



MONOGRAPH

1992-2022

30 YEARS CUSTOMS ADMINISTRATION



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Celebrating jubilees has always been accompanied by a sense of pride and excitement, and a time when questions arise: Where did we start? What have we done? Could we have done more?

30 years ago, the Parliament of the independent and sovereign Republic of Macedonia adopted the first Law on the Customs Administration, establishing the Customs Administration as an independent body with the capacity of a legal entity, authorized to enforce customs –related laws and regulations in our state.

The control of movement of goods and passengers through the state borders and the manner of conducting customs procedures were regulated. The law laid down the customs insignia, official uniforms and official identification cards. Border crossing points Tabanovce, Blace, Jazince and Pelince were established, thus completing the process of laying the bedrock of today's

Customs Administration, ensuring and guaranteeing the economic integrity of our state

Construction of the basic pillars of the institution had started by further defining the legal framework, organizational and personnel equipping. In the years after, we have marked several important moments of the development of the Customs Administration.

In 1994, the Republic of Macedonia became a member of the World Customs Organization when we also acceded to the International Convention on the Harmonized Commodity Description and Coding System, as a result of which in April 1996 the first Law on Customs Tariff was adopted. Two years later, the first Customs Law was adopted, making the institution a body within the Ministry of Finance. In July 1999, the Parliament of the Republic of Macedonia adopted the Law on Value Added Tax, which regulated the competencies and VAT rates for import of goods and services.

In May 1996, the first modules of the new system for automatic processing of customs declarations- ASYCUDA were implemented, thus ensuring automatic operation and electronic record-keeping of customs declarations, which were submitted to the National Bank, the State Statistical Office and other state institutions in a timely and high quality manner. Direct access to the system was provided for freight-forwarders, customs agents, the Public Enterprise for airport services, Macedonian Railways, Makedonija soobrakjaj, Macedonian Post and express couriers.

In 2004, the Sector for Control and Investigations was established with the support of experts from the European Union, engaged through the program of the European Commission - Office for Customs and Fiscal Support - CAFAO-MAK, but also with great support in equipment and training from the Export Control and Related Border Security (EXBS) Program of the United States and HM Revenue and

Customs.

In 2005, new HQ building of the Customs Administration was opened, built within the TTFSE¹ project financed by the World Bank, which housed the first modern data center.

In 2005, a new Customs Law was adopted, fully in line with the customs legislation of the European Union, and the amendments in 2010 provided legal framework for mandatory electronic customs declaration, as grounds for the future development of information systems and paperless customs operations.

An important moment is the takeover of excise management from the Public Revenue Office, on 1st January 2010. This takeover included, inter alia, the competencies for issuing excise licenses and approvals, issuing excise stamps, calculation, determination and collection of excise duties.

In the second decade, the upgrade of the Customs Information System - MAKCIS continued, through digitalization of the processes from the wider scope of customs operations. Several new electronic systems were introduced.

A major step forward in customs digitalisation in that period was made on 1st November 2008 with the launch of the Single Window System for Import, Export, and Transit Licenses – EXIM. With this system the economic operators have been able to electronically obtain over 60 types of import, export and transit licenses.

An important date in the development of the Customs Administration is 1st July 2015 when our country, being the first in the region, acceded to the Convention on a Common Transit Procedure, which was preceded by development, implementation and accession to the European Common Computerized Transit System - NCTS, which provided the economic operators faster movement of goods with minimal

delays and border formalities. This important project, together with the implementation of the Integrated Tariff Environment – ITE system was realized with the financial support of the European Union.

Digital transformation of the Customs Administration, after a long period of development and preparations, was achieved with the launching of the Customs Declarations and Excise Document Processing System - CDEPS on 3rd June 2019. This complex system brought a so-called “new era” in customs operations. A new advanced platform for paperless customs operations was established with this system, ensuring integration with other customs systems, interoperability with government institutions and EU customs systems.

Because of all this, we at the Customs Administration are really proud.

Despite the fact that at the beginning of 2020 we faced unpredictability and fear of the COVID-19 pandemic, as an institution we showed exceptional ability to quickly adapt and act proactively in the new circumstances.

With financial support from the European Union, we have successfully implemented several important projects for technical support and modernization of customs operations and infrastructure. We put into operation new modern equipment for the customs laboratory, which ensured application of new techniques and analytical methods of testing. We reconstructed the largest border crossing points on the key corridors passing through our country - Tabanovce, Bogorodica and Kjafasan. In cooperation with the Ministry of Interior, we are establishing a disaster recovery data centre, applying state-of-the-art information and security standards. Together with our colleagues from Croatia and Austria, from the Ministry of Finance and the Public Revenue Office, we completed a Twinning project to improve the revenue and tax collection and customs regulations.

1 Trade & Transport Facilitation in Southeast Europe Project

With the support of the World Bank and the International Finance Corporation - IFC, through the Western Balkan Trade and Transport Facilitation Project, in cooperation with the Government and other competent institutions, we prepared the Blueprint for the New National Single Window System, in which we incorporated the requirements for application of the latest standards and practices to facilitate cross-border trade.

We initiated intensive regional cooperation activities, and it has never been at a higher level than today. Several projects have been realized through the initiative "Open Balkan" thus contributing to further acceleration of the movement of goods and passengers. Joint controls and the OneStopShop concept with Serbia at the border crossing point Tabanovce are functioning successfully, and activities are underway for implementation of the same concept with Albania and Kosovo.

The "Green Corridors" for sensitive goods operates successfully and smoothly in the CEFTA region, and we signed the first Memorandum for data exchange with the Republic of Greece, a neighbouring EU Member State. Through the new SEED + project of CEFTA, we are working on additional exchange of data and border documents. We are also making significant progress in the mutual recognition of companies - holders of Authorized Economic Operator status with Serbia, and we are working on mutual recognition of this status with Albania.

Besides the collaboration with the customs services of the countries in the region, we maintain close cooperation with the Embassies of the United States of America, the United Kingdom, the Customs Service of South Korea, the World Customs Organization, but also with international organizations such as the United Nations Office on Drugs and Crime - UNODC, German Society for International Cooperation - GIZ, OSCE, CEFTA and others.

Equally important to us is the cooperation with the business community, which has been an imperative in our work for many years. Through regular meetings of the Advisory Council, which includes all chambers of commerce and other trade and transport associations, open issues and problems are discussed, and new initiatives and planned changes in customs operations are discussed.

In the past years, we have faced challenges in many projects and activities together, but we also share the achieved successes and results.

The driving force behind all these achievements is the staff of the Customs Administration. Founded in the traditional beginnings of independence, with huge steps in development, in the last 30 years the Customs Administration has grown into a real partner to the citizens, the business community and the state.

Today it is a modern, technologically advanced service and a change leader in the region, alongside Customs services of the countries of the European Union. Constantly facing the challenge - to maintain a balance between accelerating cross-border trade and at the same time apply effective measures and controls to protect the health, safety and financial interests of the state.

We, at the Customs Administration are proud of what has been achieved and it is our motive for even greater results in future.

Happy Jubilee - 30 years Customs Administration!

Customs Administration of the Republic of North Macedonia
Director General Slavica Kutirov MSc.

Customs through history until the independence

Customs and the customs system are of great importance for development and protection of a country's economy. Without modern Customs and customs system, economic prosperity of the country or its integration into international economic flows cannot be achieved. In the economic sense, modern Customs is a regulator of the protection of the domestic economy, thus creating conditions for economic development of the country. Customs is needed by every country and its economy, regardless of whether it is a developing, transition or a developed country.

The evolution of the customs service in Macedonia has its roots in the Ottoman Empire where Customs was the main source of government revenue and it is believed to have been organized on grounds of the Customs system of Byzantium. At the beginning of the 18th century, there were over 100 large customs offices in the empire. However, in 1854, a well-organized customs service in the region with good customs warehouse services existed only in Thessaloniki, while the organization of the customs service on the territory of today's Republic of Macedonia was in a very bad state. Over time, with the development of trade, the merchants in Skopje and Bitola tended to establish customs offices in these cities so that these trade centers could ensure independent development of trade with European countries. The long-term efforts of the merchant association in Skopje resulted in the opening of a customs office in Skopje in 1893-1894, after which more than 40 storage facilities and one large warehouse were built at a railway station.



Daily work at customs office Madzari

After World War I, in the Kingdom of Serbs, Croats and Slovenes, later renamed the Kingdom of Yugoslavia, there were 13 main customs offices, one of which was in Skopje. 1936 reports on the organization of the Customs service indicate that out of 52 customs offices on the territory in today's Republic of Macedonia there were branches in Bitola, Debar, Gevgelija, Ohrid, Skopje and Struga.

After World War II, the Customs Service of the then Federal People's Republic of Yugoslavia was established in 1944 with customs offices in the liberated territories. In the period 1947 - 1948 the organization was placed on new foundations by selecting young men and women from the youth labor actions, some from the Yugoslav People's Army ranks and the Ministry of Interior and deployed to work at the border. In the 60s and until mid-70s, the structure of the employees was thoroughly changed and the number of those with college and university education increased. According to data from 1984, there were

4414 employees in the Federal Customs Administration, of which 288 were customs officers in the Socialist Republic of Macedonia.



Customs inspection of goods



Passenger traffic at border

To preserve the professional integrity of the customs workers and to eliminate possible misuse of powers, the state provided high personal income for the employees. Care was also taken to create favorable working conditions at all border crossings and internal organizational units, in order to preserve and maintain the health of customs workers. The working hours were organized in shifts from 8 to 12 hours, transportation to the workplace was organized, the housing issue of customs workers was resolved, etc. To strengthen the integrity and unity of customs workers, sports and various other social activities were organized, joint summer and winter resorts were built, and the families of customs workers were solidary supported in cases of various accidents or more serious illnesses among employees and their family members, that is, all aimed at continuously bringing employees closer together and raising

awareness and loyalty to the service among the majority of customs workers.



The first uniform insignia were presented in 1962. On the left side of the uniform was the emblem with a size of 3x5 cm, without rank. The rank was visible on the hat. Professional officials had a rank of gilded yarn, woven in the form of a ribbon, and supervisors had a ribbon in platinum silver color. Drivers, couriers and technical staff had a black leather band. A five-pointed star without base was placed on the hat

True modernization of the Customs Service, which can also be seen as digitalization of Customs started in 1970, when the Parliament of the SFRY adopted the Law on Financing and Modernization of the Customs Service of 1971 until 1975, stipulating provision of funds for procurement of the first computers and accompanying software. The introduction of the first system for automatic data processing created needs for organizational changes of the Federal Customs Administration, provision of new adequate staff, training of customs officers and adaptation of customs regulations to the new modus operandi. Thus, in 1972, the first Electronic Computer Center (ERC) was established as a separate unit in the Federal Customs Administration, which was fully equipped and officially put into operation on 26th December 1974.



First server room in the Electronic Computer Centre in Belgrade in 1981

At the same time, the regional centers in Skopje, Belgrade, Ljubljana, Zagreb, Sarajevo and Split received devices for accepting and transmitting data type "MDS 6400" with local printer ports. These centers received the original documents from the customs offices, recorded the data on magnetic tape and forwarded to the central electronic computer center via telephone network. The processed data was returned to the regional centers through the same communication network, where they were printed and sent to customs offices and other clients.

All forms and documents were replaced by May 1975 and the first regulation on the manner of filling in and submission of customs declarations adjusted for automatic data processing was adopted. The changes were related to the method of calculation and payment of customs duties and the method of transmitting this data through electronic communication. The first customs declaration data controls and central control

over temporary import in consignment warehouses were also introduced. As a result of the new manner of operation, the application for import and export, on grounds of which foreign trade statistics are prepared was abolished in 1976. All necessary information was already in the new customs declaration and sent to the Federal Statistical Office on magnetic tape only. In 1977, a system for calculation of duties and accounting records was introduced, with which goods can be removed from customs supervision, provided a bank guarantee is submitted for the goods.

The further modernization of the Customs Service also included construction of new buildings for computer centers and upgrade of the available computer system. In 1980, a new IBM platform system was installed with a central console with screen and keyboard, punch card reader, printers and magnetic stripe units, and the new units were operated through local terminals.

Due to increased volume of automatic data processing, a Sector for IT, revenue collection and statistics was established, which was divided into a Center for IT and Automatic Data Processing and Department for Collection of Revenues and Statistical Analysis.

In 1981, the registration number of a legal entity was introduced for the first time in the customs declaration (at that time, organizations of joint labor), which enables foreign trade operations - import and export monitoring of the legal entity. Based on this data, and in accordance with the Law on foreign exchange operations, it was possible for the companies to keep part of the foreign money earned from export for the purchase of raw materials.



Customs officers from the Sector for IT, revenue collection and statistics in Skopje 1983

The main centers of the development of Information technologies in this period were the computer centers in Belgrade and Ljubljana.

In Socialist Republic of Macedonia, the only central data input was done in the Regional Computer Center in Skopje. The entered data from customs declarations were sent to the computer center, where they were checked and returned with lists of errors. Based on these lists, the organizational units where the customs documents were recorded initiated subsequent control of documents, subsequent collection and elimination of recorded errors.



Electronic computer centre of the Federal Customs Administration

In the period just before the independence of the Republic of Macedonia, customs work was carried out by three Customs Houses - Skopje, Bitola and Gevgelija with only 279 employees at the end of 1991. Without appropriate legislation and in the absence of a central administration, the management of the three customs offices coordinated the customs related activities in the country through the formation of an informal management board (collegium) of the three Regional House heads who met regularly in Skopje. At the beginning of 1992, the head of the Regional Customs House Skopje issued an order appointing 4 customs officers to carry out in-depth control in places in need, in order to ensure measures of customs supervision of goods of foreign origin, prevention of illegal import of goods, weapons, ammunition, drugs, poisons and harmful substances, as well as bringing in Dinars² originating from other SFRY republics.

² Yugoslav Dinar was the official currency of the Kingdom of Yugoslavia, Socialist Federal Republic of Yugoslavia and Federal Republic of Yugoslavia



Inspection and clearance at customs office Madzari

The control over the customs territory of the Republic of Macedonia was established at the beginning of 1992 by setting a temporary police-customs control point on the Kumanovo exit road, where customs formalities were done by customs officers of the Customs Office Kumanovo.

The Customs Administration in the first decade following the independence (1992 – 2001)

After the independence of the Republic of Macedonia, with less than 300 employees, without an IT system and without appropriate legislation, the Customs Administration began the activities for institutionalization as an independent authority. Then came years in which the main focus was put on finalizing the legal framework, organizational and staffing of the Administration. A decade full of challenges in which the foundations of today's modern Customs Administration were laid.

The adoption of the Law on the Customs Administration on 14th April 1992 is the date when the Customs Administration of the Republic of Macedonia became independent body with the capacity of a legal entity, authorized to implement the laws and other regulations of the Republic of Macedonia in the area of Customs.

With the new Law, the Customs Administration is empowered to enforce customs supervision, customs clearance of goods, control of goods whose import or export is specially regulated, foreign exchange control in international passenger and border traffic with foreign countries, prevention and detection of customs violations and crimes, conducting first-degree and second-degree administrative and first-degree misdemeanor proceedings, processing and monitoring statistical data on imports and exports etc. Head of the Customs Administration is Director General appointed and dismissed by the Parliament

of the Republic of Macedonia.

At the same time, the real estate, equipment, inventory, archive, documentation and work tools used by the Federal Customs Administration of the SFRY, which were located on the territory of the Republic of Macedonia, and which were taken over by the Customs Administration, are declared to be the state property of the Republic of Macedonia. Customs officers from the Republic of Macedonia who were on duty outside its territory continue their work in the Customs Administration of the Republic of Macedonia.



The Law on Customs Administration also laid down the official clothing, official identification and the insignia of the Customs Administration. The official uniform of the Federal Customs Administration of the SFRY were worn until the completion of the entire procedure for procurement of the new uniform, with the new badge with the symbols of the Republic of Macedonia being placed on them.



Customs ID and badge

During the first five years following the proclamation of independence, the Customs service carried out its tasks and duties through regional customs houses, customs offices, departments sections and specialized units (3 regional customs houses, 17 border crossing points, 17 customs offices, 6 customs specialized units)



BCP Tabanovce, 1992

The night between 26th – 27th April 1992, having promptly finalized the civil and construction works of the area, the border crossing point Tabanovce – Motorway at the border with the Federal Republic of Yugoslavia (FRY) was put in function, despite the improvised conditions. Soon after, the border crossing points Jazinec, Pelince and Railway Stations Tabanovce and Volkovo were established.



Badge on white background with golden letters, used by the customs officers immediately after the proclamation of independence in 1992.

After the independence of the Republic of Macedonia, the Customs Service was left without an IT system. Hence, the first beginnings for the implementation of customs operation in new conditions were with manual records and manual comparison with the attached bank payment slips. At the same time, the database for Macedonian customs documents from the former Federal Customs is transferred to the information system of the "Zhelezara Skopje" factory, where customs data entry and processing continues.

In this period the Customs Administration was applying the Customs Tariff Law of the SFRY. Besides the import customs duty, special 7.5% tax was chargeable for import duty relief settlement, a 7.5% special tax on imported goods, as well as a 1% tax for registration in the customs records.

In the tax system also, the application of sales tax on products and services continues in the form of a basic and special tax, based on former federal regulations (the Law on Temporary Measures for the Sales Tax on Products and Services) and the regulations adopted by the Republic of Macedonia. However, this was short-lived because in mid-1992 a new Goods and Services Tax Law³ and series of accompanying regulations, such as the Rulebook on the Application of Goods and Services Tax, were passed, thereby abolishing the former federal regulations.

The general tax rate on sales of products during that period was 42%. Tax was paid on all products sold to end consumers, which are not covered by any of the other tariff headings (graphic products, writing paper and other stationery, products that are included in an installation network, motor and other vehicles, cement, concrete steel, rolled wire, wood products, matches, etc.). The product taxation system did not separate excise taxation on certain specific products, but there was special tax treatment for the sale of oil derivatives, alcoholic beverages, tobacco products and some other products. Sales tax rates on petroleum products ranged from 3% to 40%, on tobacco products from 15% to 65%, on alcoholic and non-alcoholic beverages - between 10% (for canning alcohol) and 90% (for some types of spirits). Certain products were taxed at a rate higher than the general sales tax rate, ranging from 30% to 55% for cars, 50% for coffee, while luxury products (jewelry, precious metal and stones products, leather and fur products had a 72% tax rate.

A tax rate lower than the general sales tax rate was applied to children's clothing and footwear - 7%, textiles and footwear - 22.5%, household appliances, furniture, television and radio equipment and similar receivers, rubber products and the like - 28.5%. Trade in equipment, used passenger cars,

³ Official Gazette of the RM no. 48/92

agricultural machinery, mineral fertilizers, basic products of agriculture and fisheries, products for human consumption, daily press, textbooks and similar was subject were subject to lowest tax rate of 3%.



Customs Law accompanying regulations

In the month of July, the year when the Customs Administration became an independent body, the first 142 new customs officers were recruited. They started work in December 1992 and by the end of 1992 the Customs Administration had 411 employees. These customs officers were deployed to the new border crossings: Tabanovce, Pelince, Blace and Jažince, some of the employees were assigned to internal customs clearance of goods in Skopje and Kumanovo, and a small number at the Customs office in Shtip.



The Parliament of the Republic of Macedonia appointed Dimitar Buzlevski as first Director General of the Customs Administration. He took office on 14th April 1993 and served until 20th December 1994.

At the beginning of 1993, the first Rulebook on the Business Organisation and the first Rulebook on the Systematization of Job Posts at the Customs Administration came into force, marking the set up of new organizational systems, staffing and professional development, customs procedure conduct and surveillance system formation. The basic organisational units are formed as Sectors, while the internal organisational units include departments, sections, section – customs laboratory, customs offices (37) and specialized units. The Sectors were managed by Sector Directors, appointed by the Director General of the Customs Administration and approved by the Government of the Republic of Macedonia. Other staff responsible for operations requiring high expertise, as well as inspections and supervision were appointed by the Director General.

According to this Rulebook on the Business Organisation, the Customs Administration was structured as shown below

Headquarters – Organisational chart 1993



Working bodies in the Customs Administration and regional customs houses were Director's Collegium and regional customs house Heads Collegium, as advisory councils to discuss and resolve professional issues. For certain complex issues requiring special expertise, 4 expert commissions were formed at Customs Administration level: Customs Tariff Commission, Customs Valuation Commission, Commission for Customs Tariff Classification of Goods, International Customs Cooperation Commission, as well as 2 expert commissions at regional customs house level: Customs Valuation commission and Customs Tariff Commission.

The Rulebook on the Systematisation and Job Classification System of the Customs Administration determined the total number of employees - 784, 85 in the Headquarters and 699 in the regional customs houses.

With the independence and the establishment of the state borders, not only unimpeded flow of passengers, vehicles and goods was made possible, but also an appropriate control system was put in place, in order to prevent, detect and tackle illegal trade in goods. Hence, the main focus of the Customs Administration was provision of appropriate equipment and professional development of customs officials for smooth implementation of customs control.



Customs pliers and stamps

The humble beginnings of the institutional development related to controls and investigations aimed at suppression of smuggling date back to 1993, when within the Sector for Customs and Legal Affairs, a Department for Control, Analysis, Auditing and Suppression of Smuggling was formed.



Inspection of goods at a terminal

During 1993, the customs matters were further regulated. In April, the first Law on Custom Duties of the Republic of Macedonia⁴, was passed, which was almost identical to the previous Law on Custom Duties, passed a year earlier, only excluding the section on international maritime traffic.

Particularly significant was the adoption of the Rulebook on documents in the customs procedure and the Rulebook on the single administrative document in the customs procedure, introducing a form for the Single Administrative Document – SAD.

⁴ “Official Gazette of the RM” no. 20 of 2 April 1993



Considering the role in the state in the implementation of the laws and policies under its competence, in addition to the expertise of the customs officers, compliance with high disciplinary-ethical principles and standards was required in order to confirm the integrity and public trust in the service.

That is why, the first Rulebook on disciplinary and material responsibility of the Customs Administration’s employees was adopted in May 1993. This Rulebook regulated the responsibilities of the Customs Administration’s employees in performing their duties, the violations of work duties, the disciplinary and material responsibility, as well as the procedure for determining the needs and imposing disciplinary measures.

At the end of 1993, the Republic of Macedonia became a contracting party to the Customs Convention on the International Transport of Goods under cover of TIR Carnets (TIR Convention).

At the beginning of 1994, the state made significant changes in the consumption taxation by introducing excise duties

for taxation of so-called specific products, excluding them from the sales tax system. At the same time, the structure of the tax rate was simplified, reducing the large number of differentiated rates and tariff headings, switching to only two tax rates. With such changes, the tax system consisted of sales tax on products and services, excise duties and customs duties.

