregates, and ramps.
4. Enhancing energy efficiency in buildings.
5. Retrofitting existing cooling and heating systems with eco-friendly alternatives.
6. Installing equipment panels to generate electricity at Customs Administration facilities.

*Ongoing projects for reconstruction of border crossing points and terminals:*

*Instrument for Pre-Accession Assistance (IPA) supported projects:*

- Project "Development of border infrastructure between R. North Macedonia and the Republic of Greece, equipping and modernizing BCP Bogorodica and BCP Star Dojran"

The project has been successfully executed, resulting in the procurement and installation of a digital weighbridge at the entrance in the country on BCP Bogorodica. One of the significant advantages of this project is the opportunity it provides for exchanging experiences and fostering collaboration established over the years with customs authorities from other countries, including Estonia and the Republic of Greece.

- Project "Construction of BCP Markova Noga" (financed under the IPA 3 national programme – 2021)

The project is carried out in collaboration with the Delegation of the European Union and the United Nations Development Program (UNDP). The signing of a financing agreement between the EU Delegation in Skopje and UNDP is anticipated, marking the commencement of construction for the crossing. This border crossing point is expected to be operational by the end of 2025. The Customs Administration has met all



necessary requirements for the project's realization, including obtaining a construction permit for the crossing's construction.

- Project for the reconstruction of BCP Delchevo (financed under the IPA 3 national programme – 2021 - Grant)

The project encompasses renovation of the administrative building and reconstruction of the border zone. For the realization of the project, the Customs Administration will become beneficiary of a Direct Grant from the European Commission (through the DEU) for project implementation, primarily using internal resources. Planning and project documentation for the border crossing's reconstruction were prepared and refined throughout 2022.

Financing for the project will be sourced from the EU's direct grant, with an application submitted in December 2023.

- Project "Establishment of a new Border Cross Check Point (BCCP) Strumyani-Berovo ("Klepalo"), financed under IPA 3 Programme for cross-border cooperation with the Republic of Bulgaria for 2021)

During 2022/2023, a short preparatory Project financed by Interreg - IPA 2 Program for cross-border cooperation Bulgaria - North Macedonia was implemented.

In 2023, activities began for the participation of the Customs Administration in the strategic project within the priority for "Connected border region" from the EU pre-accession assistance institution. The total contribution of the programme for cross-border cooperation between the Republic of North Macedonia and Bulgaria (INTERREG VI-A IPA Bulgaria - North Macedonia 2021 - 2027) to the investment for the construction of the border crossing on both sides of the border will amount to about 8 million euros, and the preparatory activities carried out during 2022 are a prerequisite for their realization.

The construction of this border crossing will contribute to the improvement of regional cooperation, as well as to the facilitation of passenger traffic between the two countries.

Within the project, which was realized in the period from September 2022 to May 2023, a needs analysis was prepared according to the current situation and the necessary steps to be taken for the

reconstruction of the constructed facilities in order to put the border crossing point into operation (with description of the works and financial assessment of the funds for the implementation).

Within the INTERREG-IPA cross-border cooperation program between the Republic of North Macedonia and the Republic of Bulgaria (2021-2027), a call for the strategic project for the construction/rehabilitation of a new Border Crossing (BCCP) Strumyani - Berovo was published. In July 2023, the Customs Administration submitted an application for funds for the construction and commissioning of a new border crossing. The project was approved in November 2023.

The main activities that will be financed by this project for the Macedonian side are the preparation of technical documentation for reconstruction of BCP Klepalo and the reconstruction of BCP Klepalo.

#### *World Bank supported projects*

- **Project for reconstruction of BCP Deve Bair** (financed with a WB loan)  
Under this project, the administrative building at the road border crossing point will be reconstructed, and a new administrative building will be built at the terminal for goods customs clearance.
- **Project for equipping and modernization of BCP Kjafasan** (financed with a World Bank loan)  
As phase 1 of this project, the Customs and Police facilities will be reconstructed, the building for customs agents will be upgraded, and as the second phase, the capacity of the crossing will be expanded with an additional lane for cargo motor vehicles.