Excise duty is certainly the oldest form of consumption tax and it is charged on sales of precisely defined goods. In modern systems, the trade in specific products, such as oil derivatives, tobacco products, alcoholic beverages and other goods, are taxed at significantly higher rates than trade in other product categories. Both sales tax and excise duties are charged in a large number of countries.

In the Republic of Macedonia, the Law on Excise Duties⁵ came in force in January 1994 and it regulated products that are subject to the excise duties. The control of the calculation and collection of the excise duty by the excise duty payers was carried out by the authority responsible for public revenue matters.

Product sale tax was applicable to all products, except those subject to relief, while service tax was paid only on explicitly prescribed services. The import of products for reproduction or processing was exempted from taxation with product sales tax, and some products whose consumption was considered significant for the living standard of the population or for the achievement of some particular purpose were also relieved.

Tax rates were determined as a percentage of the tax base. Sale of all products used for final consumption was taxed at a 25% rate. The sale of products which, due to their character, purpose and economic, cultural and social significance received a more favorable tax treatment was subject to a lower rate of 5%. Preferential treatment was ensured for sale

of equipment used for work activities, agricultural machinery, organic and mineral fertilizers and plant protection products, basic agricultural and fishery products, products used for human consumption and animal feed, computers and pocket calculators, daily press and periodicals, electricity, various types of coal, firewood and natural gas, cocoa, chocolate and products containing cocoa, table salt, sugar products, children's clothes and shoes, hygiene products, etc.

In April 1994, the Government of the Republic of Macedonia passed a Decision proclaiming 14th April as Day of the Customs Officers.

In May 1994, the Customs Administration adopted a Rulebook on Official Identification Documents, laying down the form, procedure for issue, validity date and the procedure for record keeping of official identification documents of customs employees. The total number of employees in the Customs Administration in October 1994 was already 811, of which 87 were employed in the Customs Headquarters and 724 in the Regional Customs Houses.

5 "Official Gazette of the RM" no. 78/1993



The metal badge bears the inscription "PM" at the top and the symbol of Macedonian Customs in the middle. Over the symbol is an inscription „Customs“, and below it - "Царина" and the ID number of the customs officer. The badge and the identification document are placed in a black leather case.

The year 1994 is of particular importance for the Customs Administration because on 1st July 1994, the Republic of Macedonia became a member of the World Customs Organisation, an organisation founded in 1952 in Brussels, Belgium with a mission to provide support for the improvement of the efficiency of the customs administrations, as global centre for customs expertise.



Excerpt from World Customs Organisation bulletin

With the membership in the organization the country undertook obligations from several legal instruments - conventions and agreements, sponsored and administered by the Customs Cooperation Council, which regulate various domains of customs operations.

In 1994, the Customs Administration started participating in the PHARE⁶ PCU (Program Coordination Unit) Programme, in which EU membership candidate countries also participate. The participation lasted until 1998. The activities of the programme that provided support for enhancement the customs services capacities included training, automatic data processing, harmonization and improvement of the procedures. The PHARE programme, as a pre-accession instrument was at that time the main channel for financial

⁶ PHARE - Poland and Hungary Assistance for the Restructuring of the Economy - initially established as an international instrument for providing economic support to the newly established democratic systems of Poland and Hungary, it later grew into EU's main financial instrument for the economic restructuring of the countries of Central and Eastern Europe).

and technical cooperation of the European Community with the countries of Central and Eastern Europe, with activities focused on capacity building for the implementation of Community legislation and the achievement of its standards. Support for EU integration processes were also provided through Eurocustoms (1993 to 2000), an instrument which launched and included technical assistance for harmonization of national customs legislation with EU legislation.



At the beginning of 1995, after procurement of the necessary technical equipment and recruitment of IT staff, the entire record-keeping and data processing was taken over by the Sector for Automatic Data Processing (ADP) in the Customs Administration, using the name “CONT” of “DOS” operating system.

The professional training of employees in the Customs Administration was conducted by the Department for Organizational, Personnel, Professional Training and General Affairs. Since the independence of the Republic of Macedonia until 1995, 250 new recruits were successfully trained in the Customs Administration through practical and educational programmes. Besides basic training which was mandatory for newly recruited customs officers, the Customs Administration

also took care to upgrade their knowledge with specialized training for specific topics.

Thus, during October 1997 together with experts from the Republic Institute for Protection of Cultural Monuments under the motto “Let’s protect the cultural heritage”, 270 customs officers were trained by lecturers and experts to detect and prevent illicit trade in cultural heritage. Manuals for customs officers were prepared for the training, and posters under the same motto were displayed for passengers at the border crossing points with 24/7 telephones for possible information on illegal trade in objects of cultural heritage.



Campaign leaflets for protection of cultural heritage and endangered animal and plant species

In March 1995, the Republic of Macedonia acceded to the International Convention on Harmonized Commodity Description and Coding System (HS Convention), which harmonizes the customs nomenclature of goods in international

trade globally. This practically means introduction of a system for unique international classification of goods in the customs tariff of the countries that have accepted this nomenclature, creation of a common internationally understandable customs language, that is, creation of customs terminology understandable for all stakeholders in international trade. The unified nomenclature enables easier and faster trade negotiations between countries, trade facilitation, creation of an internationally unified database for comparative analysis of statistical data on international trade.

The official customs uniform was changed in March 1996 with the adoption of a Rulebook on the Customs Officers Uniforms, laying down the model and design, colour, signs, duration for use and the manner of using the uniforms. Basic colour of the uniform was dark turquoise, except for the winter shirt (both gender's) which was white, the summer shirt (both gender's) - light turquoise and the shoes were black. According to the Rulebook, winter season starts on 15th October and ends on 31st March, while the summer season starts on 1st April and ends on 14th October.

The uniform had official insignia on it. The insignia marking the rank and position of the customs officer was located on the front left side of the jacket, coat, summer jacket, sweater and short-sleeve shirt.



Official uniform



1998 official insignia and emblem

On 27th April 1996, the first Law on Customs Tariff of the Republic of Macedonia was adopted and it came into force on 15th August 1996. The Law consisted of legislative part and customs tariff. The legislative part consisted of 14 Articles closely regulating the use of customs tariff. The 6-digit level customs tariff was aligned with the harmonised system. The division to over 6 digits was done according to the Combined Common Customs Tariff of the EU⁷ and about 85% of the positions were identical with the positions of the EU Customs Tariff. The last two digits were at national level to allow protection of separate goods of national interest.

⁷ Combined Nomenclature, Common Customs Tariff of the European Communities, according to the EU Regulation no. 2658 of 1987

The customs tariff is grounds for application of all foreign trade regulations, and by adopting this Law, the Republic of Macedonia undertook the obligation to each year publish a Decision on harmonization of the national nomenclature with the European Union nomenclature.



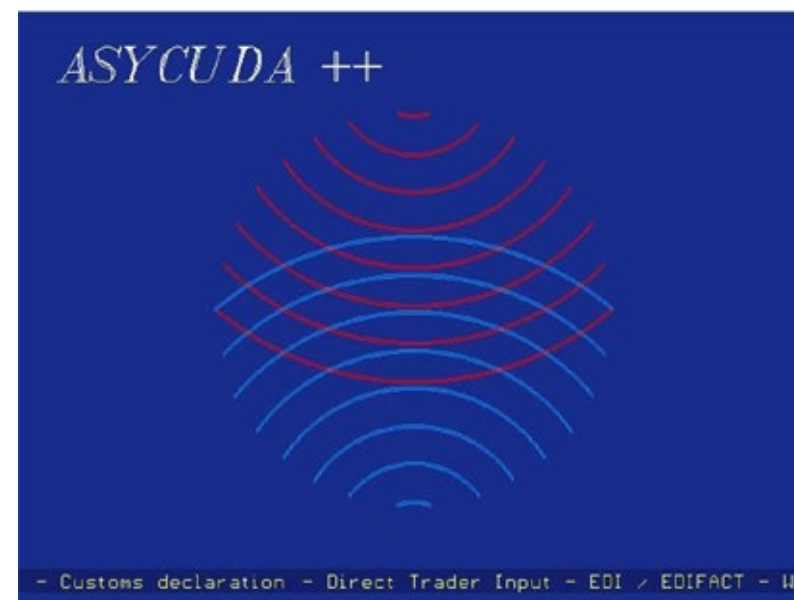
1996 Customs Clearance Guideline

The Law on Customs Tariff abolished all tariff codes for which there was no import within 1994-1996 as well as all codes protecting the economy of former Yugoslavia, and which were not in the interest of protecting the Macedonian economy. New codes for selective protection of some key sectors of the economy were introduced. The WCO recommendation for introduction of standard unit measures for tariff headings for statistical purposes and new positions in line with the WCO recommendations and international Conventions concerning materials and substances that deplete the ozone layer were also introduced. A list of psychotropic substances used for production of synthetic drugs was inserted. More tariff codes for civil aircraft spare parts were introduced relieved from customs duties, in accordance with the International Agreement on Civil Aircrafts.

The Customs Tariff had a column for customs duty rates applicable for import of goods originating from countries which the Republic of Macedonia has signed Agreements with, including a provision for most favoured nation. The import of goods originating in other countries was subject to customs duty rate increased by 70%. In line with the WTO recommendations, the new customs tariff abolished the special fee for duty relief settlement, amounting to 7.5% and the special tax on imported products also amounting 7.5%. Instead of these two fees, special duty was chargeable for import of agricultural and food products. The 1% fee for customs record-keeping was still in force. The highest import duty rate is 60% for agricultural products and that of 35% for industrial products. The import duty rates for raw materials not produced in Macedonia were 0-8%, while those for other raw materials were 8-13%. The legislative part of the Law on Customs Tariff regulated the customs contingent procedures, classification of spare parts to be inserted, issuing of certificates for classification, clearance of goods that are imported successively, flat import duty rate for goods imported by natural persons etc.

Although it formally existed, the Customs Laboratory Unit as an integral part of the Sector for Customs System started operating in 1995 by using services from other laboratories at the very beginning. In 1997 when US Customs Laboratory donated equipment and basic instruments, the laboratory started operating as a basic laboratory.

During this period, the laboratory conducted analyzes according to general analytical methods and rapid tests for identification, and for more complex analyzes it used the services of other government and private laboratories, and based on the results, it also issued opinions on the tariff classification of the goods.



ASYCUDA++ interface

An important date in the national customs history is 6th May 1996 when the new Macedonian Information System – MAKCIS was introduced. The funds for this system were provided from the pre-accession “PHARE” program of the European Union. Thus, after many years of preparation at the operational, technical and personnel level, the application of the new system ASYCUDA++ (Automated SYstem for CUstoms DAta)⁸ began, which significantly changed the operations in Customs, starting with the export and import procedures in the customs offices for clearance of goods, and since 2000 the procedures at the border crossings. ASYCUDA is a computer program, developed by UNCTAD⁹ for automatic processing of customs declarations, and the implementation in the Customs

8 ASYCUDA++ – Automated SYstem for CUstoms Data

9 UNCTAD – United Nations Conference on Trade and Development

Administration, in addition to the IT staff from the APD Sector was supported by experts from UNCTAD and the International Monetary Fund. The old "VS" forms were replaced by a new Single Administrative Document (SAD). The introduction of the first Customs Declaration Processing System - ASYKUDA as part of the MAK SIS systems meant electronic calculation and recording of customs duties.

32 Нам. 1		33 Тарифна ознака 27181943		36 Префер. 100	
34 Вифра на в. IT 0		35 БТД теж (кг) 26484.88		37 Процедура 4888	
		38 НТД теж(кг) 26484.88		39 Континг.	
48 Исправа/предходен документ					
41 Колич. во ЕМ 26484.88		42 Фактур. вред. 26885.75		43 ЕМ 1	
/ КК:		44 Вифра		45 Прилагодување 1.888	
46 Статистичка вредност 1886594					

ASYCUDA screen

By the end of 1998, all inland offices were connected to the MAK SIS system on 23 local servers with 400 personal customs computers and 400 freight forwarding agencies computers. A central server is located in the ADP Sector, which gathers data from local servers on daily basis. The data is later processed and analysed. Monthly reports concerning customs declaration data were sent to the National Bank of the Republic of Macedonia and the State Statistical Office.

During 1999, computer networks at the busiest border crossings were set up (Tabanovce, Bogorodica, Medzitlija, Deve Bair and Blace) and they are connected to MAK SIS. During 2000 the connecting of border crossings and electronic submitting of transit documents (T1 and TIR) was initiated. For that purpose all forwarding agents at the border crossings were connected to the system. The number of external users increased to about 500 (forwarding agents, airport companies, railways, offices, express delivery services, etc). 30 telephone lines for the external users were made available for direct communication. The customs procedure from the moment of submitting the documents to recording the payments was completely automated. Computer support was provided (communication with the Payment Procedures Agency) for centralization and control of the collection of customs and other duties.

In the period after the declaration of independence of the Republic of Macedonia, the trade with the neighboring countries continued, but in very difficult conditions. Macedonian importers were facing huge problem since the entire trade with the northern neighbors –countries of the former Yugoslavia, was almost at a standstill. After the stabilization of the economic and political circumstances in the neighboring countries, to continue the economic cooperation, the Republic of Macedonia started concluding Free Trade Agreements. In the period from 1996 to 2006, the Republic of Macedonia started applying bilateral free trade agreements with the former Yugoslav republics, namely: with Slovenia (1st September 1996), SR Yugoslavia (16th October 1996), Croatia (30th October 1997) and Bosnia and Herzegovina (1st July 2002). Among other, such agreements were concluded and applied with Bulgaria (1st January 2000), Turkey (1st September 2000), Ukraine (10th September 2001), EFTA countries (1st May 2002) and Albania (15th July 2002).

With the amendments to the Law on Customs Tariff passed

in 1998, the Article on the application of the flat customs duty rate of 15% applied for import of goods by natural entities was excluded. This provision was included in the Customs Law.

In May 1998, the new Customs Law¹⁰ was adopted, thus abolishing the Law on Customs Duties. This Law laid down the customs procedure, rights and obligations of the participants in the customs procedures, as well as the scope, manner of operation and the organisation of the authority competent for customs-related matters. The law expanded the definition of “customs declaration” and unlike previously, when the term “customs declaration” meant solely a paper document, now customs declaration was also an electronically signed computer message. Furthermore, instead of the existing “application for import and transfer of goods”, the Law introduced “elementary declaration” and the record-keeping of customs declarations was done in electronic logbook.

In addition to the normal procedure of customs declaration completion, for the first time the Customs Law introduced and defined simplified procedure. The procedures of customs warehousing, import of goods for production intended for export, manufacture under customs surveillance, temporary admission and exportation of goods for processing were defined as procedures with economic impact, the decisions thereof made by the customs authority and it could request appropriate security instrument for the goods in case they are subject to customs duties. Provisions stipulating customs zones were also included and procedures for clearance of goods in these zones were defined. A definition of customs debt was introduced, as well as procedures for calculation and collection of customs debt

10

“Official Gazette of the RM” no.21 of 8 May 1998



2000 Customs Law

In 1998 the Customs Administration changed its legal status. Pursuant the Customs Law, the Customs Administration is no longer independent state administration authority, but it becomes body within the Ministry of Finance with competences of a legal person, managed by a Director General appointed by the Government of the Republic of Macedonia. Practically, this means that the Director General no longer had the power to adopt by-laws and that was transferred to the Ministry of Finance.

In April 1999 the organisation and systematization of the Customs Administration were changed. With the adoption of new Rulebook on the Business Organisation of the Customs Administration and a new Rulebook on systematization of the job posts and tasks of the Customs Administration by the Minister of Finance, new territorial division of Customs Houses was introduced whose basic tasks are law enforcement and conducting customs procedures, consistently and impartially on the entire territory of the country. For the first time in

history, law enforcement function (control and investigation) was introduced at sector level, with special Departments and Intelligence Units and Customs Mobile Teams; a special Department for communication with judicial and prosecution authorities was also established which provided operational guidelines and instructions for the Customs Houses in detecting criminal acts and offences and their representation before the judicial authorities.

The new systematization includes formation of Sector for Control and Investigations, responsible for detection, prevention and investigation of customs violations and crimes, and which, according to the recommendations of the international community, is the first unit for fight against illegal trade, smuggling and suppression of organized crime. In parallel with the development of the sector, inter-institutional, regional and international cooperation was improving and deepening. Active cooperation was established with the Department for Suppression of Organized and Serious Crime of the Ministry of Interior and the Intelligence Agency, as well as with other authorities and institutions. The Sector for Control and Investigations consisted of Department for Control and Audit and Department for Investigations (which included operational units – Investigation unit working on detection of misdemeanors and crimes, Intelligence Unit – competent in gathering intelligence and information and data processing and Mobile Unit – border and detailed control).

According to the 1999 Rulebook for the systematization of job posts and tasks of the Customs Administration, the total number of envisaged employees was 1043, of which 211 in the headquarters and 832 in the regional customs houses. At the end of 1999, the total number of employees in the Customs Administration was 763.

At the beginning of 1999 the Union of the Customs Administration employees and the Director General of the Customs Administration signed a Collective Labour Agreement regulating the rights and obligations of the employees. A Customs Code of Conduct was also signed as part of the Collective Labour Agreement and to ensure transparency it was put up in all organisational units within the administration. The observance of the Code of Conduct was aimed to significantly improve the work discipline and the ethics in the service, as key indicators in the creating of the overall good image.

As part of the PHARE Programme, the European Commission through Eurocustoms approved funds for equipment and reconstruction of facilities in the building of the Customs Administration to create a mini training centre for customs officers, which became operational in 2000. The mini training centre ensured overcoming of the previous situation of organizing trainings in improvised classrooms, meeting rooms and other rented premises by the Department of personnel and training.



Economic Impact Procedures Guideline

Serious changes in the operation of the Customs Administration were made with the adoption of the Law on Value Added Tax (VAT), by the Parliament of the Republic of Macedonia which was successfully introduced on 1st April 2000. With this law, the Customs Administration became competent for the calculation and collection of VAT at import. Before the introduction of the amendment, a large campaign was conducted to inform the general public about the new tax rules. According to the new Law, VAT as a general consumption tax is calculated on import, at all stages of production and trade, as well as in the entire service-providing sector. Goods that are imported in the customs territory of the country are subject to payment of VAT. The tax basis for paying VAT consists of the customs value of the goods determined in accordance with the Customs Law, customs, excise duties and other types of fees. When determining the tax base, the costs of commissions, packaging, transportation and insurance that occur until the final destination of the goods are included.



Customs Code

A general tax rate of 18% is applied to the overall import of goods and services, except for imports that are taxed at a preferential tax rate of 5% for certain types of goods determined with the Decision on determining the goods and services subject to a preferential VAT rate.

The organization and systematization of job posts at the Customs Administration once were again amended in 2001 when, in order to comply with the Law on civil servants¹¹, a new Rulebook for organization and Rulebook for systematization of the job posts of the Customs Administration were adopted. According to these Rulebooks, the work of the Customs Administration, customs houses and sectors is coordinated by a state adviser, appointed by the Government of the Republic of Macedonia, and the sectors are managed by heads of sector. With the new systematization, three groups of employees in the Customs Administration are defined for the first time: uniformed customs officers, customs officers with special duties and powers, civil servants, as well as workers who do not have the status of civil servants.

In June 2001 came into force the Interim Agreement on Trade and Trade-Related Matters between the Republic of Macedonia and the European Communities, as part of the SAA¹² (full liberalisation of import of industrial products became applicable in 2011). With the Interim Agreement, agricultural products are defined in several lists stipulating abolishment or reduction of import customs duties, and certain goods are subject to quota. At the beginning, bilateral cumulation was applied and the documents serving as proof of origin included movement certificate EUR.1 and invoice declaration. A significant part of this agreement is Protocol 5, which is adopted on mutual assistance between administrative authorities in

11 "Official gazette of the RM" no. 59/2000 of 22 July 2000

12 Stabilization and Association Agreement between the Republic of Macedonia and the European Communities and their Member States

customs matters.

The same year, a new Law on Excise Duties¹³, harmonized with the Directives of the European Union came into force on 1st July 2001. It stipulated the competence of the Customs Administration for the calculation and collection of the excise duty at import. This law also laid down the products subject to excise duty, the rates/amounts of excise duty, the procedures for issuing excise permits and approvals for excise preferential use, the obligations of their holders, excise documents, excise supervision, excise authorizations and exemptions, excise stamps for marking excise goods, as well as administrative and penal provisions. The first excise permits were issued by the Public Revenue Office (PRO) in 2001.

The PRO got connected in the MAK SIS system, as a government control authority. Remote access to reports and customs declarations is provided for the PRO inspection services. At the same time, according to the agreement between the Republic of Macedonia and the NATO/KFOR forces, procedure for electronic record-keeping of NATO certificates for transit, import and export is laid down and is enabled in the MAK SIS system.

During 2001, improvement of the communication network continued by transferring the existing border crossing network from the then "MAKPAK" network to the communication network of the Ministry of the Interior, since it did not meet the needs of MAK SIS. Customs houses, customs offices for clearance of goods and the headquarters were connected in the system through the "VPN" network of Telecom.

13 "Official Gazette of the RM" no. 32/2001



Printed editions of the Free Trade Agreements

The constant increase in the volume of turnover of goods and passengers, the need to harmonize customs controls with the standards of the World Customs Organization - WCO and the European Union, as well as the limited resources available to the Customs Administration, inevitably imposed the need to use appropriate systems and operational methods that will ensure full protection of revenue collection and enforcement of prohibitions, provisions relating to quantitative limitation or prohibition of import of certain types of goods, while simultaneously simplifying and speeding up legitimate trade. In line with the World Bank recommendations for reconstruction and development and following world experience and best practices, in 2001 appropriate preparations and tests were made concerning the implementation of selectivity in the Macedonian Customs Information System (MAK SIS).

Hence, in accordance with the existing customs regulation, a selectivity system is introduced in the customs operation,

defining and implementing local, regional and state criteria for selectivity. Lists of selectivity were drawn up by tariff heading, country of origin, importer, as well as other indicators that can represent risk in the customs procedure. A system of value control of goods was established as a parameter for selectivity. The responsibility of each of the participants in the selection process was defined. The percentage of random and predefined selectivity is determined. The selection is carried out by establishing a system of channels (lines): “red channel” - with mandatory physical examination of the goods and documentary check of the declaration, “yellow channel” - with mandatory document checks of the declaration, “blue channel” - for additional control of goods (low-risk goods or perishable goods) and “green channel” - no documentary and no physical examination of low-risk goods.

In December 2001, a pilot portal was created (in “Microsoft Front Page”) and the first website of the Customs Administration. About 40 documents of interest to the public and the business community were uploaded.

Fight against crime is one of the main imperatives of the Customs Administration to enable safe and secure society. Therefore, in this period, customs control was aimed at preventive control of documents and goods, detection of smuggled goods, customs and foreign currency misdemeanors, as well as detection of drugs and precursors with the help of specially trained dogs.

Through the project of the World Bank - TTFSE¹⁴, funds were provided for procurement of prevention and detection

14 TTFSE – Trade & Transport Facilitation In Southeast Europe

equipment according to world standards, as well as professional education and appropriate training of employees in the sector, in order to effectively deal with the latest crime forms.

The Customs Administration also takes part in the negotiations for membership in the World Trade Organization, which through its bodies performs a dual role in establishing and strengthening the rules for international trade in products and services and trade liberalization. In doing so, the Customs Administration contributes to the work of the trade subcommittees that worked on amendments to free trade agreements.

The Customs Administration also took part in the negotiations for membership in the World Trade Organization. The WTO, through its bodies has a dual role in establishing and strengthening the rules for international trade in products and services and trade liberalization. In doing so, the Customs Administration contributed to the work of the subcommittees on trade that worked on amendments to the free trade agreements.

In cooperation with the European Commission, the priorities of the CARDS¹⁵2002-2004 programme were determined, which aimed to enable the countries of Southeast Europe to participate in the process of stabilization and association. The Project for integrated border management and the Project for improvement of the capacities of the Customs Administration were crucial for the Customs Administration in this period.

15 CARDS – EU Assistance Programme for Reconstruction, Development and Stabilisation in the Western Balkans

Within 1999-2001, the Customs Administration was involved in the UNDCP¹⁶/PHARE Project for strengthening the capacities for fight against drugs in Southeast Europe, in which competent services of Bulgaria and Romania also participated. The customs officers acquired skills in drug detection and seizure techniques. Customs received technical assistance in equipment, vehicles and customs dogs for more successful operation of the mobile customs team.

The projects of the Southeast European Cooperation Initiative (SECI) were supported for improved operation of the Center for fight against cross-border crime.

16 UNDCP – United Nations International Drug Control Program

Customs Administration in the second decade following the independence (2002 – 2011)

The entry into force of the Interim Agreement on trade and trade-related matters between the Republic of Macedonia and the European Community, as part of the Stabilization and Association Agreement between our country and the EU Member States, brought many obligations to the Customs Administration related to alignment with EU legislation and standards. Laws and by-laws were passed, changes in the organizational structure were made, new departments and sectors are formed, the equipment is modernized, the Customs Information System - MAK SIS continues to be built, a single window system for import, export and transit of goods permits – EXIM is launched, all with the aim of bringing the Republic of Macedonia closer to the EU standards, which at the same time brought benefits to the citizens and businesses using the services of the Customs Administration.

At the beginning of the second decade following the independence, amendments were made to the Customs Law, which largely brought our legislation in line with the EU customs legislation. The 2002 amendments introduced the possibility for data exchange in electronic form¹⁷. Amendments were made whereby the special duties paid at import of agricultural and food products are replaced by import burdens

¹⁷ "Official Gazette of the RM" no. 4/2002

arising from the agricultural policy or burdens arising from specific agreements that refer to certain goods that are the result of the processing of agricultural products.

At the same time, the Certificate for classification of goods is replaced by Binding Tariff Information and for the first time Binding Origin Information is introduced, issued by the Customs Administration at the applicant's request. The definitions of customs duties are amended and the concept of customs contingent is abolished, introducing preferential tariff treatment, applied since the accession of the country to the World Trade Organization (WTO). The methods for determining value of goods for customs purposes are changed and amendments are made in the section on non-preferential and preferential origin¹⁸.



Employees of the Customs Administration

¹⁸ "Official Gazette of the RM" no. 55/2002

In the same year, the Training Department is separated from the Personnel and Training Department as an independent department. As a novelty, this department set up an introductory course to familiarize new Customs recruits with the objectives and structure of the Customs Administration, as well as their rights and obligations. To ensure that the Customs Administration has quality trainers who meet high standards and who, besides knowledge, will also possess skills and abilities to transfer knowledge and skills, 29 customs officers attended Train the Trainers course.

A Project for Integrated Border Management is implemented through the CARDS¹⁹ programme, with the support of which a National Strategy for Integrated Border Management is developed and adopted, together with an action plan for its implementation (2002-2004). Under the project, new approach is introduced for protection of the state border and coordinated strategy for management and control of persons and goods entering, exiting or transiting through the customs area through the border crossings, as well as prevention of illegal trade. The main goal of the CARDS Programme was to solve regional problems and promote regional cooperation between in the Western Balkan countries. Action activities also included joint border management, enhancement of the administrative capacity, supporting democratic stability, developing and integrating transport, energy and environmental infrastructure with European networks.

In 2002, the Project for Integrated Border Management PHARE 2000 was implemented, providing static radiation detectors installation at eight most frequent border crossings and procurement of vehicles for the needs of the Sector for Control and Investigations.

¹⁹ CARDS – Community Assistance for Reconstruction, Development and Stabilisation

In September 2002, Macedonia hosted of the 7th RILO (Regional Intelligence Liaison Office) Conference in Ohrid under the auspices of the World Customs Organization and the regional RILO office. The first Regional Intelligence Liaison Office was established in 1987, with the aim of forming a global intelligence network. Exchange of information at national, regional and international level has always been important for customs authorities in achieving successful law enforcement and effective controls.



Within 2002 - 2011, the Macedonian Customs Information System (MAKCIS), mainly based on the ASYCUDA system was regularly upgraded with new modules from this software package, maintained and its communication links improved. The ASYCUDA software package was easy to adapt, supplement and upgrade, and with it the customs procedures were fully automated. Data from customs declarations in electronic form were delivered to the National Bank and the State Statistical Office in a timely and high-quality manner. Customs declaration data users were the Ministries of Economy, Finance, Agriculture and Ecology, the Public Revenue Office, the Chamber of Commerce and other institutions.

At the end of 2002, the customs information system was used by about 400 customs officers in 31 customs offices. Direct participants in the system are customs agents, the Public Enterprise for Airport Services, Macedonian Railways, Makedonija Soobrakjaj, Makedonska Poshta and express couriers (DHL, UPS, etc.). All participants and users of the system had at their disposal large volume of relevant data for customs clearance of goods related to the customs tariff, customs regulations, as well as information related to free trade agreements.

During 2003 and 2004, customs operations were upgraded by introducing risk analysis module, initially in six customs offices, and by the end of 2004 in all internal offices.

Under the TTFSE Project (2002-2006), financed by the World Bank, which was part of the regional programme for trade and transport facilitation in South-Eastern Europe, a reform component was implemented - institutional reform of the Customs Administration within the framework of which new headquarters building and modern data center were built, computer equipment was purchased, training courses were delivered and the facilities at the BCP Tabanovce and Deve Bair were reconstructed.



New Customs Administration Headquarters Building, 2006



Modernized BCP Tabanovce, 2006



BCP Tabanovce

With the implementation of the TTFSE project, modernization of information technology continues with the upgrade of the computer network, procurement of new servers, personal computers and communication equipment, training courses for maintenance of communication equipment and databases. Another significant project was underway in this period - the Project for technical support for modernization and development of the Customs Service according to European Union standards, financed by the European Commission with the support of the CAFAO²⁰-MAK Programme. The project focused on the organizational structure, strategic business plan, preparation of customs legislation, effective detection and prevention of illegal actions, professional staff

²⁰ CAFAO – Customs and Fiscal Assistance Office

and development of a training center. The joint work with the CAFAO-MAK achieved successful results, particularly in the fight against corruption and illegal trade. Namely, in the period 2003-2006, the computerization of the Sector of Control and Investigations was completed with a whole range of information technology equipment including desktop and laptop computers, printers and scanners, several databases introduced: intelligence database (“Intel database”), case management database in the Investigation Department („Case database“), management, intelligence, statistical and electronic information system (“MISER”), electronic messaging system (“SEMS”), a 24/7 hotline (“OPEN 197”) and a database for analysis of empty truck movement. The activities of CAFAO-MAK were also financed with funds from the CARDS program²¹.

In the period 2003-2005 Customs intelligence continues to be upgraded and improved with the help of experts from the EU and under the auspices of the CAFAO mission, in accordance with global standards. Intensive training courses for customs inspectors on intelligence were organized becoming familiar with the basic objectives of intelligence: functioning of the intelligence cycle, working with informants, handling information, information evaluation, participation in investigative actions, etc. In this period, intelligence database was also established and all records for customs misdemeanors and crimes detected by the Customs Administration in the period 2001 - 2003 were taken as initial records.

The main purpose of this database was to ensure that all relevant operational data will be stored in a reliable and secure manner. A new version of the intelligence database was created during 2004, which allowed different levels of

²¹ Cooperation in the field of Customs and Taxation, the European Union and the Western Balkans

access, thus improving the security of the system.

In 2003, the Customs Administration was given access to the WCO CEN²² database, which is used for customs intelligence purposes. This database contains information on all seizures of narcotics, cigarettes and weapons that the WCO member states have submitted. In the same year, relations with RILO are established and contact persons are appointed, which enables faster exchange of information for the needs of the customs service.

Customs officers were also involved in the activities of the regional Technical Cooperation Project “Capacity building for



detection and tackling illicit trade in radioactive materials”, as well as in the activities of the IAEA²³.

With the accession of Macedonia to the World Trade Organization, in April 2003, a new Law on Customs Tariff²⁴ was adopted, which significantly reduced the amount of customs duty rates, abolished the simplified classification of spare parts in the tariff heading for finished product,

introduced an obligation to harmonize the customs tariff with the obligations from the Protocol of Accession to the WTO and the obligation to harmonize the customs tariff pursuant the Law Ratifying the Convention on the Harmonized Commodity Description and Coding System. In line with the WTO accession obligations, at the end of each year a Decision on the harmonization and amendment of the Customs Tariff is published for each subsequent year, which continuously harmonizes and amends the nomenclature of the Customs Tariff in accordance with the amendments to the Harmonized System (HS) and the Combined Nomenclature (CN) of the EU, which refer to the system of commodity description, the system of coding, unit measures, as well as the explanatory notes to the corresponding sections and chapters.

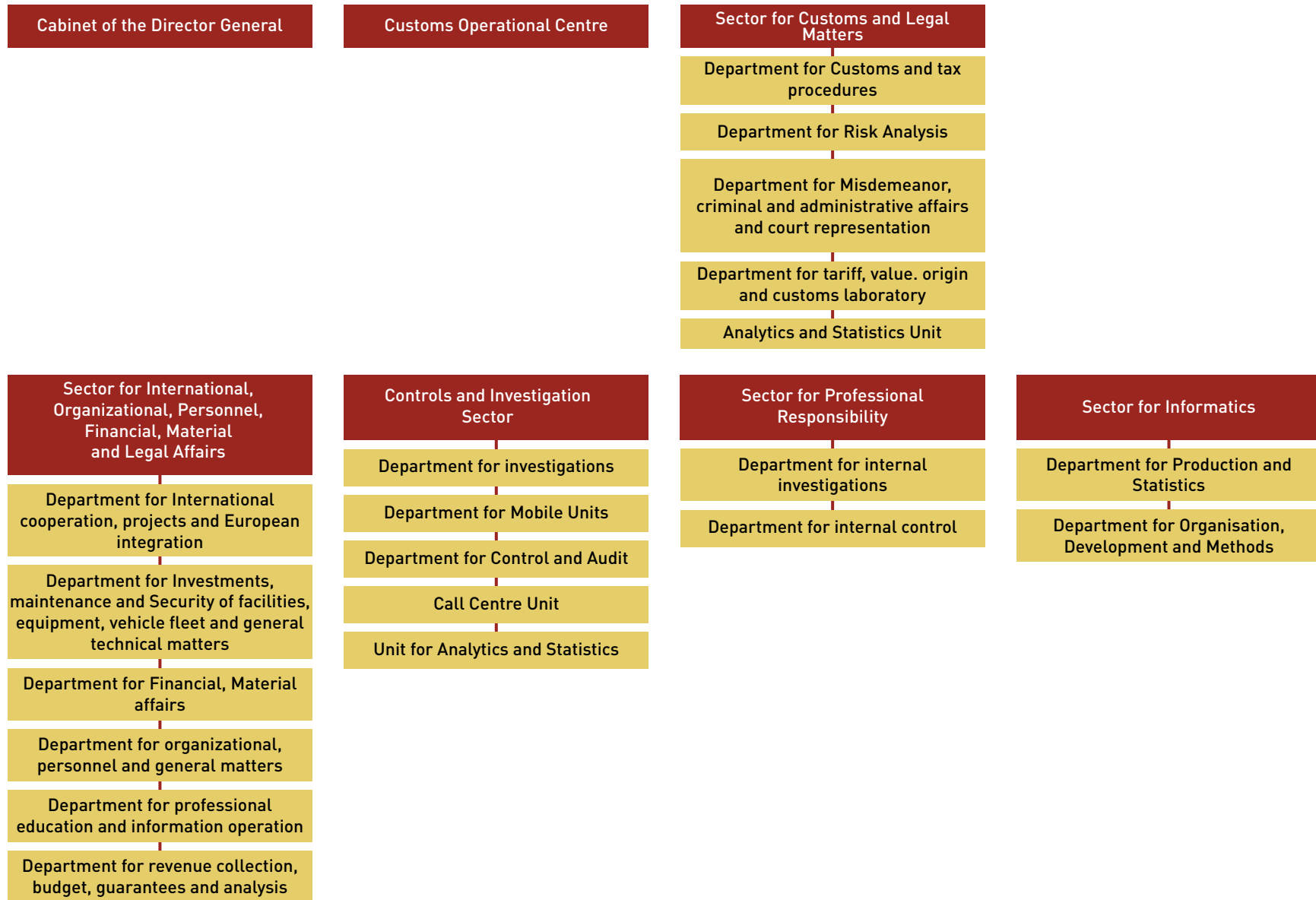
In 2003, with the adoption of a new Rulebook on organization and work, the organizational structure of the Customs Administration was changed. According to the new Rulebook, the following organizational structure was established:

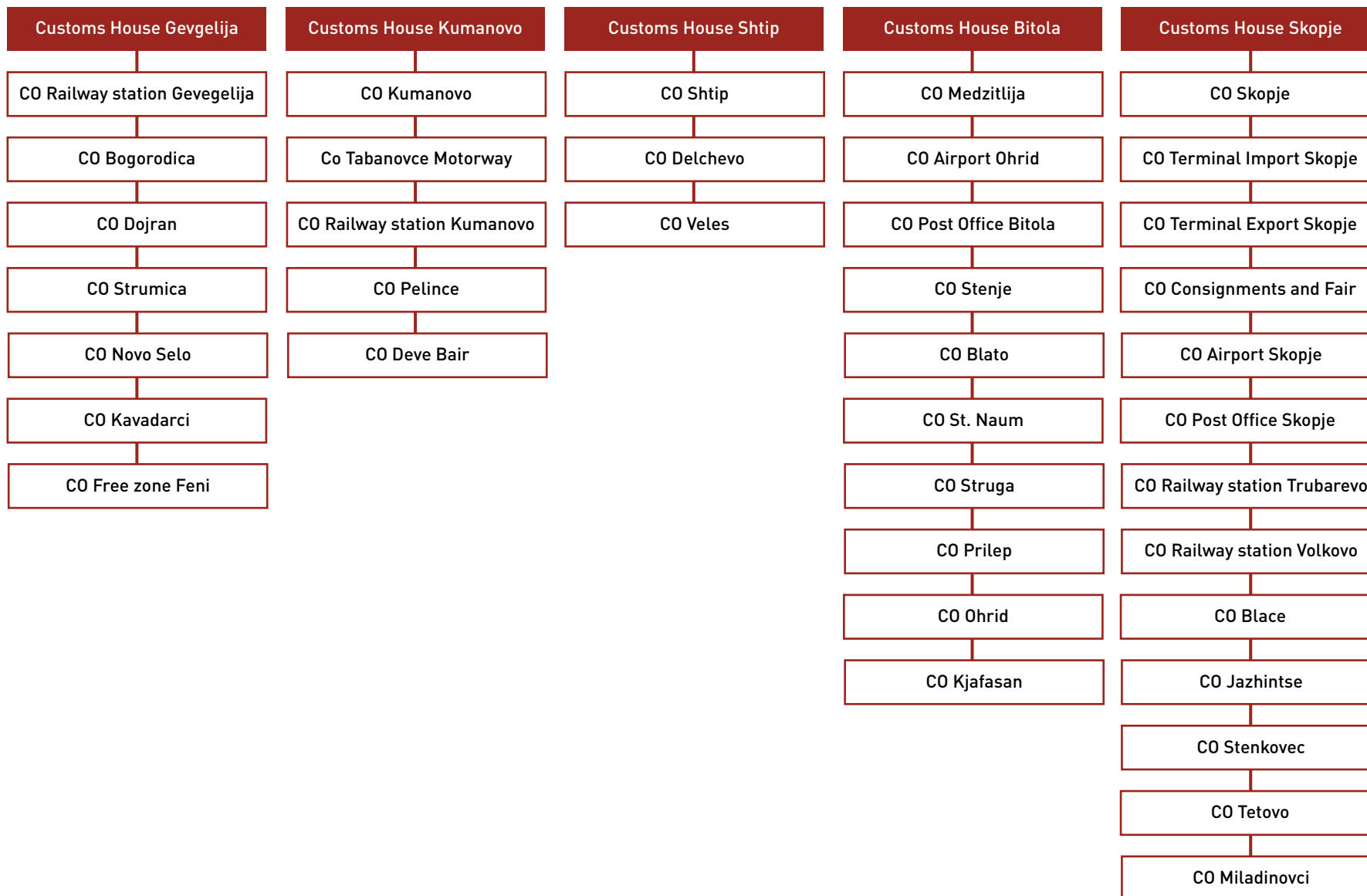
22 Customs Enforcement Network

23 IAEA – International Atomic Energy Agency

24 “Official Gazette of the RM” no. 23/2003

Organisational chart 2003





In order to raise the level of responsibility and ensure greater control of employees, a Sector for Professional Responsibility was established in this period, with Department for Internal Investigations and the Department for Internal Inspection.

In 2003, a new Rulebook on the official uniform, form, content and manner of issuing official identification document to customs officers was adopted.



Official insignia of Advisor and Director of Sector, Deputy Director and Director General, pursuant the Rulebook of 2003

At the end of 2003, the Customs Administration had 876 employees, while at the end of this decade (2012), the number of employees was 1167.

In the second decade since its establishment of the Customs Administration free trade agreements continued to be concluded or entered into force. Since January 2004, the application of Free Trade Agreement with Romania started. Full liberalization of all industrial goods is being applied since 2008, and certain agricultural goods had partially reduced duty rates and certain products were subject to quotas.



The Law on the Customs Administration²⁵ describes the Customs Administration symbol comprising of a central red stripe contained in a golden yellow frame symbolising the border crossings; three golden yellow stripes placed both above and below the red stripe, symbolizing the flow of people and goods over a customs line. Two inscriptions are placed in a circular format: Република Македонија Царинска управа (Republic of Macedonia Customs Administration) “Царина – Customs” in the lower.

The author of the Customs Administration’s symbol is professor Kostadin Tanchev Dinka, an academic painter and graphic artist.

On 1st April 2004, the Interim Agreement with the EU ceased to apply and was replaced with the Stabilization and Association Agreement with the European Communities (SAA). With the SSA, the rule on origin of goods started to be applied for import of goods originating from the EU. This agreement takes into account the increase in the number of EU Member States from 15 to 25. Bilateral cumulation is still applied under this agreement. In January 2005, the Free Trade Agreement with Moldova became applicable, and full liberalization of all industrial goods became applicable as of 2010, while tariff quotas are provided for agricultural goods. The Interim Free Trade Agreement between the Republic of Macedonia and UNMIK²⁶ (Kosovo) has been in effect since February 2006, when full liberalization on import of all originating goods was

25 “Official gazette of the Republic of Macedonia” no. 46 of 12 July 2004

26 UNMIK – United Nations Interim Administration Mission on Kosovo

introduced.

Following the submission of EU membership (in 2004), customs officers worked to provide answers to the European Union Questionnaire. In the Customs Union Chapter, questions related to customs legislation, computerization, customs value of goods and origin of goods were answered.

The Customs Administration contributes and actively participates in the International Program against proliferation of weapons supported by the United States Government.

The Export Controls and Related Border Security (EXBS)²⁷ program, funded and supported by the Department of State and the Department of Homeland Security, was activated in 2004 and provides support to the Ministry of the Interior and the Customs Administration through training and equipment for detection and prevention of illegal transfer of weapons and weapons of mass destruction. Through the program, equipment is donated that is used in the daily work of the Customs Administration (hand x-ray scanner, fiberscopes, boosters, radiation detectors, videoscopes, tools, computers, patrol and off-road vehicles).

In 2004, new powers and responsibilities were enacted to the Customs Administration under the new Law on the Customs Administration²⁸, adopted the same year in July, as a natural consequence of the establishment of new organizational units in the Customs Administration.

With the 2004 new Rulebook on the Business Organisation of the Customs Administration and the Rulebook on systematization of the job posts and tasks of the Customs Administration the Customs Administration established new organizational units: Department for International Cooperation, Projects and



Customs Clearance Guidelines

European Integration, Department for misdemeanor, criminal and administrative matters and representation before judicial and other authorities, Sector for human resource management and Sector for revenue collection, financial, material and legal Operation.