#### *Projects supported by the Transport Community*

In the initial months of 2023, CONNECTA successfully concluded the project titled "Technical Assistance to Connectivity in the Western Balkans" funded by the Transport Community. Initiated in the second quarter of 2022, this project aimed to prepare a foundational project for the border crossing point Blace. The focus was on exploring the feasibility of implementing a One Stop Shop concept with the Republic of Kosovo, grounded in interstate agreements between the two countries.

#### *Future Projects:*

*IPA supported projects*

- **Implementation of an automated system for border crossing and terminal management**

This project will be realized with grant funds approved by the European Commission through the IPA program, and the implementer will be the Customs Administration starting from the second quarter of 2024.

*Control of work processes*

Auditing primarily targets processes identified with moderate to high levels of risk. Internal audits concentrate on fundamental competencies within the Customs Administration, its organizational structure, noteworthy findings from previous audits, and the financial impact of these processes. The outcomes of internal audits generate recommendations aimed at enhancing the internal control system. Regular presentations of audit results from both planned and executed audits facilitate strategic planning for subsequent steps, fostering overall improvement and addressing existing and potential risks to be managed and mitigated.

Internal audits per quarters					
	Q1	Q2	Q3	Q4	Total
Prepared final audit reports and given action plans with deadlines for implementation of recommendations	3	3	4	4	14
Findings	4	14	17	19	54
Recommendations given	6	15	21	19	61

Total realization of recommendations per quarters				
Status of recommendations given:	Q1	Q2	Q3	Q4
Implemented recommendations	5	13	25	40
Non-implemented recommendations	/	/	1	3
Recommendations whose implementation is underway	/	1	5	10
Partially implemented recommendations	1	/	3	6

Recommendations those deadline for implementation has not expired	/	1	8	2
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14 internal audits were conducted in the Customs Administration in 2023, resulting in the identification of 54 findings and the issuance of 61 recommendations aimed at enhancing operational efficiency. These audits encompassed various areas such as the implementation status of recommendations provided in 2022, IPA funded projects, non-tariff measures, transit procedure execution, issuance of excise stamps for tobacco and alcoholic beverages, management of business trips, allocation of facilities at border crossings, annual inventory of assets and liabilities for 2022, deployment of customs officers, salary calculation and payment processes, public procurement practices, simplified customs procedures, video surveillance systems, and the functioning of the Customs Laboratory.

### Customs Hotline 197

The Customs hotline (197) received a total of 4,265 calls in 2023.

Most of the calls refer to issues related to the functioning and condition of border and internal customs offices. Among them, the calls classified in the category J (information about bribery extortion) – 17 calls, R (information about a complaint about a delayed customs procedure or a stoppage at border crossings) – 406 calls and S (information about technical problems during implementation of the customs procedure) – 137 calls.

As a result of processing the received calls on the Customs hotline of A and C (information on smuggling) - 39 calls, controls were carried out by border and internal customs offices, as well as by mobile teams, while the relevant units carried out processing, analysis and investigation from the domain of their operation.

### Free Access to Public Information

In 2023, the Customs Administration received 12 requests for access to public information in accordance with the Law on Free Access to Public Information.

Out of these requests, 11 were promptly addressed within the legally stipulated timeframe, providing relevant information on various topics including the transportation of hazardous and illegal waste from neighboring countries,

petroleum coke, tires, chemical and medical waste, seized petroleum products, job vacancies in the Customs Administration for candidates with electrical engineering qualifications, import customs declarations, issued control stamps for tobacco products, imported glass jars and bottles, and new and used pickup vehicles.

One request concerning imported cars is currently under processing due to the extensive volume of data involved.

In the previous year, 47 requests for access to public information were received and duly responded to.

## INTERNATIONAL ACTIVITIES AND NOTABLE EVENTS

### *International cooperation*

#### Concluded international agreements

- Agreement between the Government of the Republic of North Macedonia and the Government of the Republic of Kosovo on joint border crossings BLACE - ELEZ HAN" AND "JAŽINCE - GLOBOCICA" (Law ratifying the Agreement adopted by the Parliament of the Republic of North Macedonia on 22<sup>nd</sup> December 2023)

The agreement regulates the establishment of joint border controls and the manner of their implementation (location of joint border crossings, border checks and customs controls at entry and exit, composition and competences of the Joint Expert Committee, equipment used, dispute resolution).