New organizational unit - Internal Audit Department – was also formed, and the 24 Hour Operational Center was abolished, its responsibilities were taken over by the Coordination and Communication Department within the Sector for Control and Investigations. The Department for misdemeanor, criminal and administrative matters and representation before judicial and other authorities was renamed and called Department for customs, administrative, misdemeanor proceedings and court representation. The Sector for Customs Legal Affairs was renamed into Sector for Customs System. The Analytics and Statistics Unit was abolished, and a new Department for Non-Tariff Measures was established (among other things, for the administration of the Law on Customs Measures for the Protection of Intellectual Property Rights). The Sector for Control and Investigations was reorganized, the Department for Informatics was renamed Sector for information and

²⁷ EXBS –Export Control and Related Border Security Program

²⁸ “Official Gazette of the RM” no. 46/2004 of 12 July 2004

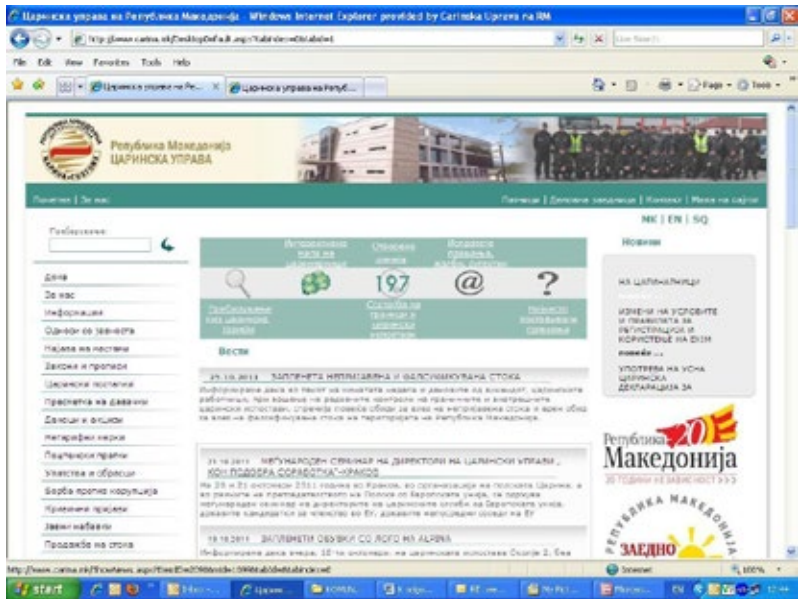
communication technologies, and within the customs offices, special Units for the supervision of holders of authorisations - USHA were established for the administration of customs procedures with economic impact. With the amendments to the Regulation on the organization and work of the Customs Administration, the units for general and material-financial matters are abolished in the regional customs houses. A Department for misdemeanor procedure and a Department for administrative and technical affairs were also established. The Department of Accounting and Finance is renamed the Department of Financial Affairs, and in the Sector for Control and Investigations, a Department for operational matters, Mobile Teams Unit and Mobile Scanners Unit are formed.



Mobile X-ray Scanner

Internal audit is an independent activity of providing objective assurance and advice, established in order to contribute to increasing the value and improving the operation of the entity. It helps the entity meet its goals, applying a systematic, disciplined approach to assessing and improving the effectiveness of risk management, control and management processes. The Internal Audit Department is an independent department in the Customs Administration and answers directly to the Director General of the Customs Administration. The work of the internal audit is carried out by conducting individual audits during the calendar year, based on the Department's Strategic Plan, which is carried out for a period of 3 years and is updated every year, and the Department's Annual Plan, which is carried out on grounds of the strategic plan. Based on each performed individual audit, recommendations for improvement the internal control system in the work processes are given.

In June 2004, the first website of the Customs Administration was replaced with an advanced version of a dynamic internet portal in Macedonian and English, which later in April 2007 was expanded with a section in Albanian. The website was in 2010 completely redesigned and supplemented with new functionalities, such as interactive map of the Customs Administration.



2006 website of the Customs Administration



Interactive map of the Customs Administration

With the new Law on Customs Administration, for the first time, the job posts are classified depending on the official tasks that are performed, in three groups and positions: managing customs officers, expert customs officers and administrative customs officers. What is new in it is the definition of the conditions for employment of customs officers, the employment procedure, the internship programme, as well as the text of the oath that new customs officers swear and sign. The new law also laid down the obligations and duties of customs officers, provision of the necessary conditions for work safety and a healthy working environment, appropriate health standards at work, conflict of interests, obligation to keep official, business and other secrets, guaranteed basic rights to customs officers, redeployment, promotion, working hours, breaks and leave, work performance evaluation of customs officers, monthly salary, allowances, awards and bonuses, benefits, career progression monitoring, code of conduct, disciplinary and material responsibility, termination of employment, as well as temporary removal from work - suspension.

In the first quarter of 2005, the equipment and employees of the Sector for Information and Communication Technologies were moved from the old facilities in the Regional Customs House Skopje to the new headquarters building of the Customs Administration.



New server room, April 2005

In the same year, a new Revenue Collection System was introduced, which ensured central recording and control of collected revenues, as well as monitoring of bank guarantees of customs debtors. The application contained the necessary controls to link transactions from the treasury system to the customs declaration processing system, which could not be tracked with the existing software.

In the area of international cooperation, in April 2005 an international forum “Exchange of experiences among Customs Services in the process of European integration” was held in Ohrid. The Customs Services from the region adopted the Ohrid Declaration with an expressed will and readiness for better cooperation and exchange of experiences to harmonize customs procedures, facilitate trade and transport in line with European standards, exchange data and fight crime.

In the same year in the Netherlands, a Memorandum of Twinning partnership was signed between our Customs Service and the Dutch Customs, that was realized in the period 2005-2008. The cooperation resulted in improved customs procedures, particularly in the case of inward processing and establishing a structure for intellectual property protection. After the jointly implemented activities, better results were

noted in realized seizures and successful actions in the prevention of smuggling and other types of organized crime, as well as reduced occurrences of corrupt behavior. The two administrations continued their cooperation by signing a second agreement in 2010, which laid down the areas of joint action and assistance for the period until 2014, in the area of company supervision, customs procedures with an economic impact, managerial skills, fight against counterfeit products, improvement of the operations of the Customs Laboratory, introduction of a modern human resources management system, as well as the introduction of competencies.



Cooperation with US Customs, 2003

New harmonization of the national customs legislation with that of the European Union was made in 2005 with the adoption of a new Customs Law, which was the first step towards creating prerequisites for introduction of standards and

principles by which the customs services work in the EU. This law developed selectivity and simplified procedures according to the Revised Kyoto Convention²⁹. The role of customs agents (representatives in the customs procedure) was defined and a requirement to pass an exam to obtain a customs agent license was introduced. The inward processing procedure was liberalized in line with the Istanbul Convention³⁰. The concept of autonomous measures to reduce or abolish import duties is introduced. These novelties were aimed at Macedonian companies to benefit from the same conveniences that companies from EU countries have. With this Customs Law, part of the customs regulations were harmonized with the customs regulations of the EU.

A Regulation on the use of means of coercion, as well as the carrying and use of firearms by customs officers, and a Rulebook on the type of documents and data marked as official, business and other secret, the manner of their storage and protection were also adopted.

Since January 2006 година the Rulebook on the manner of filling in customs declaration and the book of codes used³¹ started to be applied, thus abolishing the application of the Rulebook on the form and content and the manner of filling in the customs declaration and other documents in the customs procedure. The new regulation incorporated several international standards and recommendations in the Book of Codes, such as country codes, type of transport codes, packaging and other.

29 The International Convention on the Simplification and Harmonization of Customs procedures (Revised Kyoto Convention), adopted by the WCO in 1999, and came in force in 2006

30 Convention relating to temporary admission (Istanbul Convention), adopted by the WCO in 1990, and came into force in 1993

31 "Official Gazette of the RM" no. 97/2005

At the same time, the first Strategy for the development of the information system of the Customs Administration was adopted, defining the priorities in the development of the customs information system aimed at preparation of the customs service for connection with the European Union IT systems.



First electronic archive

Pursuant the adopted Strategy, in addition to the IT support of customs procedures related processes, control and investigation, development and support of the administrative processes is introduced. The Customs Administration is among the first government agencies to introduce an electronic archive and intranet portal.

MAKCIS was upgraded with a "Help Desk" management application, and a User Access Control System ("Active Directory") was introduced, providing centralized, controlled and secure access to users in the information system. A media news search engine was developed, enabling realtime availability of relevant information from domestic, regional and world media. Electronic databases for record-keeping of disciplinary proceedings, criminal charges and records of seized goods and software application for warehouse operations were also established.



Collegium of the Customs Administration, 2006

In terms of the organizational structure, at the beginning of 2006, the Department for Audit and Control was divided into two organizational units - Department for Control of Trade Companies and Department for Internal Inspection. The control of the accounting and financial documentation of companies took up greater part in the overall control functions of the Customs Administration, whereby large number of customs related irregularities were detected, holders of inward processing authorisations and customs storage were controlled. Based on the control results and identified irregularities, decisions were made for subsequent collection of customs and excise debt. External controls of holders of excise permits and excise duties refund requests were also conducted, whereby, if necessary, subsequent collection of identified debt was carried out or excise permits were revoked. Customs worked on increasing the capacity in the area of control of companies in terms of regular customs operations, granted authorisations for customs procedures with an economic impact, excise permits and approvals and

customs agents' licenses.

To ensure organized and systematic support to customs investigative activities, within the Sector for Control and Investigations in February 2006 the Customs Administration established a Unit for Fight against Organized Crime and Anti-Smuggling Unit.

The application of the first multilateral Agreement on the Accession to the Central European Free Trade Agreement (CEFTA) started in July 2006 with Albania, Bosnia and Herzegovina, Kosovo, Moldova, Serbia, Croatia and Montenegro as member states. This Agreement stipulated the application of diagonal cumulation with all CEFTA members, which up to that point was bilateral.



Leaflet promoting the Customs Hotline 197

Since the end of 2006 and the beginning of 2007, the Customs Hotline 197 for reporting crime and corruption was fully automated with the introduction of a system for recording telephone calls.

In May 2008, the Customs Administration regulated the operation of the Coordination and Communication Department (CCD). CCD works 24 hours seven days a week (24/7) with the main task of receiving information, initial analysis, assessment and processing, provision of logistical support to customs officers in the field and in customs offices, managing the CCTV³², ANPR³³ systems, the Customs vehicle monitoring system (GPS), administration of the hotline 197, as well as coordination of risk analysis and customs surveillance

32 Closed Circuit Television

33 Automated Number Plates Recognition

systems outside regular working hours. In February 2011, the Electronic Daily Logbook for the daily activities of CCD - EDL was introduced. Multiple databases were implemented enabling quick verification and logistical support to customs officers in the field. Promotional material is published in several languages (Macedonian, Albanian, English, Turkish and French) in the form of posters, flyers and notice boards, and promotional videos are broadcast on the Macedonian television.



Leaflet – protection of intellectual property rights

In this period, the Law on Customs Measures for the Protection of Intellectual Property Rights was also adopted, creating legal framework for the actions of the Customs Administration at import and transit of counterfeit goods. Pursuant this law, the holders of trademarks or their representatives submit to the Customs Administration requests for customs protection of their products and cooperate with the Customs

Administration on the preparation of system for detection and prevention of import and transit of counterfeit goods, as well as on raising the public awareness of the harmful consequences of the use of counterfeit goods. In the period since 2006, protection of intellectual property rights became a regular activity of the Customs Administration independently, but also in cooperation with other agencies in the country and abroad that had competences in this area. Efforts were made to improve the capacity of the Customs Administration in preventing the production and trade in counterfeit goods. In this period, the Customs Administration carried out the first actions to seize counterfeit goods. In continuation of the systemic solutions for the protection of intellectual property rights adopted in 2006, in 2007 the Customs Administration introduced a new risk criterion for internal customs offices - INTEL, for goods infringing intellectual property rights and identification of companies – importers of goods infringing intellectual property rights, the type of goods seized and destroyed.

In 2007, the Customs Administration conducted 325 raids, seizing 1.7 million pieces of counterfeit goods. This pace with hundreds of raids continued in the next two years, seizing about one million pieces of counterfeit goods each year. The intensity of the actions and seizures in these 3 years contributed to a significant reduction in the attempts to import and transit counterfeit goods, and hence the presence of counterfeit goods in the Republic of Macedonia.

As a result of the enhanced system and intensified activities resulting in significant seizures of counterfeit goods, the WCO “Customs and IPR Report 2007” ranked the Republic of Macedonia 10th in the world in terms of number of conducted customs actions to prevent infringement of intellectual property rights.

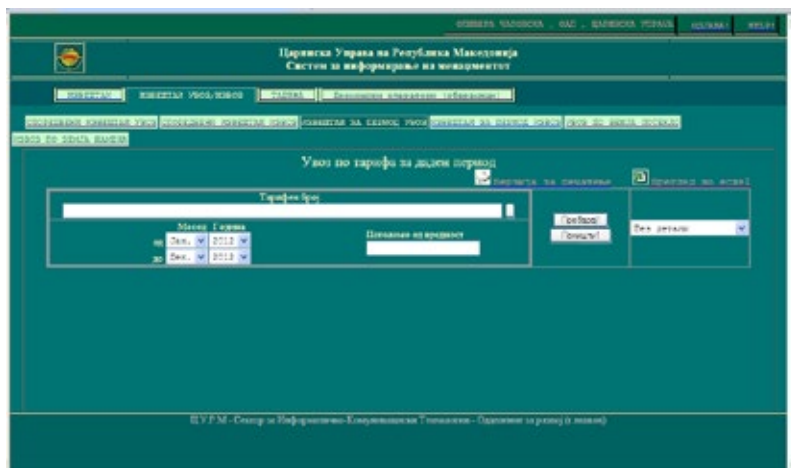
With the amendments to the Customs Law Implementing Regulation in 2007, transparent criteria were established (including financial and tax history of the company, owners and management) for reduction of the amount of bank guarantees to secure the customs debt (up to 0 %). The amendments also ensured simplified and faster procedure for guarantee acceptance (the evidence verification procedure is carried out by the Customs Administration itself), as well as elimination of the discretionary right of the Customs Administration to determine the amount of the bank guarantee in an insufficiently transparent manner.

To reduce the unnecessary burden on the economic operators with costs and administrative procedures and to ensure compliance with the EU Acquis Communautaire, several facilitations were made in this period related to international passenger and cargo traffic, eliminating or reducing large number of administrative fees.

Thus, with the 2007 amendments to the Law on Administrative Fees, the administrative fees for obtaining 12 types of permits and authorisations from the Customs Administration were eliminated or reduced to a symbolic amount. In 2010 the following fees were also abolished: administrative fees for submitting customs declarations, requests for issuance of a EUR.1 movement certificate and a record of entry and exit of goods into and from a free zone or free warehouse.

The 2007 amendments to the Rulebook on the type and amount of customs fees for services rendered in the customs procedure abolished the fees for issuing binding tariff information and for laboratory tests, while in 2008 the fees for customs escort, storage in a customs authority warehouse and for access to the customs information system were also abolished. By taking over the responsibilities for management of the facilities at the border crossings for road traffic by the Customs Administration, towards the end of 2008, Customs

also eliminated the fee for weighing vehicles. In 2011, Customs also eliminated the customs terminal use fee during the realization of the customs procedure.



Management Information System application – MIS screen

A novelty introduced by the Customs Administration in 2007 is the electronic Management Information System - MIS³⁴, which serves to collect and analyze data on activities and traffic at border crossing points (vehicles, passengers, controls and results, etc.).

Operational instruction for examination of work skills and procedures for public call recruitment was adopted. This led to fulfillment of the criteria laid down in the Conventions and Recommendations of the International Labour Organisation (ILO), the WCO Customs Cooperation Council's Arusha Declaration and the Law on Customs Administration and Law on Prevention of Corruption in the part related to recruitment.

34 MIS – Management Information System

The choice and the selection is made based on predetermined criteria and standards, by checking the working capabilities depending on specific conditions of work, carried out by separately established commission.

Upon invitation of the Customs Administration, the same year the World Customs Organisation conducted diagnostic mission for evaluation of the alignment of the Republic of Macedonia with the Framework of Standards to Secure and Facilitate Global Trade, adopted two years before by the WCO member states as a single international instrument enabling new approach in the administration of goods crossing the border respecting the close partnership relations that should exist between Customs and the business community. At the same time, a strategic assessment of the ability of the Customs Administration to implement reforms and modernization was carried out, with advice given on the application of the Framework of Standards to Secure and Facilitate Global Trade and with an indicated strategic direction for the implementation of future activities.

In cooperation and with the financial support of the USAID³⁵ Project for Improvement of the Business Environment, the Customs Administration in 2007 enriched the fund of translated and published manuals and publications of the WCO (Framework of Standards to Secure and Facilitate Global Trade, brief explanation of the Revised Kyoto Convention and Glossary of International Customs Terms).

The “Border application” was launched in August 2007, which completes the monitoring and closure of transit started in ASYCUDA and the provided bank guarantee in the “Collection” system.

35 USAID – United States Agency for International Development

Pursuant the Law on Misdemeanors, adopted in 2006, a new system of conducting misdemeanor procedure was established for different misdemeanors laid down by law. Besides the courts, this law made it possible for the misdemeanor proceedings to be conducted by the state administration bodies, including the Customs Administration. In October 2007, amendments were made to the Law on the Customs Administration³⁶, under which the Customs Administration took over from the courts the competences for conducting misdemeanor proceedings, imposing misdemeanor sanctions and special misdemeanor measures for a committed customs offenses. The competences of the Misdemeanor Commissions for processing and deciding upon misdemeanor refer to the implementation of the Customs Law, the Law on Excise Duties, the Law on Customs Measures for Protection of Intellectual Property Rights, the Law on Foreign Exchange Operations, the Law on Representation in Customs Procedures and the Law on the Customs Administration. In their work, the Commissions, as independent and impartial misdemeanor authorities are obliged to ensure correct application of substantive and procedural law and to guarantee fair and objective decision-making to the perpetrator of the misdemeanor in order to protect human rights. According to the competences received, as of January 2008, the Customs Administration started imposing fines for committed customs misdemeanors.

³⁶ Pursuant amendment XX of the Constitution of the Republic of Macedonia of 2005, for the purpose of more efficient and faster resolution of misdemeanors, as well as relieving the courts of the influx of misdemeanor cases, for offenses determined by law, a sanction may be imposed by a state administration body or organization and another body exercising public powers.



SEMS log-in screen

In 2007 the Customs Administration started developing the South-East European Messaging System (SEMS³⁷), which became fully operational in June 2009. SEMS was used for exchange of pre-arrival information on passengers, goods and vehicles/vessels/aircrafts in road/river and air traffic, as well as collection and analysis of information for intelligence and risk analysis purposes.

³⁷ South-East European Messaging System

In the period 2007 - 2011, the Customs Administration submitted over criminals charges for 630 cases, most of which were for customs fraud (over 240), smuggling (over 120), illegal trade in excise goods (over 130), etc. In the same period there were over 8,100 cases of processed reports on committed customs, foreign exchange and excise misdemeanors, resulting in 5,300 decisions on committed misdemeanors and besides confiscation of the goods subject to the misdemeanors, fines amounting to about 300 million denars were imposed.

In order to increase the administrative capacity of the Customs Administration, at the end of 2007 the Ministry of Finance concluded a two-year contract with the international consulting company Crown Agents hiring customs experts from the EU. For a period of two years, these customs experts worked together with the customs officers of the Customs Administration to introduce control systems and risk-based procedures as the primary basis for the implementation of customs activities, development of investigation and intelligence functions, identification and detection of irregularities, illegal trade, smuggling and economic crime, development and promotion of effective inter-agency cooperation in the country and abroad, and development and implementation of an anti-corruption strategy.

The following year started the process for introducing an internal control system in the Customs Administration, and with the adoption of the Internal Control System Guidelines, Customs Administration defined the internal control objectives, the method of identification, analysis and assessment of risks, as well as the internal control procedures and the role of management and employees.

The amendments to the Customs Law adopted in 2008 provided legal grounds for the introduction of the concept

of Authorized Economic Operator - AEO³⁸. Criteria for high risk persons, conditions for revocation of previously granted customs licenses, representation authorisations, adoption and annulment or cancellation of decisions in the area of Customs were established.

At the same time, harmonization of the Customs Law Implementing Regulation was made, based on the relevant EU customs regulation, which brought the Republic of Macedonia closer to European legislation in the area of submitting customs declarations by introducing summary customs declaration, and later pre-arrival and pre-departure summary declaration. The regulation provided for introduction of the so-called simplified customs procedures, including local customs clearance where companies, based on approval of the Customs Administration can perform import and export customs clearance 24/7 in their own premises instead of doing this at customs terminals, authorized consignee and consignor, which is beneficial for customs clearance of the so-called LCL shipping, as well as regulated customs procedures with economic impact, inward and outward processing, customs warehousing, etc.

38 Pursuant amendments to the EU Customs Code 648/2005



Hplc³⁹ – Liquid Chromatograph



Kjeldahl – for determination of nitrogen and proteins and Soxterm– for hydroanalysis

Further equipping of the customs laboratory with new equipment donated by the European Commission under the CARDS programme continues. In 2008, the Customs Administration signed an Agreement on business-technical cooperation with the Institute of Chemistry of the Natural Sciences and Mathematics Faculty (NSMF) with the aim of relocating the customs laboratory in the premises of the Institute of Chemistry, using their infrastructure, sharing equipment, as well as assistance and training by their experts. In the coming period, the laboratory is constantly being upgraded with new equipment in the field of spectrometry, chromatography and other analysis techniques, as well as with new analytical methods.

Under the 2008/2009 Cooperation Programme between the Government of the Republic of Slovenia and the Government of the Republic of Macedonia in the domain of European affairs, technical assistance was provided for harmonization of the national legislation with that of the EU in several areas covering Customs Union (facilitation of customs procedures, customs laboratory, enhancing customs control mechanisms, etc.).

In May 2008, the Customs Administration regulated the area of working with persons who provide information (informant) for the purposes of customs intelligence, their protection, the standard approach in their identification, their preparation and management in order to ensure constant flow of quality information, the procedures for collecting and storing information from informants and the conditions for providing compensation.

In June 2008, with the Law Ratifying the Recommendation of the WCO Customs Cooperation Council the request for membership of the European Communities in the WCO is accepted. The Law Ratifying the Protocol Amending the International Convention for the Simplification and

Harmonization of Customs Procedures (revised Kyoto Convention) adopted at the end of 2008 meant further alignment with the EU Acquis Communautaire and acceptance of the WTO instruments related to ensuring appropriate balance between control and revenue collection on the one hand and trade facilitation on the other.

Publication of the monthly magazine “Carina” was also reestablished with novelties in the customs operation. The same year, a customs library was established which in 2012 already had 250 titles (books, publications, brochures) and 68 videos.

In the area of misdemeanor related decision-making powers, since August 2008 the Customs Administration was given competences in decision-making stipulated in the Law on Foreign Exchange Operations.

Customs also took over the competences for management and maintenance of border crossing point facilities from the Public Enterprise for Housing and Business Premises Management (PEHBPM) including over 50000m² business premises, land, customs terminals and 204 employees. This started the reform process of the PEHBPM by at the same time providing for cost reduction and ensuring better conditions for the economic operators and passengers.

The Law Ratifying the Protocol to the SAA of September 2008 anticipated the accession of the Republic of Bulgaria and the Republic of Romania to the EU and created conditions for the implementation of diagonal cumulation of origin including the Republic of Turkey.

Selective approach based on risk analysis, during the implementation of customs controls is also regulated in 2008. At the same time, the Customs Administration adopted a procedure for setting and monitoring minimum quantitative goals for preventing illegal trade and facilitating trade.