- Memorandum of Understanding between the Customs Service of Korea, KCNET Co.Ltd (Korea Customs Network) of the Republic of Korea and the Customs Administration of the Republic of North Macedonia for the modernization and digitization of the electronic customs system of the Customs Administration of the Republic of North Macedonia (concluded in November 2023)

The Memorandum is grounds for promotion and enhancement of cooperation, sharing knowledge and experience in the area of application of modern technologies, provision of consulting services, training programmes and other technical support.

The Protocol between the Ministry of Finance - Customs Administration of the Republic of North Macedonia and the Ministry of Finance - Customs Administration of the Republic of Serbia, facilitating the implementation of the Memorandum of Understanding between the Governments of North Macedonia and Serbia on enhancing the movement of passengers and goods across shared state borders (signed in January 2024), has been finalized. It establishes customs procedures aimed at expediting the movement of passengers and goods, overseen by the respective customs authorities at the Tabanovce border crossing in North Macedonia and the Preševo border crossing in Serbia. Furthermore, mutual recognition of goods weighing is ensured for goods

transiting through the customs territory of either party to the Memorandum under a joint transit procedure, with goods being weighed upon entry into the customs territory. Additionally, efforts are underway to extend the coverage of the priority lane at the Tabanovce-Preševo border crossing.

A collaborative work plan has been endorsed with the US Treasury to enhance capabilities in public finance management, combatting the informal economy, and addressing corruption

As a key strategic partner of the Republic of North Macedonia, the United States of America is steadfast in supporting the country's path towards European Union integration. Over the next five years, both nations will collaborate on a joint initiative focused on safeguarding financial interests and bolstering the stability of the financial system. This endeavor will entail enhancing institutional capacities in revenue collection, service improvement, and anti-corruption efforts. The signing ceremony for the Work Plan took place with the participation of Stefan Bogoev Director, General of the Customs Administration, Sanja Lukarevska, Director of the Public Revenue Office and Parvina Shamsieva Cohen, Director of Revenue Policy and Administration at the US Treasury. **The Work Plan for the 2023-2024 period aims to fortify the capabilities of the Public Revenue Office and the Customs Administration.**

Specifically, the Customs Administration will concentrate on enhancing institutional capacities to conduct efficient controls, ensure proper application of regulations, and implement risk management in customs operations. These endeavors align with the Customs Administration's paramount objectives of combatting the informal economy and corruption, ultimately leading to increased revenues for the national budget.

#### Project with Korea Customs

The Customs Administration and Korea Customs are jointly executing a project focused on implementing an Advanced Risk Management System within the Customs Administration. The objectives include enhancing the existing risk management framework, boosting efficiency through the introduction of a data warehouse, and ensuring stable, sustainable operation by enhancing system operational capabilities. To support this initiative, a Memorandum of Cooperation was signed, securing 4.8 million US dollars for the development and deployment

of the risk management system and data warehouse until the project's completion in late 2025.

As part of the project, a two-day working visit to the Republic of Korea's Customs Service in Seoul took place in November 2023. Led by Director Bogoev, our delegation toured the customs office at "Incheon International Airport," the nation's largest airport. The visit showcased the postal item customs clearance terminal, the control center overseeing express mail scanning, and the APIS passenger control center utilizing artificial intelligence and risk analysis technology.

As part of the visit, new Memoranda were signed, granting the Customs Administration access to a fresh fund of up to 10 million US dollars dedicated to projects aimed at enhancing and enhancing customs operations.

Bilateral engagements with experts from the International Agency at the Republic of Korea's Customs Service have become more frequent. During their visit to our service in Skopje on 11<sup>th</sup> December, as part of the project financed by a 4.8 million dollar grant from the Korean Government for implementing a risk management system and data warehouse, Korean experts delivered a presentation. They covered topics including the information processing system for customs declarations and software solutions tailored for handling the import and export of small shipments in the realm of e-commerce.