Equipment for conducting customs control

The US Government provided new customs control technical equipment (booster, fiberscope, laser distance meter, radiation detection pagers and other sophisticated equipment for detecting concealed goods). In 2008, the Customs Administration introduced modern personal weapons for protection of customs officers during the performance of their duties.

In 2008, the Customs Administration introduced electronic Application for Record Keeping of Trade with Foreign Currencies, Securities and Precious Metals, giving direct access to the Agency for Money Laundering Prevention. The Customs Administration also established a detailed electronic database of criminal charges submitted by the Customs Administration to the competent Public Prosecutor’s Offices.



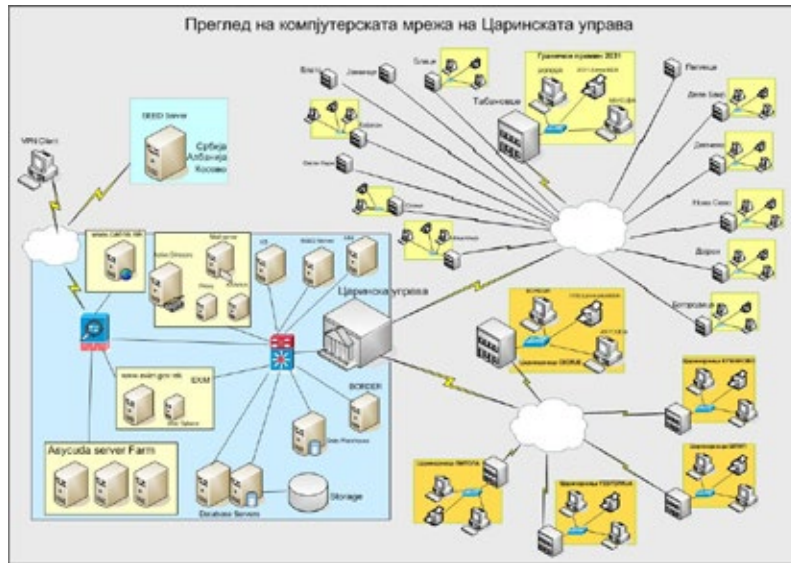
A centralized video surveillance system - CCTV is also put in use enabling real-time video surveillance, recording and photographing of the area where the Customs Administration performs its functions. This provided support for the activities to detect and prevent illegal trade and smuggling of goods, protection of human health and the environment, suppression of the misuse of official powers and negligent performance of official duties, faster trade and transport and efficient removal of possible delays, as well as security for the employees and property of the Customs Administration. Based on risk analysis, intelligence and other information, mandatory monitoring is targeted and cameras record 24/7. The representative of the Customs Administration in the National Coordination Center for Integrated Border Management also has access to the system. The modus operandi with CCTV was regulated by the Customs Administration in January next year.



For the purposes of control the flow of vehicles, detection and prevention of illegal trade and smuggling, Automatic Number Plate Recognition System –ANPR was installed at border and inland customs offices covering 132 road lanes.

During 2008, the trend of strengthening the information system continues, primarily with the reorganization of the customs network, ensuring faster and more reliable system data flow.

Video monitoring and automatic number plate recognition system (CCTV&ANPR)



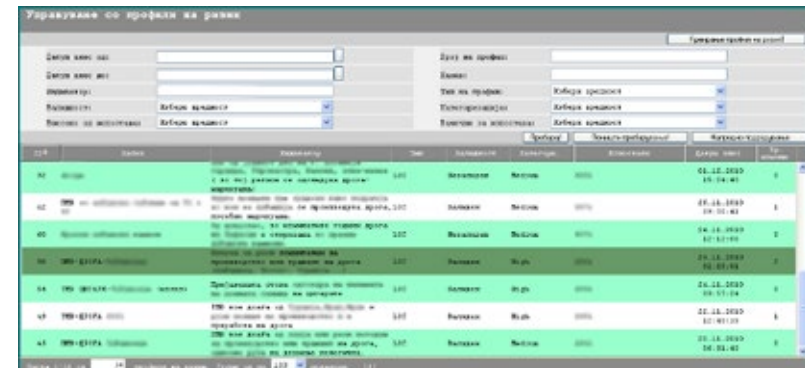
Customs Administration computer network, 2008

Data Exchange System with the Agency for Money Laundering Prevention, known as “Foreign Exchange Controllers” is put into operation. The system records data on brought in and taken out foreign currency and securities. The data is exchanged electronically with the Agency for Money Laundering Prevention.

The Management Information System (MIS) provides insight to customs officers have insight in the scope of work, data on suspects, transit risks monitoring and comparative reviews of foreign trade operations statistical data.



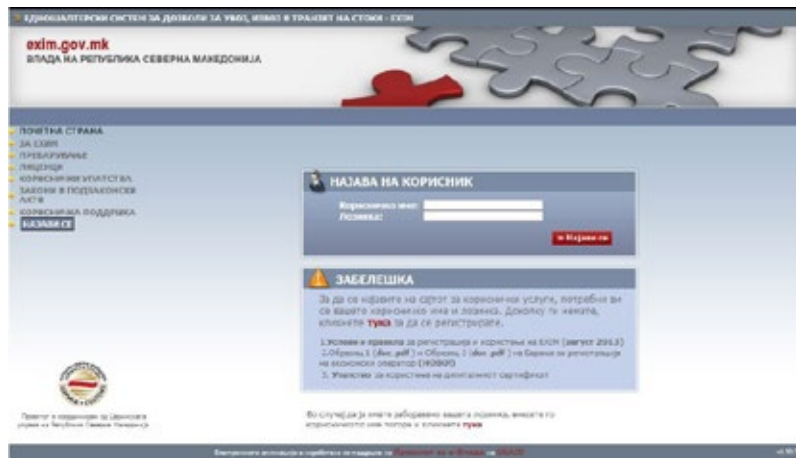
Interface of foreign exchange controllers



MIS application screen

The Customs Administration developed and operationalized Terminal Billing Application which provides record-keeping of collection of customs terminal fees, Customs Forum through which customs officers ask questions and receive answers from the relevant organizational units of the administration, as well as the National Valuation Base, which enables record-keeping of the various valuations of certain products.

Remote access to IT systems was provided through the “GPRS”⁴⁰ system for the operational units of the Customs Administration, thus increasing the capacity to detect and prevent smuggling and smuggling attempts.



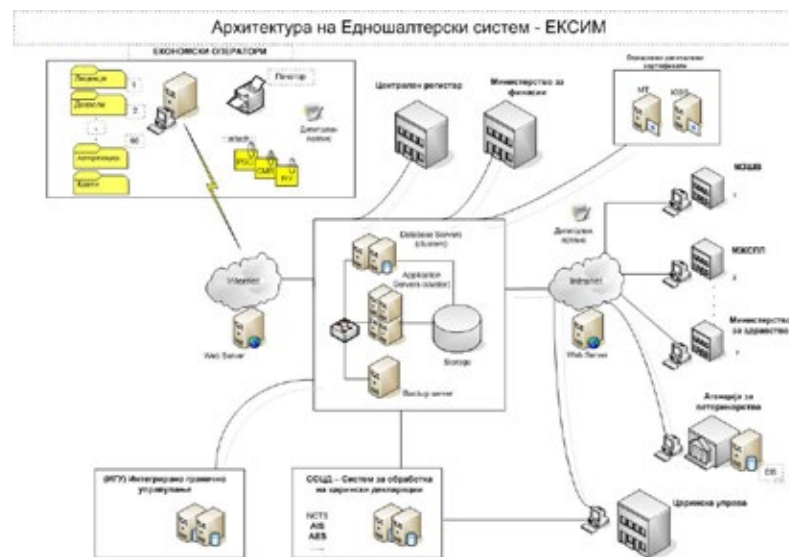
EXIM system interface

A major breakthrough in Customs digitization was made in November 2008 with the implementation of the Single Window System for import, export and transit licenses and tariff quotas - EXIM, which provided the economic operators with a possibility to electronically obtain more than 60 licenses for import, export, transit of goods and allocation of tariff quota. Through the system users can track the processing status of their requests, until their final granting. With the EXIM system, a digital signature is introduced for the first time in the state administration.

With the implementation of the EXIM system, the Republic of Macedonia established the so-called The “Single Window” concept, promoted by relevant international organizations

⁴⁰ GPRS – General Packet Radio Service

and the European Union as a key tool for trade facilitation. In 2009 and 2010 the United Nations Economic Commission for Europe (UNECE) recommended EXIM to the countries of Southeast Europe as a model for the development of an electronic single-window for export and import licenses. EXIM also received the first award of the Chamber of Commerce for Information and Communication Technologies - MASIT for best public sector software solution for 2009 and 2010 in the Republic of Macedonia.



EXIM Single Window architecture

With the modernization of information technology, since 2008 wireless access to the IT systems of the Customs Administration was enabled for the Special (Mobile) units of the Customs Administration (Operational Matters Department), with the aim of increasing the capacity to detect and prevent smuggling and smuggling attempts. The basic function of these units is to suppress smuggling of various goods in the entire customs

area of the Republic of Macedonia through border and inland controls. The special units provide support to customs officers at the border crossings and customs terminals by performing expert examinations and actions. The members of the special units are specially trained to inspect passenger cars, trucks, buses, wagons, passengers, passengers' luggage, premises and more. Inspections are performed after specifically received information, plans, programs, risk analysis, as well as upon request of other government agencies. In coordination with DCC, they also carry out customs supervision of holders of local customs clearance authorisations after regular working hours. In September 2008, the special units also received new customs uniforms.



Winter and summer uniform of the special units

At the same time, Customs introduced specially trained dogs for customs controls. In 2008 and 2009, the Customs Administration acquired 7 customs dogs, and procedure for

keeping, training and using customs dogs for the detection of drugs, psychotropic substances and precursors was determined.



Inspection with customs dog and seizure

Mid 2008, the Customs Administration procured two patrol boats for surveillance of the national border and detection of smuggling on the Lake Prespa and Lake Ohrid. The use of boats by the Mobile Team Units (revised in November 2011) and the Patrol Boat Operation Manual were also regulated in terms of safe handling of the patrol motor boats, their docking or anchoring and the control procedures for other vessels.

In 2009, the Customs Administration established a Central List of Suspects - CLO, an electronic database of individuals and legal entities and vehicles that are justifiably considered to require additional attention during any customs control.



Customs patrol boats



Customs safety seal

To ensure greater security of shipments and appropriate customs supervision, a new type of customs security seals with unique serial numbers and electronic record-keeping of the manner of their issuance, use and return was introduced. They replaced the previous seals (a piece of lead that is pressed onto a piece of wire with pliers) which did not provide possibility record-keeping of issuance and use and were easily misused. With the introduction of the new seals, the security of shipments with customs goods in all procedures (transit, export and import) was increased and the risks resulting from the outdated sealing system were eliminated.

To strengthen its administrative capacities, during 2009 the Customs Administration participated in the Customs 2020 - Programme of the European Commission, which aimed to strengthening of the customs capacities at EU level. Representatives of the Customs Administration obtained the opportunity to participate in training courses, workshops, seminars and work meetings, to exchange experiences and knowledge and get to know the best practices from the countries of the European region. The programme, which is actively used even today, in addition to participation in activities, also enables connection to the EU customs and tax systems (through the CCN/CSI⁴¹ system). The events and activities supported by the programme enabled closer contacts with colleagues from foreign customs services, exchange of knowledge and expertise.

In 2009, the Customs Administration started to participate in the activities of the Technical Assistance Instrument for Information Exchange of the European Commission (TAIEX), and is also still using it today. The purpose of the TAIEX is to support administrations' capacities for cross-border cooperation in the fight against crime with vehicles,

41 Communication Network – CCN and Common System Interface – CSI

assessment of risk analysis and physical and documentary control, customs procedures for postal traffic, integrated approach in the protection of cultural heritage and risk analysis in transit procedure, fight against international trade in illegal goods and crimes against intellectual property, prevention of money laundering and terrorist financing risk assessment, customs valuation and risk management.

In 2009, the Republic of Macedonia published the Explanatory Notes on the Harmonized System (HS), which were officially translated in the Macedonian language. The state has the obligation to translate and publish all amendments to the HS. In order to monitor the technological development and the volume of trade of all traded goods, every 5 years there are significant changes to the nomenclature of goods in HS.

An electronic national value database was introduced (collection, processing and distribution of data on prices of goods, as an indicator of the reality of the declared prices).

In order to successfully conduct criminal procedures, the manner and procedure of apprehension of an accused person and detention of a suspect were regulated as measures to secure their presence, as well as the method of interrogation of a individual suspected of having committed a crime.



Harmonized System Explanatory Notes

In the area of international cooperation, in 2009 the Republic of Macedonia acceded to the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention), being one of the most important WCO instruments for implementation of uniform customs procedures in all contracting parties, trade facilitation, implementation of transparent simplified customs procedures, use of information technology and risk management, as well as partnership with the business community.

The same year saw the completion of the legal framework by which goods produced with raw materials from Turkey are relieved from customs duties when exported to EU member states, thus increasing the competitiveness of Macedonian products in the EU and the attractiveness of foreign direct investments in the Republic of Macedonia.

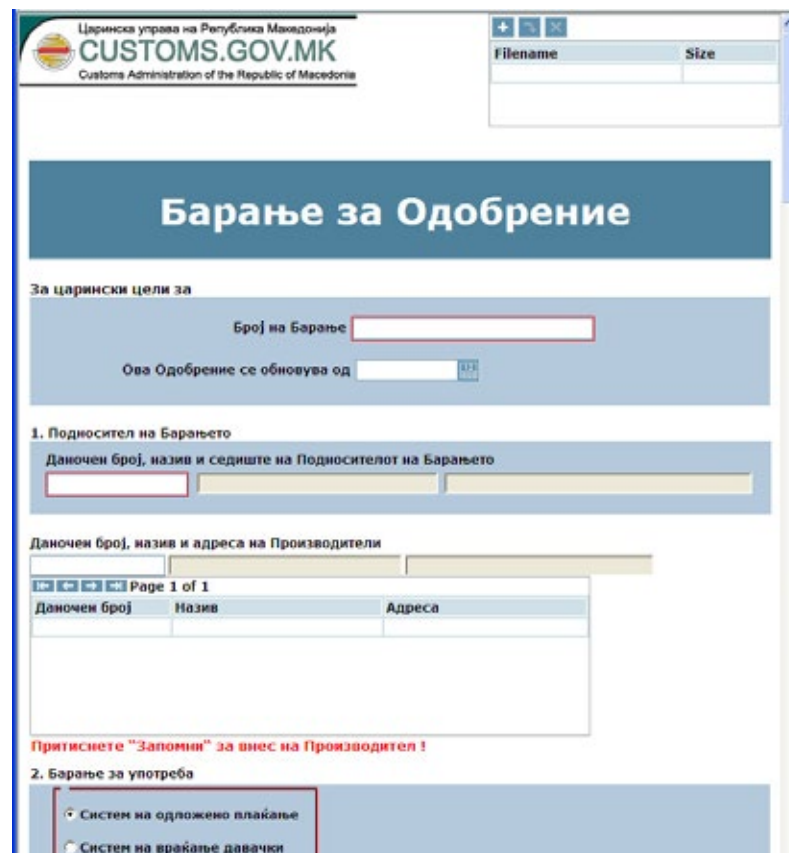
In May 2009, the Customs Administration hosted the 5th Regional Coordination Forum under the EU TACTA⁴² project in Skopje. The forum was attended by Customs Directors General from the Republic of Macedonia and the Western Balkan countries - beneficiaries of the assistance. Conclusions were adopted at the forum to strengthen mutual cooperation in the field of electronic exchange of information and the connection of customs IT systems to examine the possibilities for joint and mutual controls. The TACTA project provides assistance for the modernization of the organizational structure and customs operations, development of new strategies to combat customs fraud and illicit trade.



The WCO Council, at the annual meeting held in June 2009 in Brussels, awarded the Customs Administration of the Republic of Macedonia the annual award – “Yolanda Benitez WCO Trophy 2009 Combating Counterfeiting and Piracy” for best achievements in protection of intellectual property rights, specifically for its seizures of counterfeit goods that may harm human health and safety

42 TACTA – Technical Assistance to Customs and Tax Administrations

One of the most important events that marked 2009 was the opening of the World Customs Organization Regional Training Center (RTC)⁴³ - at the Faculty of Economics of the Ss. Cyril and Methodius University in Skopje. The RTC was opened by WCO⁴⁴ Secretary General Kunio Mikuriya.



PEK screen

43 Regional Office for Capacity Building for the World Customs Organization Europe Region (<https://rocb-europe.org/rtc-skopje>)

44 World Customs Organization (WCO)

The main goal of this center is to contribute to administrative capacity building for the customs services in the region and thus increase the quality and speed up customs procedures.

Digitalization of customs operations continued in 2009 and the operational application of several important systems began:

- Time and attendance and access control system (SWT&CA);
- Customs vehicles global positioning system (GPS);
- Electronic system for resource planning and material and financial operations (LUKA);
- Electronic document management system (eDMS);
- Video surveillance and automatic number plate recognition system (CCTV&ANPR);
- Internal radio communication system (IRC);
- System for electronic exchange of data with other countries (SEED);
- Portal for electronic submission of requests to the Customs Administration (PEK);
- e-Learning and
- Videoconferencing system for training purposes.



Electronic Document Management System (eDMS) Interface

Electronic system for resource planning and material and financial operations (LUKA)

Of essential importance for the further development of the information system of the Customs Administration were the three strategies drafted during 2010: Strategy on information and communication technologies, Strategy on the implementation of interoperability of the Customs Administration of the Republic of Macedonia and Strategy for the implementation of the common transit system - New computerized transit system - NCTS. At that time, these documents united the efforts of the Government of the Republic

of Macedonia and the Customs Administration to fulfill the obligations arising from the National Plan for the Adoption of the European Union legislation (Acquis Communautaire).

With the adoption of the Law Amending the Law on Excise Duties, the Law Amending the Law on the Customs Administration, the Law on Tax Procedure and the Law on the Public Revenue Office⁴⁵ in January 2010, the Customs Administration became the competent authority for enforcement of the Law on Excise Duties on the entire territory of the Republic of Macedonia (at import and export, in internal circulation and in production). With this Customs becomes competent for the following principal excise-related functions: issuing excise permits and approvals for excise preferential use, issuing excise control stamps for tobacco goods and alcoholic beverages, calculation, determination and collection of excise duties, processing of excise documents, processing of excise declarations and determination of excise related claims, conducting excise control over excise taxpayers and conducting misdemeanor proceedings in accordance with the Law on Excise Duties. For the purposes of simplified procedure, definitions were introduced for customs office of entry, import, export and exit, as well as entry and exit summary declarations. The conditions and procedures for granting approval for performing representation activities were amended, making these licenses free of charge. The list of misdemeanors for which fines are stipulated was also expanded with these amendments. At the same time, for minor misdemeanors, i.e. misdemeanors for which a security measure - confiscation of the goods subject of the offence is envisaged, the Customs Administration started implementing settlement and mediation procedure. New excise control stamps for marking tobacco products and alcoholic beverages with the logo of the Customs Administration and with high security and protection level against counterfeiting were also introduced.

⁴⁵ All published in the "Official Gazette of the RM" no. 105/2009



Excise control stamp for alcoholic beverages



Excise control stamp for tobacco products

Simplification of customs procedures in separate segments continued. Legal possibility to submit oral customs declaration for low-value commercial parcels started to apply. The oral declaration is particularly practical for customs clearance of small parcels that arrive by mail, by plane, or at a border crossing. Furthermore, simplified procedures for customs clearance of collective shipments, conducted by logistics centers that hold an authorization from the Customs Administration for transit simplifications (authorized consignee and consignor authorisations) also started to be applied. Simplified procedures enable conducting customs procedures in the company's premises, 24/7 customs clearance, not dependant on the working hours of customs offices, no obligation to enter a customs terminal, thus eliminating customs terminal costs and ensuring lower costs for freight forwarding services.

The amendments to the Law on Customs Tariff⁴⁶ adopted in 2010, brought many crucial novelties. With them, the single customs duty rate of 15% was re-introduced, applicable to natural persons, and which until then was inserted in the Customs Law. Of key importance was the introduction of a provision laying down that the Customs Administration integrates all tariff and non-tariff measures, determines additional codes in the integrated customs tariff, updates the integrated customs tariff and publishes it in electronic form using a computerized system, when possible.

The amendments also introduced legal grounds for establishment of Integrated Customs Tariff (a type of national TARIC⁴⁷ used in the EU) in which all tariff and non-tariff measures are integrated, in accordance with the regulations of the Republic of Macedonia.

Furthermore, joint customs clearance with the customs services of neighboring countries was made possible, the concept of “higher risk person” was abolished and the provisions for a single customs duty rate were transferred from the Customs Law to the Customs Tariff Law.

The amendments to the Customs Law in April 2010 provided legal grounds for mandatory electronic customs declaration and for electronic submission of pre-arrival and pre-departure information of goods from and into the customs territory of the Republic of Macedonia, as conditions for the functioning of the new CDEPS⁴⁸ and for the improvement of customs control systems based on risk analysis. This also brought compliance with the EU Customs Law.



In March 2010, the regular European Region Heads of Customs Annual Conference of the World Customs Organization was held in Ohrid. The Conference was focused on strengthening the fight against counterfeiting and piracy, implementation of WCO standards to support trade and strengthen security and safety, coordinated border management and development of a single window system.

46 'Official Gazette of the RM' no. 35/2010

47 TARIC –Integrated Tariff of the European Union

48 Customs Declaration and Excise Document Processing System



WCO Secretary General visit of the Customs Administration

The operational instruction for verification of work abilities and the procedures for recruitment with public announcement were transferred in the new Collective Labour Agreement of the Customs Administration signed in July 2010, fully compliant with the Labor Relations Law and the General Collective Labour Agreement for the Public Sector of the Republic of Macedonia.

In August 2010, the procedure for subsequent verification of customs value related documents was laid down, including obligations to the competent organizational units for record-keeping and provision of information related to companies for which procedure for subsequent verification of customs value related documents has been initiated.