### Customs maintains economic flow and facilitates timely aid delivery during crisis conditions

During the three-day event on "The Role of Customs in Disaster Relief", held in Skopje from 8 to 10 March and organized by the World Customs Organization and the Customs Administration, attendees shared positive experiences regarding crisis management. There was a consensus on the importance of raising awareness about the significant contribution made by customs services in safeguarding societies and ensuring business continuity during such challenging times.

Director General Kutirov of the Customs Administration, in her address, affirmed the demonstrated readiness and adaptability of customs services to evolving conditions, which has facilitated the uninterrupted flow of cross-border supply chains. Noteworthy positive experiences highlighted during the event included the establishment of green corridors for the international transportation of sensitive goods, continuous pre-arrival data exchange facilitated by the regional



SEED system, the introduction of new services, and the digitization of customs operations to foster a paperless environment.

The Secretary General of the World Customs Organization, Mikuria, underscored the extensive experience of the WCO in offering aid during disasters. He emphasized the organization's commitment to enhancing readiness for emergency responses in unique circumstances, promoting the resilience and efficacy of customs services. Collaboration with partner international organizations, government agencies, and stakeholders is deemed crucial for swiftly delivering adequate assistance to citizens affected by disasters.

During the event, representatives from Ukrainian, Polish, Romanian, Hungarian, Moldovan, and Turkish Customs shared insights into the challenges they encountered and the strategies implemented in response to crisis situations.

High-level regional conference "Towards A New Generation of Regional Cooperation through Digitalization": Macedonian Customs is a leader in implementing the concept for the new National Single Window System

During a meeting convened by the Customs Administration and the World Bank on 9<sup>th</sup> March 2023, attended by distinguished figures including Kunio Mikuriya, Secretary General of the World Customs Organization, Massimiliano Paolucci, Country Director of the World Bank, heads of customs services from Western Balkan countries and Bulgaria, representatives from the International Finance Corporation (World Bank), the EU Delegation in Skopje, and delegates from the International Transport Community, CEFTA, and the German Society for International Cooperation (GIZ), experiences regarding digitization and regional cooperation were exchanged.

Key highlights included the ongoing implementation of the new Single Window System, which promises integration with the existing ICT platform for seamless paperless customs clearance in import-export procedures. Additionally, it was emphasized that this system would introduce advanced electronic services for issuing import, export, and transit permits, along with centralized services for collaborative risk assessment between customs and other institutions, as well as electronic registration of economic operators and online payment of duties.

Presentations emphasized the dynamic shifts in service provision to citizens and businesses, underlining the imperative of adopting modern technological solutions in customs procedures and fostering close regional cooperation,

professionalism, and transparency among both official services and economic operators engaged in trade exchanges.

Furthermore, reference was made to an innovative, long-term program by the World Bank Group, integrating sector studies, technical assistance, and investments in transport, border management, trade policy, and facilitation. The overarching aim is to accelerate the movement of goods and services in the Western Balkans, enhance transport efficiency and predictability, and improve access to international markets and investments.

#### Experiences regarding joint customs controls are exchanged with colleagues from Georgia

In May, a high-level delegation from the Tax Service of Georgia, led by Customs Director Vladimer Khundadze, embarked on a two-day visit to the Customs Administration of the Republic of North Macedonia. The primary objective was to gain insights into the implementation of joint customs controls in North Macedonia. Facilitated by the Office for Economic Development, Management, and Growth of Enterprises at USAID, this working visit aimed to foster knowledge exchange and collaboration between the two customs authorities.

During the visit, positive experiences stemming from the application of the One Stop Shop concept, inter-institutional and international data exchange, and regional integration efforts within the Open Balkans framework were showcased. Through the establishment of common border controls, these initiatives have accelerated the flow of goods and passengers, enhanced the competitiveness of companies in international markets, and propelled regional cooperation and integration forward. The delegation from Georgia had the opportunity to witness firsthand the benefits of joint border controls during a visit to the border crossing point Tabanovce .

#### Delegation of the Customs Administration at a World Customs Organization Council Session

During the Council session held from June 22 to 24, progress towards achieving the three priorities outlined in the Strategic Plan of the World Customs Organization (WCO) for the period 2022-2025 was reviewed. These priorities include *Technology and Innovation, Green Customs, and Governance and Accountability*.

A comprehensive work plan was approved to lay the groundwork for data sharing, standardization of statistical data, and the exchange of member countries' experiences in fostering a data-driven culture. In alignment with the *Green Customs* priority, emphasis was placed on envisioning a more environmentally sustainable Harmonized System (HS), with the aim of serving as a valuable tool for reducing carbon emissions in international trade. Additionally, efforts within the realm of *Management and Accountability* are primarily directed towards refining risk mapping processes to facilitate the ongoing modernization of the WCO.

#### Further strengthening of the capacities for financial investigations with the support of Slovenia

With the Center for European Perspectives of the Republic of Slovenia support, the Customs Administration aims to enhance its capabilities in conducting financial investigations and procedures for seizing assets obtained through criminal activities and of illicit origin.

The specifics of the collaborative effort were deliberated during a meeting held on July 5 between Director Bogoev and the program director of the Center for European Perspectives, Andreja Dolničar Jera, who oversees the Development Cooperation Program between the Republic of Slovenia and the Republic of North Macedonia.

Expertise and knowledge are exchanged with Slovenian counterparts concerning the practical application of financial investigation procedures for customs officials and personnel from other involved institutions. On the Macedonian side, participants include the Customs Administration, the Public Prosecutor's Office, the Financial Police Administration, and the Ministry of Interior, while counterparts from the Republic of Slovenia comprise the State Prosecutor's Office, the Financial Administration, and the Ministry of Interior.

Continuously enhancing expertise in financial investigations and bolstering capacities to provide evidence for prosecuting more serious criminal activities are crucial goals prioritized by the Customs Administration.

#### Finalization of preparatory activities for One Stop Shop joint controls at the border crossing Kjafasan-Qaftane

During a bilateral meeting, the Directors of the customs services of North Macedonia and Albania visited the Kjafasan-Qaftane border crossing on 7 July where they observed progress in preparations for implementing the One-Stop-Shop concept. Director Stefan Bogoev highlighted the anticipated benefits, including streamlined trade facilitation, accelerated transportation of goods, and improved passenger flow. These initiatives aim to expedite customs procedures, reduce costs, enhance the competitiveness of domestic companies in the global market, and hasten the country's integration into the EU.

Director Genti Gazheli emphasized the project's significance, anticipating improvements in quality of life and business conditions not only for both countries but also for the surrounding region.

#### Strengthening of customs teams working with customs sniffer dogs

On 26 July, a delegation from the Customs Administration, headed by Director Stefan Bogoev and Deputy Director Muarem Asani participated in the final segment of a training session for a customs K9 generously donated and trained by the German Society for International Cooperation (GIZ). This specially trained dog is equipped to detect money, drugs, and weapons, enhancing the Customs Administration's capabilities in combating illegal activities.

Currently, the Customs Administration has five sniffer dogs that significantly aid customs officers in their daily duties and assist in the execution of operations aimed at identifying and preventing illicit activities.

Director Bogoev also joined a practical exercise held at St. Paul the Apostle Airport in Ohrid, where mobile teams demonstrated the detection of illegal trade under real conditions with the invaluable assistance of customs dogs.

#### Capacity building with the support of the French Customs

During a productive working meeting on 26 July, a French delegation led by Ambassador Cyril Baumgartner and customs attaché Christophe Bergon, responsible for Southeast Europe and the Western Balkans, confirmed the successful long-term bilateral cooperation with their Macedonian counterparts. This collaboration entails a continuous exchange of customs-related insights and practices.

Particular emphasis was placed on forthcoming activities aimed at prevention of illicit trade in narcotics and weapons, as part of a project facilitated through the Global Weapons Program with the support of the United Nations Office on Crime and Drugs. Additionally, discussions highlighted priority areas where specialized training in customs operations could be beneficial, such as enhancing procedures for laboratory tests and determining customs value.