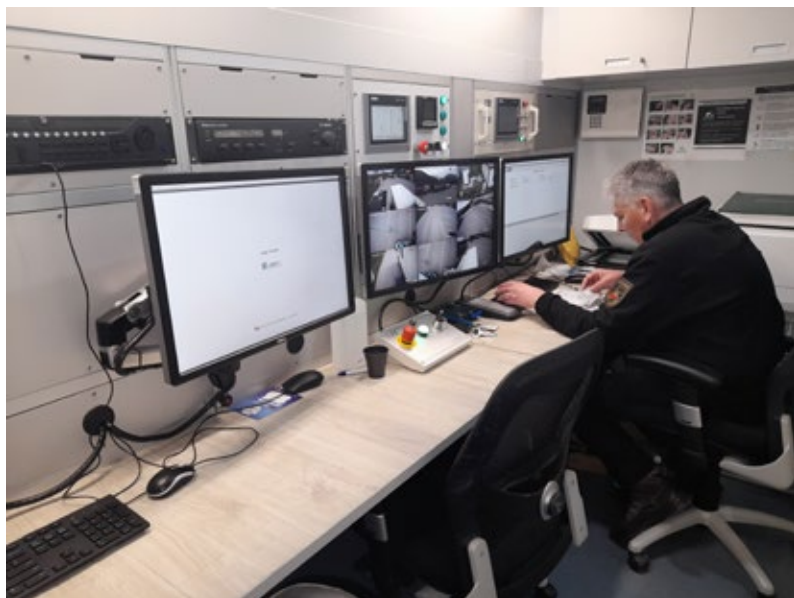
The amendments to the existing Free Trade Agreement with the EFTA countries, applicable since October 2010, brought a novelty - the new protocol on origin of goods, besides the EFTA countries included Turkey, the EU Member States and

the countries associated in the stabilization and association process (Albania, Bosnia and Herzegovina, Montenegro, Croatia, Serbia and Kosovo). During this period, Macedonia was applying five Free Trade Agreements: with the European Union, with Turkey, Ukraine, CEFTA and EFTA countries. Diagonal cumulation is applied in almost all contracts.

To organize the work, the set-up and more efficient use and safeguard of the mobile x-ray scanners for personal luggage control, in November 2010 with the adoption of a Manual on the operation X-Ray scanner, Customs regulated the manner of personal passenger luggage x-ray scanning, which represents an informative tool for all system operators of the "LS207 Autovan" system, which allows them to use it correctly, safely and efficiently.



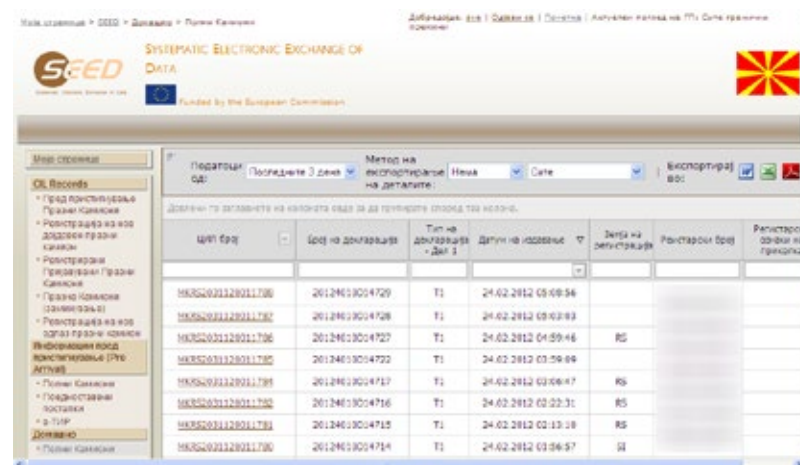
Customs scanner



X-ray scanner control

In this period, the Customs Administration actively participated in the EU project “Risk assessment for Customs in the Western Balkans - RACWeB⁴⁹”, which aimed to increase the efficiency and transparency of risk assessment the Western Balkans countries, by providing support in the identification of risks by applying database search techniques at national and regional level.

49 RACWeB – Risk Assessment for Customs in Western Balkans



Application SEED screen

The project “System for electronic exchange of data (SEED⁵⁰) in the countries of the Western Balkans” financed by the EU, in November 2010 ensured electronic exchange of data and transit discharge between the countries of the Western Balkans. The main goal of SEED was to ensure higher level of customs control and reduce customs crime and corruption. In September and December 2010, the Customs Administration of the Republic of Macedonia signed bilateral Protocols for the electronic exchange of customs data through SEED with the Customs Administrations of Albania and Serbia.

Based on risk analysis based controls, in 2010 alone 21.5 million Euros of import duties were collected.

In 2010, the Customs Administration introduced a system for analysis of quantitative data on imports and exports (value, quantity, collected import duties) as a basis for profiling areas for customs control of already completed customs procedures, as well as for profiling risk areas for future control .

50 Systematic Electronic Exchange of Data

The conditions for sitting a professional exam for licensed customs agents were also revised, and misdemeanor sanctions and criteria for suspending the approval and license were introduced. Approvals and licenses for customs representation activities are issued by the Customs Administration.

In this period, one of the main focuses was the improvement and enhancement of institutional and administrative capacity, primarily through introduction and institutionalization of sustainable customs control systems based on risk analysis, customs intelligence, post clearance control of commercial companies, operation of special units, also through permanent and dynamic development of information and communication support and introduction of modern technologies, means and devices.

To ensure more successfully risk handling in the performance of its competences, the first Risk Management Strategy was adopted to strengthen the systemic approach to risk identification and control.

The first Intellectual Property Rights Protection Strategy (operationalized with annual action plans) was adopted with the aim of improving the organizational setup and technical equipment of the Customs Administration for the protection of intellectual property rights, raising awareness of the harmful consequences of counterfeit goods and protection the competitiveness of domestic and foreign manufacturers of goods with trademarks.

Within the framework of the projects financed by the IPA 2007 program (IPA funds of the European Commission), 3 sub-projects were implemented during 2010: Sub-project for further harmonization of the national customs legislation with EU legislation, Sub-project for technical support for the improvement of customs ICT systems and Sub-project for strengthening border controls.

The Customs Administration has full information coverage of records and processes related to human resources management within the Integrated Information System - IIS (detailed personnel records, recruitment, evaluation of work performance assessment- the system covers business processes related to human resources management and data exchange with other employees - are users of this system, etc.). In addition to the previously adopted internal acts, several acts were adopted in 2010 further regulating the operation of this system: User's Guidelines for the software for employee performance measurement, Manual for the personal records electronic system, within the framework of IIS; Instructions for access to the personal records electronic system, which determined the data and records to be kept, their updating, access authorization to the personal records, and reporting, as well as a User guidelines for recruitment and employment software (software providing a single database for candidates applying on public employment calls, as well as automatic transfer of selected candidates to the employee database).

At the beginning of the next year, a Risk Management Committee was established, the activities of which, rights and obligations of the coordinator and members were laid down under Rules of Procedure of the Risk Management Committee. The procedure for verification of the evidence of preferential origin of goods issued in accordance with the free trade agreements that the Republic of Macedonia has concluded with the member states of the EU, EFTA and CEFTA, as well as with Turkey and Ukraine was regulated.



Customs Clearance Guidelines

New amendments to the Law on Excise Duties were adopted, regulating the conditions and procedure of control, marking and use of marked mineral oils, and the provisions for misdemeanors were amended with supplements in the section on sanctions for misuse in inappropriate use of mineral oils, particularly in terms of using the so-called “red oil”.

The activities of the “Project for further harmonization of the national customs legislation with the EU legislation”, financed under IPA 2007 Programme, were finalized (prepared amendments to the texts of legal acts and drafted internal instructions). The implementation of the “Project for Strengthening Border Controls”, financed under the IPA 2007 Program was also completed. The project aimed to strengthen the capacities of the Customs Administration to deal with customs fraud, cross-border crime, corruption and illegal trade.

In March 2011, a new Project for establishment of an electronic transit procedure was launched, to prepare the Republic of Macedonia to join the New Computerized Transit

System of the EU - NCTS. In November the EC conducted audit of the results⁵¹ checking the activities, deliveries and achieved results under the project for establishment of the NCTS to achieve compatibility and connection with the EU systems. The project for the implementation of the NCTS has been highly rated in terms of relevance, quality of design as well as in terms of the capacity for further maintenance and improvement.

The customs administration also regulated the manner of preparing, drafting and submitting criminal charges for organized crime and corruption related crimes.

To support the systemic development of the Customs Administration’s capacities for law enforcement, pre-investigation and investigation measures, intelligence activities for detection of misdemeanors and crimes, a Control and Security Committee was established, which analyzes applied methods, means and legal framework for law enforcement customs controls and proposes guidelines for their development.

A Committee for Development of the Institutional and Administrative Capacity of the Customs Administration was established to permanently analyze the administrative and organizational setup of the institution and propose activities for its modernization.

The amendments to the Customs Law of April 2011 determined the conditions for deferred payment of customs debt and acceptance of a general guarantee, recovery of customs debt and accounting records. The provisions of the Customs Law are harmonized with the LGAP⁵² and the Law on Administrative Inspection, in terms of decision-making deadlines.

By amending the Law on Customs Measures for the IPR

51 Result Oriented Monitoring mission

52 Law on General Administrative Procedure

Protection Implementing Rulebook, the fee for processing requests for customs IPR protection measures was abolished. The procedure for detecting double invoices during control of goods, postal parcels and cargo motor vehicles was regulated. Given that the network of free trade agreements has become very complex, in 2007 the European Commission launched an idea for adoption of a Regional Convention. The Convention is a legal document that defines the rules of origin and the methods of administrative cooperation. The Republic of Macedonia signed this Convention in June 2011, which significantly simplified the application of the rules of origin by defining a cumulation zone.

In 2011, the Government of the Republic of Macedonia established a Coordination Body for market surveillance. In this context, the Customs Administration determined the manner of arranging the objects, competences and procedures during customs control in accordance with the Law on market surveillance in terms of quality and safety of products that are brought onto the domestic market.

The law on customs measures for protection of intellectual property rights underwent amendments in 2011 specifying the rights and obligations of the right holders, the Customs Administration, the State Administrative Inspectorate and the Administrative Court. With the amendments, among other things, it is foreseen that the Customs Administration can cancel the decision to accept the request for customs protection actions if the holder of the right does not act in accordance with the law.

An electronic stop-list of suspect vehicles was introduced, with alerts for additional attention during customs controls.

Towards the end of 2011, the Customs Administration introduced a new official identification card, laid down by a new Rulebook on the form, content and method of issuing and revoking the official identification card.



The official ID card is made of 135 gram green paper, plasticized with 175 micron foil with dimensions 90x55 mm, placed in a two-part black leather binding, each part being 75x105 mm in size.

Since 2011, the obligations of the SSA regarding the customs duty rates for imported goods originating from the EU are fully observed, while the customs duty rates for 653 tariff headings are completely eliminated. In accordance with the SAA, all customs tariffs for import of industrial products originating from the EU are abolished. Customs tariffs remain only for agricultural and food products⁵³.

During this period, the obligations from the Protocol for Accession to the WTO⁵⁴ are fully observed, reducing the customs duty rates of 29 tariff headings. In the same period, free trade agreements come into force and are fully applied, particularly in the area of import duty relief for imported goods originating in Turkey, Ukraine and CEFTA member states. In stimulate production and exports, the customs duty rates of more than 300 customs headings were reduced or completely eliminated. As a result, the average customs duty rate decreases from 9.29% (end of 2006) to 8.75% (end 2011)

53 Average customs duty rate is 4.97%

54 World Trade Organization

while the weighted effective customs duty rate decreases from 2.76% (end of 2006) to 1.24% (end of 2011). The reduction and elimination of customs duty rates during this period contributed to a significant reduction of import duties and stimulation of production and exports, but also to a significant reduction of customs revenues.

Under the Project for further development of the customs service, financed by the EU within the framework of IPA 2007, the Customs Administration provided special detectors for narcotics and explosive substances. For this purpose, in December 2011, the Customs Administration regulated the manner of operation with electronic narcotics and explosives detectors, the organization of work, the set-up, use and safekeeping of the electronic narcotics and explosives detectors.



Equipment for detection of illegal import and transit of radioactive materials

In this decade, the Customs Administration was permanently working on provision of equipment for detection illegal import and transit of radioactive materials. At the border crossings for road and rail traffic, as well as at the “Alexander the Great” airport in Skopje, radiation detection portals were installed. Furthermore, the Customs Administration provided several types of radiation detection portable instruments to be used at border crossing points. When detecting a radioactive source, in cooperation with the competent institutions, a detailed examination and spectroscopic analysis of the source is carried out and all necessary safety procedures are followed. By upgrading and modernizing the MAKSIS systems at the beginning of the second decade since the establishment of an independent Customs Administration, record-keeping and revenue collection was also upgraded. Initially, the payment orders were manually matched with the payments in paper form (PP50 forms), and later with the introduction of the Revenue Collection System the process was automatized. This way, paperless documents made the procedure for registration and linking payments with payment easier and faster. At the same time, a Guarantee Management System and deferred

payment of customs debt was developed, enabling deferred debt recovery by presenting and approval of bank guarantees. In 2011, with the introduction of a documentation center, the Customs Administration enabled every employee the possibility to follow the latest trends and practices in customs operations, and an e-encyclopedia was opened in which customs officials have access to all materials from training courses classified by area .

An Agreement on cooperation in the field of professional development of customs officers was signed with the State Customs Committee of Azerbaijan, establishing cooperation between the WCO regional training centers in Skopje and Baku and deepening of bilateral cooperation between the two customs services.

In accordance with the 2011-2013 Customs Officers Training and Professional Development Strategy, the Customs Administration introduced on its website European Commission e-learning modules for Customs and business (Economic Operators Registration and Identification, Single Authorisation for a simplified procedure, Authorized Economic Operator, Inspection of containers, Control of drug precursors for economic operators, Control of drug precursors for customs officers and VAT Directive), translated into Macedonian language.

In December 2011, a procedure for photo-documentation and photo-archiving was established, laying down the standard operating procedures of photo-documentation and the manner of photo-archiving of detected violations, crimes and other types of illegal acts in the field of customs operations, as well as specifying the necessary equipment for photographing.

During customs supervision, customs officers are authorized to submit misdemeanor and criminal charges due to reasonable suspicion of committed crimes (customs fraud, smuggling, tax evasion, illegal production and trade in excise

goods, narcotics, weapons, forgery of documents, etc.). In daily operations, depending on the type of customs control, technical equipment and official cars equipped with light and sound signalization are used. Equipment for field work consists of: firearms, handcuffs, rubber baton, telescopic batons, bulletproof vest, tactical vest, mobile phone, voice recorder, laptop, mobile printer, digital camera, video camera, counterfeit detecting looking glass, forensics set, booster, fiberscope, narcotics testers, emergency vehicle stopping devices and other equipment. Based on the Law on Criminal Procedure, the court, upon a written request from the Customs Administration, may order special investigative measures when there are grounds for suspicion that a crime is being prepared, is in progress, or has been committed.



Inspection with a customs dog

Given that the Customs Administration has the authority, by order of an investigating judge or on the instructions of the public prosecutor, to search homes and other premises, psychotropic substances, branded goods, portable computers and navigation devices are found during such searches during this period. Food and textile products, beverages, construction materials and excise goods were the most common objects of customs fraud. In the field of economic crime, several cases of forgery of documents, customs fraud and tax evasion, i.e. forged certificates for the movement of goods, TIR carnets, etc., have been discovered.

Given that the Customs Administration has the authority, by order of an investigation judge or upon instructions of the public prosecutor to search homes and other premises, the searches in this period resulted in detection of psychotropic substances, branded goods, portable computers and navigation devices. Food and textile products, beverages, construction materials and excise goods were the most common objects of customs fraud. In the area of economic crime, several cases of documents forgery, customs fraud and tax evasion, i.e. forged movement certificates EUR.1, TIR carnets, etc., have been discovered.

Several cases are discovered where false undervalued invoices are presented to customs officers to avoid the actual amounts of import duties. At the same time, based on bilateral agreements with other countries the verification of documents is done by submitting requests to foreign customs administrations for subsequent verification of invoices and documents for imported goods in the Republic of Macedonia. On grounds the received negative answers, criminal charges are filed for committed - customs fraud and tax evasion.

“Modern” smuggling trends continue in this period as well. Trafficking of narcotics, foreign currency, migrants, but also increasing number of realized seizures of goods violating intellectual property rights are characteristic of this period. Large amounts of various counterfeit textile and cosmetic products, shoes, glasses, watches and other products bearing marks of registered brands were confiscated.



147,700 Euros seized in 2005.



Record 21712435 pieces of cigarettes seized in 2007.



486 kilograms of cocaine seized on 7th January 2007 at BCP Blace. This seizure is realized with an X-ray van and the drugs were concealed in paint cans.



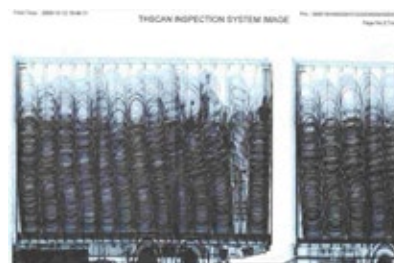
Radiation exceeding the normal level detected in 2008 and 2009.



Heroin, detected in 2010, concealed in children's backpack straps.



150 thousand falsified mail stamps detected at BCP Jazinec in 2009



Migrants detected at BCP Bogorodica in 2009 with an X-ray scanner for large vehicles and containers.

As a result of systemic measures for strengthened customs control and suppression of the misuse of official powers, according to estimates of manufacturers and importers of tobacco products, the share of cigarettes for which duties have not been paid in the total consumption of cigarettes in the Republic of Macedonia shows a permanent significant trend of declining from about 25% at the beginning of 2006 to about 5% at the end of 2011.

The Customs Administration today – modern service provider to citizens and society (2012 – 2022)

Today, Customs Service without support of modern technologies is inconceivable. Implementation of customs procedures and business processes are based on the use of advanced information and communication technology. Hence, digitalization, through provision of quality services to businesses and citizen is a key feature of the third decade of the functioning of the Customs Administration. At the same time, this period is marked by continuation of the permanent alignment of the national with the customs legislation of the European Union, activities for regional integration, as well as the application of the best European practices for trade facilitation and efficient revenue collection, while simultaneously taking action to protect society. All this contributed to the fact that the Customs Administration is evaluated as one of the institutions with greatest progress and a high level of readiness for the European integration process in the European Commission Reports on the country's progress, positioning itself as one of the leading administrations in the region.

Legislation

In the third decade following the independence, the Customs Administration continued to work on harmonising the customs legislation with that of the EU and EU's best practices. By amending the legislation, it constantly follows European and global trends aimed at facilitation of the flow in the global

supply chain.

In December 2013, amendments were made to the Customs Law⁵⁵, aimed at introduction of the possibility of import duty relief for equipment intended for scientific research and innovation and for goods intended for the implementation of projects financed under the instrument for pre-accession assistance - IPA.

A law ratifying the Decision of the CEFTA Joint Committee no. 3/2015⁵⁶, which for the first time introduces legal grounds for application of full cumulation as a principle for obtaining origin in the CEFTA cumulation zone and abolishes the ban on refund or exemption from customs duties in trade between CEFTA countries.

In February 2016, due to the need for harmonization with the new Law on General Administrative Procedure, significant amendment was made to the Customs Law⁵⁷, making terminology improvement of the provisions regulating the recording of customs duties. The law regulates the work in the area of human resources in the Customs Administration, stipulating possession of internationally recognized certificates.

In August 2018, another amendment to the Customs Law⁵⁸ was made focused on harmonization of the provisions related to Authorized Economic Operators with those of the Union Customs Code (No. 952/2013), stipulating mutual recognition of the granted authorized economic operator authorisations within CEFTA, which leads to regional trade benefits and facilitation. The provisions related to the use of guarantees to secure customs debt or other charges that may arise in

55 "Official Gazette of the RM" no. 187/13

56 "Official Gazette of the RNM" no. 124/19

57 "Official Gazette of the RM" no. 23/2016

58 "Official Gazette of the RM" no. 144/2018

connection with the goods placed in transit procedure were aligned with the provisions of the Union Customs Code. Amendments were also made in the part of misdemeanor provisions specifying certain violations of the material provisions of the law.

In 2018, amendments were made to the Customs Law Implementing Regulation⁵⁹, enabling mutual recognition of the granted Authorized Economic Operator - AEO authorizations within CEFTA. Essentially, the amendments meant changing the entire chapter on AEO, introduction of detailed criteria for acquiring AEO status, as well as the benefits arising from it. The Amendments also regulated the manner of approval after a submitted application and granting the authorisation, as well as the legal actions of the given authorisation.

In this decade, several amendments to the Law on Customs Tariff were also made. The 2012 amendments were primarily related to the protection of the environment and society globally. The amendments to this law stipulated abolishing or reduction of customs duties for goods classified in 128 tariff headings, starting from 2013. Four amendments and supplements to the Regulation on the classification of certain goods in the Combined Nomenclature are published continuously on quarterly basis every year, in line with the regulations of the European Commission. With these decrees, decisions on deployments of the EU for specific types of goods are published, which also in our country become a tool that helps in deployment.

In 2019, the normative part of the Customs Tariff Law was harmonized with Council Regulation (EEC) no. 2658/87 on tariff and statistical nomenclature and the General Customs Tariff, i.e. the obligation to transpose the national legislation established in the National Program for the Adoption of the Law of the European Union, as a candidate country, was fulfilled,

59 "Official Gazette of the RM" no. 233/2018

and at the same time legal grounds is provided for uniform application of the Customs tariff. With these amendments, the term Integrated Tariff - TARIM, which is used in the European regulation, is terminologically harmonized, ensuring uniform application and creating conditions for complete application of the integrated customs tariff with the application of the new CDEPS system.

In May 2019, the new Law on Excise Duties was adopted and entered into force on 1st January 2020. Under this law, new regulations were adopted, which individually and in more detail regulate the actions of economic operators related to excises, the movement of excise goods, procedures related to excise stamps and general procedures related to alcohol, alcoholic beverages and tobacco products and energy.

In parallel, a new Motor Vehicle Tax Law was prepared and adopted at the end of 2019. The Law entered into force on 1st January 2020. The law was drafted in accordance with the recommendations of the European Union for the introduction of an environmental component in the taxation of vehicles, aimed at global reduction of environmental pollution. With the adoption of the law, the method of calculation and payment of the motor vehicle tax was completely changed. At the same time, two components were introduced for the calculation of the motor vehicles tax, the "Ad Valorem" component which incorporates taxation of a percentage of the value of the vehicle, and a "Specific" component through which calculation is carried out using the data on the amount of carbon dioxide emission in the vehicles.

On grounds of the law, a Regulation on the calculation of the motor vehicle tax and the amounts required for the calculation of the motor vehicle tax was adopted, as well as implementing regulations, which individually and in more detail regulate the actions of the economic operators related to the taxation of passenger vehicles. With the amendments made, the country

was among the first in the region to introduce an ecological passenger vehicle taxation.

Great support in these legal reforms was provided by the EU through funds from the Instrument for Pre-Accession Assistance (IPA), through the realization of the following projects:

- Finalization of the preparation for the accession to the Convention on a common transit procedure (CTC) and to the Convention for simplification of formalities in trade in goods - the project was implemented in the period from 2014 to 2016 with the support of the Customs Service of Slovenia.
- Harmonization of the legislation and procedures with the acquis and EU best practice related to excise - the project was implemented in the period from June 2015 to June 2017 in cooperation with the Customs Service of Austria. Under this project the Draft Law on excise duties was prepared.
- Reinforcement of administrative capacity to meet the obligations of membership- Strengthening the enforcement of Intellectual Property Rights - the project was implemented in the period from January 2016 to July 2018 in cooperation with the Patent and Trademark Office of the Kingdom of Denmark.
- Strengthening the operational and institutional capacities of the Customs Administration- IPA 2013 program.
- Technical support in the area of legislation was also implemented through several twinning projects during this decade, in cooperation with the Customs Services of Finland, Austria and Slovenia (numerous draft laws and guidelines for harmonization with EU legislation have been prepared).



Twinning Project with the EU on Harmonization of legislation, 2017

In addition to these projects, the Customs Administration receives support in the preparation of amendments and new regulations through the ongoing project “Improving revenue collection and tax and customs policy” under IPA 2 program, which began in 2020 with a duration of 36 months. The Project’s beneficiaries are the Ministry of Finance, the Public Revenue Office and the Customs Administration. It is implemented in cooperation with the Customs Administrations of Austria and Croatia.

Digitization

The last decade was marked by implementation of several projects for digitization of the customs operations, through the implementation of several new complex information systems and the necessary infrastructure, which are the basis and enable the establishment of interoperability and interconnectivity with the European Union systems, which is why the Customs Administration also worked on transposing and harmonization of the legislation for their application.

According to the recommendations of DG TAXUD⁶⁰ monitoring mission from November 2011, and at the proposal of the Customs Administration, in February 2012 the Government of the Republic of Macedonia adopted a revised National Plan for the implementation of the Common Transit System NCTS⁶¹ in the Republic of Macedonia. According to this plan, a large number of activities were realized, supported through



60 DG TAXUD - Directorate General for Taxation and Customs Union

61 NCTS – New Computerised Transit System

European funds.

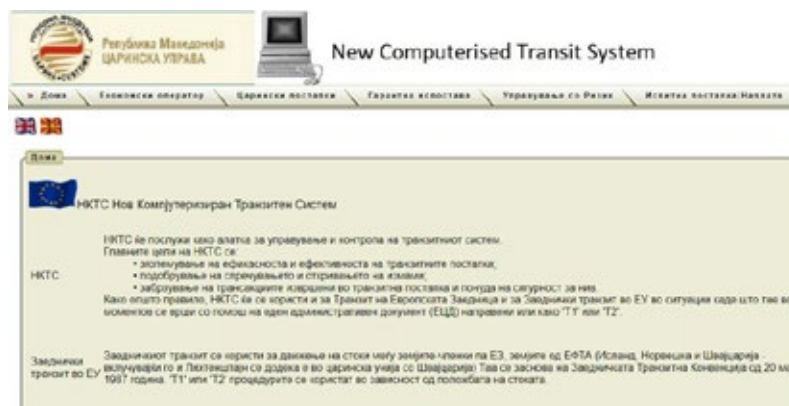
Customs worked on development, implementation and connection to the common European New Computerized Transit System - NCTS. CCN⁶²/CSI⁶³ network and server equipment was installed and configured in the data center of the Customs Administration, with the aim of connecting the national part of the NCTS system to the common transit system through the EU CCN /CSI network. DG TAXUD and representatives of the Convention contracting parties conducted monitoring missions, which resulted in a positive report on the accession of the Republic of Macedonia to the Convention on common transit procedure.

On 1st July 2015, having fulfilled all the conditions and requirements, our country was the first in the region to accede to the Convention on a Common Transit Procedure of the EU.

The NCTS system provides the economic operators faster movement of goods with minimal stops and border formalities, i.e. it provides single movement of goods within the member countries, from one point of entry to the place of completion of the transit procedure, regardless of how many countries and border crossings the goods have to transit. The electronic transit declaration, which initiates a transit procedure in any member state of the Convention on a Common Transit Procedure is acceptable for all member states, i.e. accession to the Convention ensured interoperability of the national transit system with the transit systems of the EU member states and one condition for membership in the Union was met. At national level, the economic operators, as well as the country as a whole, benefit from faster flow of goods across the borders, reduced costs for customs formalities and reduced volume of formalities performed at the border.

62 CCN – Common Communication Network

63 CSI – Common System Interface



NCTS interface

Within November 2012 - October 2014, the Customs Administration implemented project for the establishment of the European system for Integrated Tariff Environment - ITE⁶⁴, financed with EU IPA funds. With the Integrated tariff environment, a platform was established providing compatibility and interoperability of the national tariff environment with the EU tariff environment, based on a business concept for exchange of information with the central EU tariff system. The system also includes modules for issuance of binding tariff information, allocation of customs quota and surveillance of goods.

64 ITE – Integrated Tariff Environment



ITE interface

Of exceptional importance for the Customs Administration, but also for all economic operators and other institutions is the launching of the new software - Customs Declarations and Excise Document Processing System (CDEPS)⁶⁵ in June 2019.

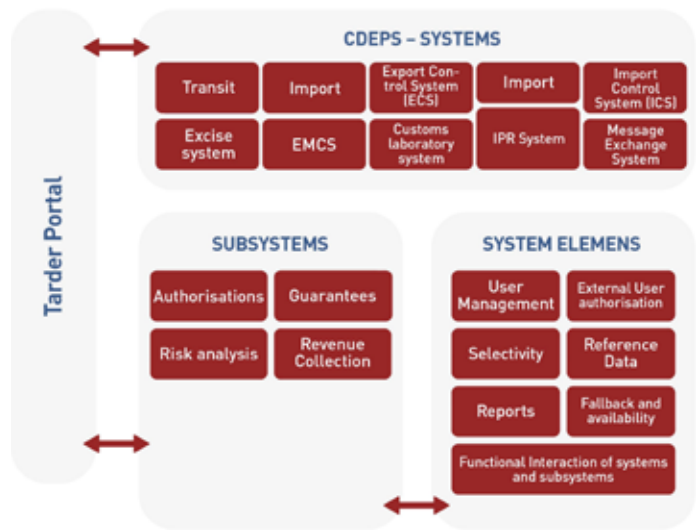
With the introduction of this system, which has been in operation for several years now, began a new digital era in customs operations. With it, the old ASYKUDA system, used since 1996, was replaced and a new completely paperless environment for customs and excise procedures was established.

CDEPS is a complex IT platform, consisting of 10 systems, 4 subsystems and several system elements.

At the same time through additional upgrade, integration was ensured with the already established systems that are in operation: the New Computerized Transit System - NCTS, the Single Window for Import, Export and Transit licenses - EXIM and the System for Integrated Tariff Environment - ITE.

65 CDEPS – Customs Declaration and Excise Processing System

The introduction of the new CSEPS system ensures interoperability and interconnectivity with the EU customs information systems, management of customs declarations and excise documents, control of the movement of excise and customs goods with exchange of standardized electronic messages with the economic operators and government agencies, provides an opportunity for completely paperless environment in customs and excise procedures, ensures efficiency in the implementation of controls on the movement of goods and passengers and control of collected and refunded customs duties, excise duties, fees and other taxes, trade facilitation through faster flow of goods and improved security and faster supply chain, in line with European Union and WCO standards.



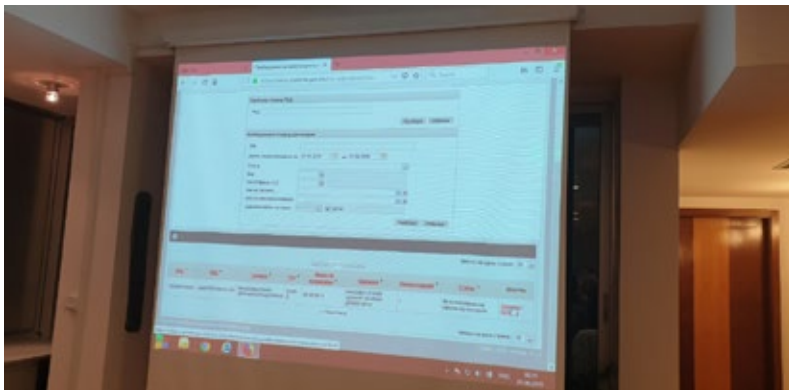
CDEPS architecture



CDEPS Training for economic operators



Preparations to launch the CDEPS



First lodged declaration in CDEPS

The Customs Administration, together with the Public Revenue Office, is the main contributor of the state budget through the collection of VAT on import, customs and excise duties and fees.

Today, the CA systems for collection and recovery of customs and excise debt are fully digitalized. With the systems for collection and accounting and guarantees management as part of CDEPS, processing payment orders for customs and excise debt and matching them with payments is entirely automated. The guarantors and all users of the Billing and Accounting System are given a detailed review and insight in the payment records and the status of their guarantee, and in the guarantee management system, which immediately releases guarantee funds after completion of the customs procedure.

Modernization made it possible to pay customs duties through POS terminals at all border crossings, which greatly facilitated the procedure for paying import duties by individuals and legal entities in passenger traffic.

In 2021, under the Western Balkans Trade and Transport Facilitation Project, financed by the World Bank, Blueprint has been prepared for the implementation of a new National Single Window System (NSW). The new single window system should enable new advanced services for economic operators, a new concept of joint risk analysis for Customs and other competent institutions with advanced systems for analysis and generation of reports.



Video conference on the development of New Single Window System Blueprint



New Single Window Blueprint

Activities for the establishment and application of new technologies in customs operations continue. Through the same World Bank project, the Customs Administration is intensively working on the implementation of a new platform for video surveillance and automatic number plate recognition (CCTV&ANPR) at the border crossings in the country.

Simultaneously with the implementation of the ICT systems, user support capacities and infrastructure to ensure uninterrupted operation of these systems are being strengthened in the Customs Administration. In this decade, the hardware equipment of the systems in the central data center was consolidated, primary and backup telecommunication links were provided at all customs locations in the country. Furthermore, procedures for ICT systems security, user and access management have been improved.

In December 2019, a new modern tool (“Service Desk”) was established to provide quality information and business support to both external and internal users, who use customs ICT systems.

At the end of 2021, the average availability of ICT systems was 99.5% - 99.7%, which shows high level of stability.

ICT equipment has been purchased for the establishment of a new backup Disaster Recovery Data Center in Prilep, (implemented in 2021 through the IPA2 program).



e-Customs Project Team Meeting

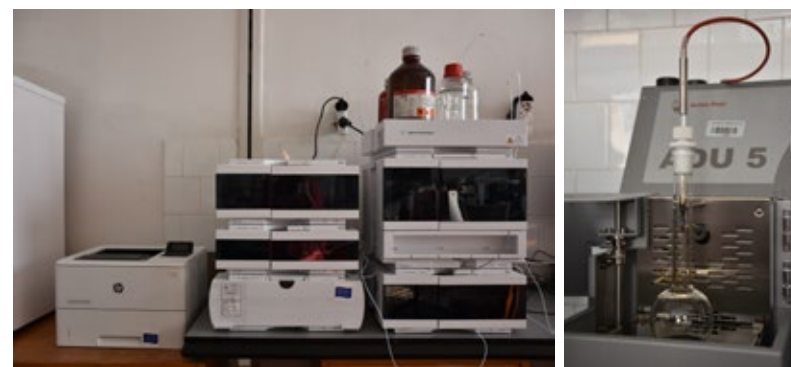


Joint Data recovery Centre in Prilep

Infrastructure

In this decade, several infrastructure projects have been completed, which aimed to improve the operational conditions and quality, including reconstruction of border crossing points, particularly the on key corridors that pass through our country, procurement of modern equipment and other technical assistance through IPA funds, World Bank, other donors, but also from the national budget.

In 2018, with procurement through the IPA (TAIB 2013) project, the customs laboratory was re-equipped, with instruments primarily for analysis of excise goods and application of various methods.



HPLCc – High Performance Liquid Chromatograph



GC/MS spectrometer WDXRF- spectrometer

It is particularly significant that through this IPA 2013 project, the employees of the Customs Laboratory were also trained to perform analyzes independently.



New equipment in the customs laboratory

Through the TTFSE II Project financed by the World Bank, in 2013 the reconstructed and modernized part of the border crossing point Blace was put in use.



Customs terminal at border crossing point Tabanovce, 2018

Through the EU funds from the Instrument for Pre-Accession Assistance (IPA), the facilities at several border crossings were reconstructed and upgraded and equipment for efficient implementation of customs procedures was provided.

- In 2018, new customs terminal at the border crossing point Tabanovce was put into use, and the border crossing was expanded with two new exit lanes;
- In 2019, a new import-export customs terminal at the border crossing point Kjafasan, with an area of 9,500 m² with access roads, facilities for customs clearance and other inspection authorities, was put into use;
- Fully reconstructed administrative building and facilities of BCP Bogorodica were put into use. This was realized through the "BORDER IN" Project under the 2014-2020 IPA Program for cross-border cooperation between the Republic of Macedonia and the Republic of Greece.



Customs terminal at border crossing point Kjafasan 2019



Customs terminal at border crossing point Kjafasan 2019

The following equipment is provided:

- Modern customs laboratory equipment for analysis of excise goods and products from the chemical industry, in 2018;
- Specific type of equipment to improve customs control – vehicles for transporting customs dogs and a mobile scanner (implemented in 2021 through the IPA 2 program)

Regional Integration and Cooperation

In the last two years, the Customs Administration has been working on several activities within the framework of the CEFTA region and the Open Balkans initiative, aimed at further regional trade facilitation and faster cross-border flow.

In 2019, the concept of joint border crossings - One Stop Shop controls on the movement of goods and passengers with the Republic of Serbia at Tabanovce - Preševo was established. In June 2022, the BCP was reconstructed with new cabins and equipment for the new facilities for the Border Police and Customs of Serbia, thus making it possible to conduct passenger and cargo control at a single stop at the border crossing: at the entrance to the country at Tabanovce, and at exit at the Preševo border crossing, on the Serbian side.



Start of application of One Stop Shop at BCP Tabanovce, 2019

On 19 March 2022, the Customs Administration installed the first board at the border crossing Tabanovce and Preševo indicating priority green lane for trucks from the countries of the Open Balkans initiative and trucks of holders of Authorized Economic Operator - AEO authorizations from the Republic of North Macedonia and Serbia and the green lane. For cargo vehicles from the Open Balkans initiative, the waiting time at the border crossings is reduced by giving priority in crossing the border and implementing customs formalities with shortened and simplified physical and documentation controls. In addition to Tabanovce, such information boards have also been installed at the border crossing point Kjafasan.



First Open Balkan board set up at BCP Tabanovce



Open Balkan Meeting 2021

The Agreement between the Government of the Republic of North Macedonia and the Council of Ministers of Albania on the establishment of a One Stop Shop - joint border crossing points between the Republic of North Macedonia and the Republic of Albania, signed in Tirana on June 10, 2021 entered into force on 1st February 2022. The Agreement was ratified by the Assembly of the Republic of North Macedonia on 9th December 2021.

The Agreement foresees establishment of joint border crossings for international road traffic on the border between the Republic of North Macedonia and the Republic of Albania. Customs control and border checks are simplified and accelerated to facilitate the movement of passengers and goods

Agreement and protocol for Border Dispatching for Rail Transport at the border crossing point Blace was signed with Kosovo. Possibilities are considered and ways to establish OneStopShop at the road border crossing Blace are being defined.

SEED+

With the regional project SEED+ within the framework of CEFTA and in accordance with the Additional Protocol 5 - AP5, exchange of cross-border documents and data in the area of risk management, as well as establishment of common risk profiles is foreseen.

With the inclusion of the inspection services that act on the border crossings: Food and Veterinary Agency and State Agriculture Inspectorate in project, intensive work is being done on the implementation of the European TRACES NT system which is to be implemented in the CEFTA region.

AEO

The application of the “Authorized Economic Operator” concept ensures greater use of simplified customs procedures, priority treatment during customs controls, reduced number of physical and documentary controls by the customs authorities, selection of the place of control, as well as other direct and indirect benefits. Reduction of the customs procedures time, reduction of import and export costs, increase of competitiveness and greater integration of Macedonian companies on the regional and European markets was achieved.



Authorised Economic Operator logo

In 2022, significant progress was also noted in the initiative for mutual recognition of companies with Authorized Economic Operator (AEO) status.

All formalities for mutual recognition of the AEO status with the Republic of Serbia have been regulated, and the procedure for operational application of the protocol on mutual recognition was signed in December 2021.

On 29th March 2022, the Government of the Republic of North Macedonia determined and concluded the Draft Law Ratifying the Agreement between the Government of the Republic of North Macedonia and the Council of Ministers of the Republic of Albania on mutual recognition of authorized economic operator authorisations.

Green lanes

“Green Lanes” for movement of sensitive goods have been operating successfully and smoothly in the region with the CEFTA countries since 2021. In the Republic of North Macedonia, they are applied at the border crossings Tabanovce, Blace and Kjafasan, and are used for goods listed in the

harmonized CEFTA-priority list. The list is publicly available (on the Customs Administration’s website) and includes food products - meat, vegetables, medical equipment, medicines - precisely determined by tariff headings. For these goods, the Customs Administrations provide priority treatment when crossing the border and during customs clearance. The goods on the list can be amended and harmonized with all CEFTA countries.



Signing of the Memorandum of understanding for electronic data exchange with the Republic of Greece

Furthermore, pre-arrival information on these types of goods is sent and received through the CEFTA's electronic system - SEED. The identification is carried out on grounds of the tariff headings entered in the export and transit declarations.

The positive experience from the application of the Green Lanes within CEFTA is transferred to activities of their expansion with the neighboring EU Member States.

At the beginning of July 2022, within the framework of the Connectivity Forum in Thessaloniki, the Directors of the Customs Administration of the Republic of North Macedonia and the Republic of Greece signed a Memorandum of Understanding for Electronic Data Exchange, enabling application of the Green Lanes for goods moving to the Republic of Greece, as well as electronic exchange of a pre-arrival data set through the CEFTA - SEED system. There are bilateral meetings concerning the expansion of green lanes with the Republic of Bulgaria as well.

Protection of society

The modern customs service has an extremely important role in protecting the safety and health of citizens, as an integral part of the system for preventing illegal trade and unfair competition, preventing trade in prohibited goods and financing terrorism, as well as environmentL and cultural heritage protection. For several years now, Customs has been receiving technical support in this area from several international organizations.



Open day – Visit of students to the Customs Call Centre

The Customs Administration continuously works on improving its law enforcement systems, by following European experiences and practices in this part, risk analysis management, customs intelligence, trade company control, investigations and the operation of mobile teams.

In 2019, within the Investigations Department, a special Unit for Financial Investigations was formed, specialized in conducting pre-investigation proceedings for crimes in the area of public finances, payment transactions and the economy, as well as finding and identifying illegally acquired property and criminal proceeds that are subject to money laundering and other property.

Risk management is upgraded and successfully implemented, through the Risk Analysis System, within the CDEPS and NCTS system, where databases have been created that serve for the analysis and control of targeted risks.

The customs administration permanently works on further development and enhancing its capacities for customs post-clearance control of companies, as well as supervision of the holders of authorisations for customs procedures.



Mobile scanner

The controls and operational actions for detection of illegal trade in goods resulted in several foiled attempts for smuggling, illegal trade in psychotropic substances, illegal export and import of effective domestic and foreign currency, cheques and monetary gold, smuggling of migrants, customs fraud, as well as other crimes and customs violations.



Campaign for fight against corruption

SEIZURES AND ILLICIT TRADE IN THE LAST DECADE

- Cannabis drugs:** → **over 545 tons**
- Psychotropic substances:** → **over 422 kilograms**
- Illegal transfer of cash:**
 - **4.811.000,00 EUR**
 - **465.020,00 USD**
 - **737.000,00 CHF**
 - **60.000,00 GBP**
- Attempts for migrant trafficking:** → **160 attempts - over 3,000 migrants**

In the third decade, Customs has recorded seizures of over 110 kilograms of gold and silver jewelry.

In the Customs Administration's activities aimed at fight against crime and fiscal protection of the society, there have been significant seizures of tobacco and tobacco products, particularly those subject to excise duty (cigarettes, cigarillos and cigars) where Customs successes are measured in thousands of tons. There have also been large seizures of alcoholic beverages, food and textile products, medicines and medical aids, live animals, perfumes and various cosmetic products.



Prevented smuggling of budgerigars

One of the main focuses of the customs operation is the action of the CITES convention⁶⁶, the purpose of which is to act against the loss of biodiversity, caused by the excessive exploitation of the living world by man. That is why, in a large number of cases, the smuggling of various protected species: birds, turtles, snakes, fish, as well as various types of mushrooms and plants, has been prevented.

The role of the Customs Administration in the protection of cultural heritage is vital. Various tangible and intangible goods, which as an expression or testimony of human creativity in

⁶⁶ Convention on International Trade in Endangered Species of Wild Fauna and Flora – CITES

the past and present or as joint works of man and nature, due to their archaeological, ethnological, historical, artistic, architectural, urban, environmental, technical, sociological and other scientific or cultural values, properties, contents or functions, have cultural and historical significance and due to their protection and use, are under a legal regime. In the period from 2012 to 2021, in several isolated cases, the Customs Administration prevented smuggling of hundreds of objects, including coins and various artifacts. Most of them originate from the 2nd to the 4th century, and some even before the new era. The Customs Administration takes permanent activities to improve its capacities to identify, protect and prevent the illegal export of the cultural heritage of the Republic of North Macedonia.

Significant seizures in the third decade



BCP Tabanovce , 2015 -
152,395 Euros detected at
exit from the country



BCP Airport Skopje, 2016
- 4.51 kilograms of Heroin
seized at entry in the country



CO Skopje 3, 2016
- 70 kilograms of Marijuana found



BCP Bogorodica, 2018
- 550 kilograms of Marijuana seized at exit from the country



BCP Blace, 2017 - Seized
997116 kilograms of marijuana at entry in the country



International Airport Skopje, 2018
- 450 thousand Euro worth white gold jewellery combined with brilliants detected at entry in the country



BCP Airport, 2017 -
105,000 Euros found at exit from the country



BCP Tabanovce, 2019-
356.3 kilograms of Marijuana seized at exit from the country



BCP Bogorodica - 309585 kilograms of marijuana seized at entry in the country



BCP Dojran, 2020
- 139 kilograms of marijuana seized



BCP Deve Bair, 2021
- 100,000 undeclared Swiss Francs seized

Organization and management

The employees are the driving force of the Customs Administration. The development and progress of the Customs Administration and the increase in operational efficiency is followed by permanent improvement of the organizational structure and the management of human resources, in line with the needs and novelties.