Director Bogoev noted the commitment to strengthening the cooperation in customs control and intelligence, noting past successes that have significantly enhanced operational efficiency. Furthermore, he expressed a dedication to upholding higher standards, fostering greater professionalism, and refining customs procedures in the pursuit of continual improvement.

### *Interinstitutional cooperation*

#### *Strengthened investigations in suppression of weapons crime - a working group was formed with the Ministry of Interior and the Public Prosecutor's Office*

In November, the Customs Administration, Ministry of the Interior, and Public Prosecutor's Office signed a Memorandum of Cooperation regarding firearms-related crime. This memorandum lays the groundwork for launching the Justicia project led by the United Nations Office on Drugs and Crime, aimed at combating firearms-related crime in the Western Balkans (initiated in December 2023).

The Memorandum facilitates the operations of the newly established Working Group tasked with coordinating efforts to combat firearms-related crime. It fosters enhanced cooperation among institutions, streamlines the exchange of information, and establishes a comprehensive framework for tracking firearms-related crimes from the onset of investigation through to prosecution and final court ruling.

#### *Signed Protocol for cooperation for more efficient management of confiscated goods*

In April, the Director General of the Customs Administration Slavica Kutirov and the Director of the Agency for the Management of Seized Property Driton Nebiu, formalized a Protocol for cooperation in proceedings involving confiscated goods in misdemeanor, criminal, and administrative cases. This Protocol aims to

enhance the existing regulations outlined in both the Customs Law and the Law on the Management of Confiscated Property, Property Benefits, and Seized goods in Criminal and Misdemeanor Proceedings.

The Protocol simplifies the procedures for the contracting parties during the mutual notification and transfer of temporarily and legally seized items in misdemeanor, criminal, and administrative proceedings. It also covers the transfer of goods forfeited with a statement in favor of the state, as well as the delivery of foreign currency, monetary gold, precious stones, and precious metals. These items are deposited or paid by the Agency for the Management of Confiscated Property into a foreign currency account at the National Bank.

### Customs and the Public Revenue Office are in a constant effort to improve the tax collection system

During an official meeting convened on 19 June the Customs and the Public Revenue Office reviewed the outcomes of their efforts aimed at enhancing information exchange and upgrading the system for revenue collection. Additionally, potential resolutions concerning the current demands of trade union organizations were deliberated upon.

### The Ministry of Finance in support of the aspirations of the Customs Administration

During a working meeting on 19 June, Finance Minister Besimi and Director Bogoev reaffirmed their dedication to fostering close inter-institutional collaboration, essential for realizing the ambitious objectives aimed at enhancing the competitiveness of the domestic economy.

Efforts persist in line with the Government's priorities to advance joint projects in the area of customs operations. Discussions also revolved around ongoing negotiations for accession to the EU under Chapter 29 - Customs Union, along with measures undertaken by the Customs Administration to tackle the informal economy.

### Combating Corruption Through Unified Efforts

During an official meeting held on 6 July, the Director General of the Customs Administration Stefan Bogoev and the President of the State Commission for

the Prevention of Corruption Biljana Ivanovska, discussed key measures for record-keeping asset declarations and statements on conflict of interest in accordance with the Law on the Prevention of Corruption and Conflict of Interest. They also discussed the digitalization of customs operations, which enhances additional control over work processes.

Joint efforts are crucial to mitigate corrupt practices, fostering trust in institutions and preventing the informal economy. Successful anti-corruption measures promise increased public revenues and enhanced citizen services, positioning our country favorably in the EU integration process.

The Customs Administration actively conducts awareness campaigns highlighting the dangers of corruption and its repercussions, encouraging reporting of such activities. From 9-17 August, "Stop Corruption" brochures were distributed at various border crossings including Bogorodica, Novo Selo, Dojran, Tabanovce, Delchevo, Blace, Skopje Airport, and Qafasan. These brochures inform individuals about the possibilities and responsibilities to collectively and actively combat and report corrupt activities within Customs.

#### Memorandum with JSC Post for the improvement of the capacities for the control of postal consignments and the prevention of the spread of small arms and light weapons

In October, the Customs Administration and JSC Post formalized a Memorandum to enhance cooperation between the two institutions in preventing illegal trade in small arms, light weapons, weapon parts, and ammunition. This agreement outlines specific operational procedures for thwarting illicit trade in goods transported via postal traffic.

The signing of this Memorandum is a component of the Hermes project, under which the United Nations Office on Drugs and Crime (UNODC) will supply equipment for inspecting postal shipments. This equipment will be installed at customs offices within the Post Office and Skopje International Airport. Its purpose is to detect not only small arms and light weapons but also shipments containing suspicious content, such as various types of drugs and other illicit substances.

The involvement of the Customs Administration in the Hermes project is important for facilitating joint action among regional countries in combating organized crime.

## *Cooperation with the business community*

### Awarded certificate to the 27th Macedonian company that acquired the status of Authorized Economic Operator

During a visit to the company Dauti Komerc AD Skopje, held on 26 May the authorisation for acquired status of Authorized Economic Operator (AEO) for customs simplifications, safety and reliability in operation was officially handed over.

By fulfilling the conditions for acquiring AEO status, companies enjoy customs simplifications and reduced controls, which have recently been recognized in the countries of the Open Balkans. At the same time, their competitiveness in the region and the EU is improving.

### Customs and MAKAM-TRANS intensify cooperation

During a meeting with Biljana Muratovska, Secretary-General of the Macedonian Transport Association MAKAM-TRANS on 4 July satisfaction was expressed regarding the ongoing efforts of the Customs Administration to enhance customs procedures, streamline processes, expedite the flow of goods, and reduce transportation costs for companies.

Both parties affirmed their interest in fostering closer cooperation and maintaining ongoing dialogue to further promote trade and transport.

At an event commemorating the 20th anniversary of the establishment of Makam-Trans on 28<sup>th</sup> September 2023, Customs Director General Bogoev provided updates on various modernization initiatives. These include the implementation of joint border controls at Tabanovce, Qafasan, and soon at Blace, as well as the expansion of traffic crossing facilities at Tabanovce and the modernization and expansion of the BCP Deve Bair. Additionally, the installation of a new digitized weighbridge for cargo vehicles at BCP Bogorodica was highlighted.

Key focuses emphasized during the event included advocacy for compliance with European legislation, digital transformation, replacement of current IT systems with EU-applied systems, combating crime, suppressing the informal economy and corruption, and implementing the new national Single Window System.



## *Acknowledgments received*

### *Award from SELEK for the seizure of over one ton of precursors*

On 9th June, SELEK presented the Customs Administration with an award to acknowledge a significant case from 2022, wherein over a ton of precursors was confiscated at Skopje Airport. The seizure comprised 40 packages containing 1,105 kg of a precursor commonly used in the production of synthetic drugs like amphetamines, methamphetamines, and ecstasy.

The operation was led by the Department for Suppression of Organized and Serious Crime - Unit for Illicit Drug Trafficking at the Ministry of Interior, in collaboration with the Customs Administration and the Basic Public Prosecutor's Office tasked with prosecuting organized crime. It also involved customs officers and the Public Prosecutor's Office of Turkey, with the assistance of the Southeast European Law Enforcement Center (SELEC).

### *The Customs Administration highly regarded as a valued partner within the business community*

During the commemoration of the 10th anniversary of its establishment in Macedonia on 24 October "Amphenol Technologies Macedonia" presented Customs Director General Bogoev with a plaque in recognition of their successful collaboration. This plaque underscores the commitment of the Customs Administration and the accomplishments made in implementing measures and initiatives to foster an efficient trade policy.

## *Celebration of 14 April - the Day of the Customs Administration*

At the ceremony organized on the occasion of the Customs Day, the most significant results achieved in 2023 were summarized.

Authorisations were ceremoniously handed over to companies with the status of Authorized Economic Operator, and certificates of appreciation were given to customs officers who mark 10, 20 and 30 years of service at the Customs Administration.

Traditionally, as part of the Customs Day festivities, a blood donation drive was organised.