In 2012, amendments were made to the Rulebook on the organization of the Customs Administration and the Rulebook on the systematization of job posts, establishing a Coordination and Communication Unit and Analytics and Statistics Unit within the Sector for Control and Investigations and a new Department for Integrity within the Sector for Professional Responsibility. Organizational changes were also made in the Director's Cabinet becoming a new Department with three Units: Public Relations Unit, Correspondence and Administrative Technical Affairs Unit and Translation Unit. Guidelines on the manner of forming and monitoring the work of the working bodies was adopted, laying down the procedure of forming working bodies, record-keeping, monitoring and reporting about the work and the realization of their tasks, as well as Guidelines on the method of issuing and revocation of customs officers' official identification cards. The form, content and manner of issuing and revocation of the official identification cards are laid down in the Rulebook on the form, content and method of issuing and revocation of customs officers official identification cards⁶⁷.



Customs uniform

The amendments to the Law on the Customs Administration⁶⁸ of September 2012 provided possibility for redeployment of the employees of the Customs Administration to job positions with different status, with the aim of enabling flexibility and rationality in the management of human resources for the realization of the objectives and competences of the Customs Administration.

In 2014, amendments were adopted to the Law on the Customs Administration⁶⁹, grouping customs officers into 3 categories: B - managing customs officers, C - expert customs officers and D - auxiliary-expert customs officers. Within each category, several levels of customs officers job posts were determined. With the legal amendments of 2019 and the alignment with the provisions of the Law on the Customs Administration with the Law on Misdemeanors, new structure of misdemeanors was introduced, so that misdemeanors for which a higher

⁶⁷ "Official Gazette of the RM" no.159/2011

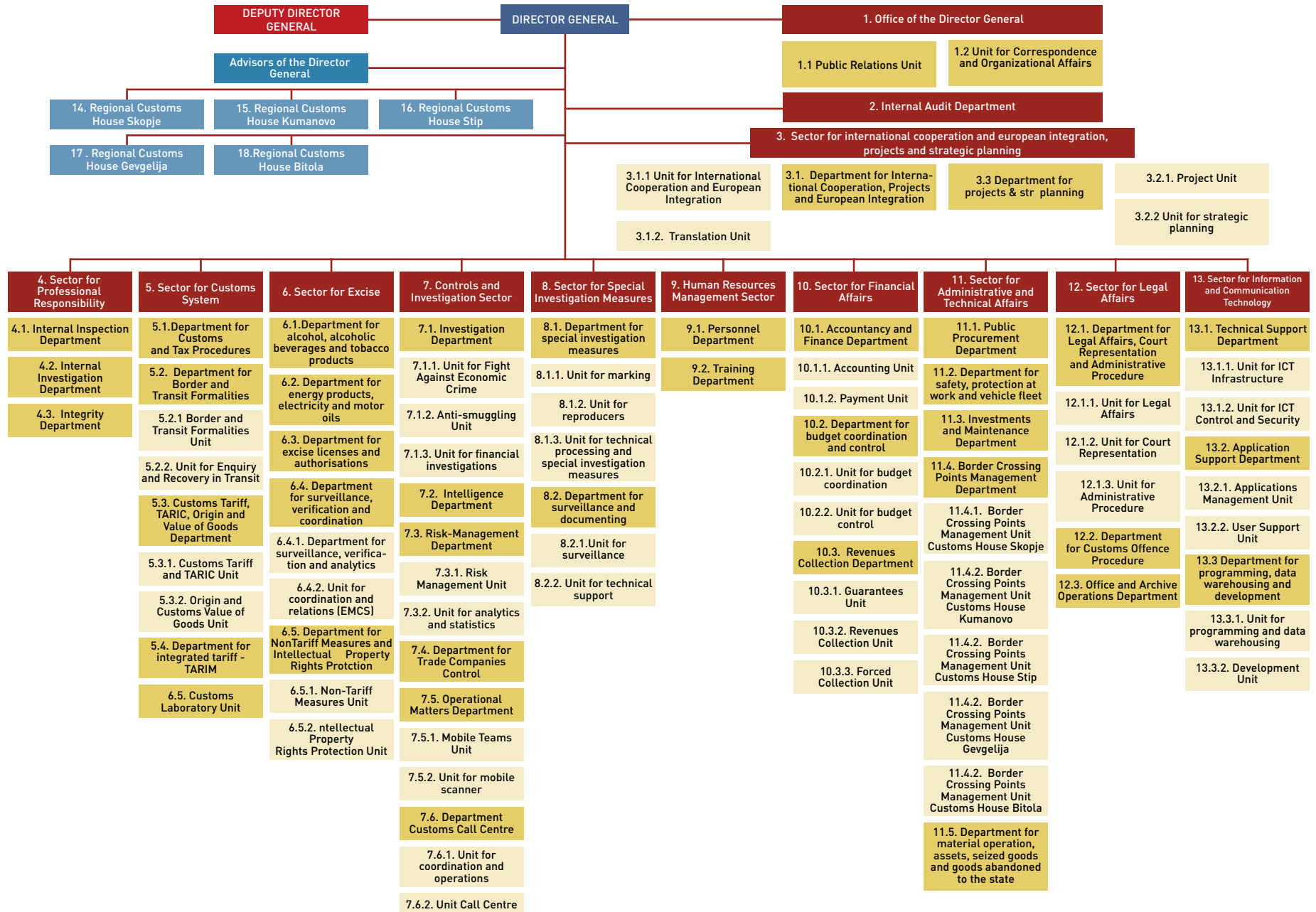
⁶⁸ "Official Gazette of the RM" no.113/2012

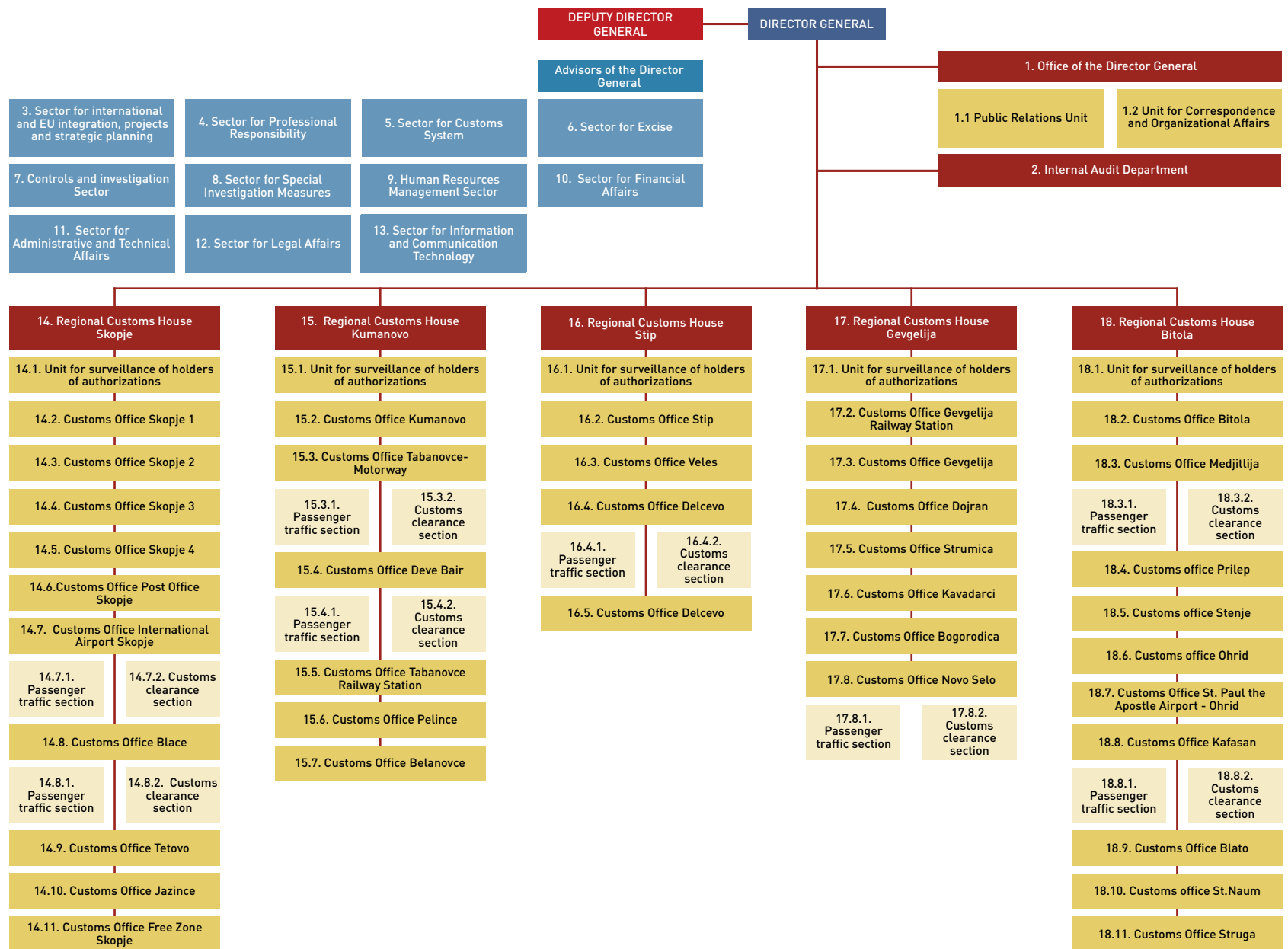
⁶⁹ "Official Gazette of the RM" no. 43/14 and no. 167/14

misdemeanor fine is foreseen became jurisdiction of the courts.

The same year, the Sector for Human Resources Management started to conduct a functional analysis, focused on the administrative capacities, objectives, functions, structure, procedures and human resources. New amendments were made to the Rulebook on the internal organization of the job posts in the Customs Administration and the Rulebook on the systematization of job posts in the Customs Administration, whereby the Department for International Cooperation, Projects and European Integration was expanded and became Sector for International Cooperation, European Integration, Projects and Strategic Planning.

Thus,structurally the Customs Administration was divided into 11 sectors, 41 departments, 49 units, 2 independent departments, 5 customs houses and 42 customs offices. The Customs Administration performs its competences through customs procedures in passenger and goods traffic at borders, as well as inland on the entire territory of the country through the five customs houses - Skopje, Kumanovo, Shtip, Gevgelija and Bitola.





In January 2022, the 2022-2024 Customs Administration's Development Strategy and Action Plan was adopted with a new revised structure and methodology in line with the best European practices, defining the priorities and goals for the development of the Customs Administration in the next three-year period. This strategy and action plan include the future activities of the Customs Administration aimed at: safeguarding of the financial interests of the state, further trade facilitation through harmonization of legislation and digitization of operations according to European standards and best practices, protection of the health and safety of citizens, as and improvement of infrastructure and organizational development, by improving the working conditions and maintaining high integrity standards for its employees.

STRATEGIC PRIORITIES AND OBJECTIVES

Revenue collection and protection of financial interests

- Ensure efficient revenue collection
- Enhance mid-term budgeting for efficient and transparent public finance management

Trade facilitation

- Harmonisation of the national customs legislation with the EU legislation and best practices
- Digitalization of customs and excise procedures
- Modernization of Customs ICT infrastructure for operational support
- Trade facilitation through regional economic integration

Protection of the society

- Suppression of illegal trade and organized crime
- Ensure efficient excise goods management
- Strengthen the "prohibitions and restrictions" area

Organisational and infrastructural development

- Enhance the human resources management system
- Prevention of inappropriate and corrupt behavior and development of system of rules and control
- Modernization of border crossing infrastructure
- Improvement of work processes quality control
- Promotion and international cooperation

Strategic Map of the Customs Administration, 2022



Custom Administration Collegium meeting - 2022

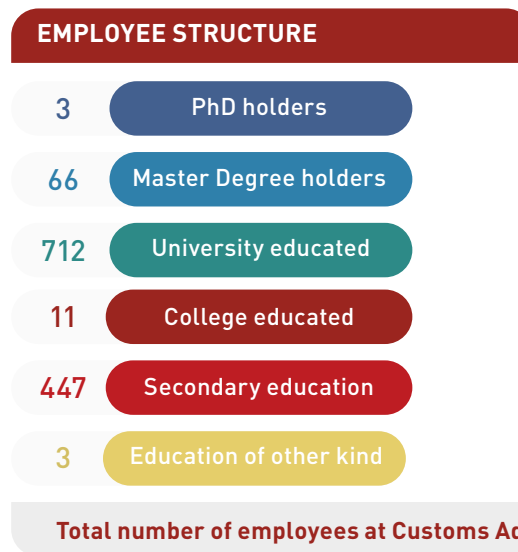
In order to effectively monitor the development activities of the Customs Administration and for the purpose of quality control of their implementation, in the beginning of 2022, changes were made in the management organizational structures. In addition to the Collegium of the CA, as the highest management structure, four Committees have been established covering different domains of customs operations at expert and managerial level. They monitor the progress and current issues and problems in various areas of customs operations.

In March 2022, the Customs Administration has a total of 1243 employees.

Out of the total number of employees, 329 are women, of which 62 hold managerial positions and 850 are men, of which 128 are managers. According to the level of education, the structure of the employees in the Customs Administration at the beginning of March 2022 was as follows:

Age	Men	Women	Total	%
20-30	37	2	39	3.29
31-40	188	47	235	19.80
41-50	322	142	464	39.09
51-60	266	125	391	32.94
61-67	45	13	58	4.89

Structure of employees



Continuous training of customs officers is a prerequisite for gaining the necessary knowledge, skills and professional development and supports easier career advancement. The training and professional development system, as a key prerequisite for the successful implementation of strategic and operational goals is based on human resources management policies of the Customs Administration. Continuous training

of customs officers and trained trainers is only one segment of the strategic priority – investing in the employees.

The customs administration approached the quality management of the processes in the customs operation with great attention. In 2013, Customs acquired the ISO 9001:2008 quality management certificate, and in 2016 it implemented the Common Assessment Framework (CAF)⁷⁰, one of the best European practices for introducing a full quality management system in public institutions. In December 2019, the Customs Administration obtained the MKS EN ISO 9001:2015 standard quality management system certificate, after a successful certification check of the fulfillment of the requirements of the international standard by the competent certification body⁷¹. Possession of these certificates means that all processes and procedures implemented in the Customs Administration, as well as the services it renders to interested parties, are in accordance with the requirements of high international standards.



ISO Standard Certificate

The reforms in the area of professional training continued in 2012 with the adoption of Training and Professional Development Programme based on the needs stemming from the work process. Bearing in mind the importance of training as one of the important tools for achieving results and fulfilling strategic goals, the Customs Administration systematized every step in the training cycle, starting from determining the training needs, their analysis and assessment, resource planning and provision, organizing and evaluation of training to determine the effects and efficiency of the invested resources. In 2013 Guidelines for planning, organizing, implementing and evaluating training were adopted, which laid down the grounds for modernization and upgrade of the processes for professional development of customs officers.

70 CAF – Common Assessment Framework

71 MKD Certificate



e-learning

The model of decentralized training applied during the introduction of the NCTS system in 2014 was also applied during the introduction of the Customs Declarations and Excise Document Processing System - CDEPS in 2019, during which several practical training courses were organized for customs officers from customs offices by the project team, who then held training courses for employees in their organizational units.

In the third decade, from 2012 to 2021, a total of 2,526 professional training events for customs officers were carried out, involving a total of 25,384 participants. The total number of training hours during this period, compared to the number of employees, indicates that each employee devoted approximately 25 working days to training. In cooperation with the strategic partners of the Customs Administration, with the Chambers of Commerce, economic operators and other institutions, events - consultations, presentations and

training are constantly organized for representatives from the business community and employees of institutions whose work processes include customs procedures. Additional training courses and pre-training for customs agents are also continuously organized and conducted, as a legal obligation laid down in the Law on Representation Activities in Customs Procedures.

PROFESSIONAL DEVELOPMENT OF EMPLOYEES IN THE LAST 5 YEARS

Main topics	Year	No. of training events	Participants
<ul style="list-style-type: none"> • ICT systems • Control and Investigations 	2021	148	1.919
	2020	131	1.210
	2019	328	3.482
	2018	287	1.961
	2017	188	1.147

International Cooperation

For many years, the Customs Administration has been participating and contributes to a large number of international projects, operations, meetings, workshops and events at various levels. It continuously works to improve and expand international cooperation at all levels. The cooperation with the European Union, the World Customs Organization, UNODC, UNDP⁷², Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)⁷³, SELEC, OSCE⁷⁴, CEFTA⁷⁵, RILO, OLAF⁷⁶, INTERPOL⁷⁷, EUROPOL⁷⁸, the bilateral cooperation with the government of the United States of America, the EU Member States and the Western Balkan, as well as with many international organizations is extremely significant. These activities are aimed at upgrading the existing and introducing new practices, international experiences and recommendations.

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- 72 United Nations Development Programme
 73 The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
 74 Organization for Security and Co-operation in Europe
 75 Central European Free Trade Agreement (CEFTA)
 76 European Anti-Fraud Office (OLAF)
 77 International Criminal Police Organization (INTERPOL)
 78 European Union's law enforcement agency (EUROPOL)



Visit to the Customs Administration of the Republic of Croatia



Visit to the Customs Administration of the Republic of Croatia

The Customs Administration continuously participates in the activities of the Subcommittee on Trade, Industry, Customs

and Taxation, a working body under the Stabilization and Association Agreement. The progress that our country has achieved in terms of free movement of goods, enterprises and industrial policy, tourism, taxation, customs union and trade issues is presented at the Subcommittee meetings. Good level of compliance with the EU customs legislation and the development of IT systems is regularly ascertained. The Customs Administration is regularly evaluated in the European Commission Reports on the country's progress - "Customs Union" Chapter noting that it is one of the institutions with the greatest progress and a high level of preparedness for the European integration process.



Explanatory Meeting on Chapter 29, 2019

In 2019, the Administration attended the Explanatory meeting on the start of negotiations with the EU. In terms of readiness

for the start of membership negotiations, the European Commission confirmed that the Customs Administration is highly positioned and is one of the leading administrations in the region.

In cooperation with the State Customs Committee of the Republic of Azerbaijan in November 2013 in Skopje, the Customs Administration hosted a Regional Conference on the role of Customs in the protection of cultural heritage.

In 2015, the Framework Agreement on Cooperation in Facilitating Customs Clearance a Customs Administrations of China, Hungary, Serbia and Macedonia. This agreement provides for permanent exchange of information to prevent, detect and combat cross-border crime and customs fraud.



Handover of donated equipment at BCP Blace



US Export Control and Related Border Security (EXBS) Programme donation of equipment



OSCE - joint operation

The establishment of joint border management with Albania and Kosovo has started. In 2021 under the USAID Economic Development, Governance and Enterprise Growth Project⁷⁹ Project, control equipment was procured for border crossing point Kjafasan – Qafthane, training and study visits were organized for customs officers from both countries.



Control equipment demonstration

In 2020, the Government of South Korea granted support for capacity building of the Customs Administration in the area of express shipments, detection of illegal financial flows and risk analysis in e-commerce (2020 Customs Modernization Consulting Project for North Macedonia⁸⁰). Services are improved and national security is enhanced through better control of the international movement of goods and passengers.

⁷⁹ USAID regional Economic Development, Governance and Enterprise Growth – EDGE Project

⁸⁰ 2020 Customs Modernization Consulting Project for North Macedonia



Work meeting with Korean Customs

PICARD Conference, organized by the World Customs Organization, in cooperation with the Customs Service of the Republic of Korea.



In 2019, the Customs Administration hosted the 14th WCO





The main conference topic was “SMART BORDERS for seamless trade, travel and transport”, with a confirmed commitment to the uninterrupted movement of goods, passengers and means of transport across borders. The conference was attended by nearly 200 participants, academics with their papers, consultants from several areas, but also listeners from all over the world.



WCO PICARD Conference – Skopje, 2019

In 2021, significant amendments were made to the free trade agreements laying down more liberal rules of origin in the trade with EU and EFTA countries, possibility of applying full cumulation as a principle for obtaining origin in the cumulation zone and lifting the ban on refund of or relief from customs duties in trade. The Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin (PEM Convention) continues to be applied in trade with countries in the region as grounds for preferential rules of origin.



30th OSCE Economic and Environmental Forum



Customs Administration part of the 2nd Skopje Economic and Finance Forum – SEFF, Skopje May 2022

Customs Directors General

During the last three decades since the proclamation of independence the Customs Administration was led by eight Directors General.



Dimitar Buzlevski

(April 1993 - December 1994)

Born in 1952 in Jankovec, Resen. He graduated from the Faculty of Economics at the "Ss. Cyril and Methodius" University in Skopje. Since 1980, he has been engaged in the investment group for the construction of the fruit processing plant "Ipos-Prespa" in Resen. In 1982, he became Vice-president, and in 1986 President of the Executive Council of the Resen Municipal Assembly. In 1989 he was appointed financial director of "Agroplod" Resen PLC. In the period 1994-1997 he held the position of Minister of Transport in the Government of the Republic of Macedonia and until 1998 he was the Vice President of the Government of the Republic of Macedonia. In 1998, he was elected Member of the Parliament of the Republic of Macedonia. He was a member of the parliamentary groups of the Parliament for cooperation with the Parliaments of the Republic of Albania and the Republic of Poland. From 2005 to 2009, he held the position of Mayor of the Municipality of Resen. Since 2009 until his retirement, he was executive director of the company "Linconsulting".



Ilija Iloski

(March 1995 - November 1998;
December 2004 - March 2006)

Born on 30th July 1958 in Velmej, Municipality of Ohrid. He graduated from the Faculty of Economics at the "Ss. Cyril and Methodius" University in Skopje. Since 1984, he has worked at "EMO", Ohrid

holding several positions - finance officer, finance manager, finance director, assistant finance director, deputy director general and director general. In 1998, he was elected Member of Parliament of the Republic of Macedonia, where he was member of the Commission for Finance and Budget. In 2003, he was appointed Director General of the Macedonian Bank for Development Promotion. Since 2006, he has been the first operational director of Komercijalna banka AD Skopje, where he is also a member of the Board of Directors.



Dragan Daravelski

(January 1999 - November 2002)

Born on 12th April 1956 in Kumanovo. He graduated from the Faculty of Law at the "Ss. Cyril and Methodius" University in Skopje. After graduating from the faculty, he worked in the private sector until 1999. On 26th January 1999, he was appointed Director General of the Customs Administration, where he remained until 2002.



Ljubomir Mihajlovski

(December 2002 - December 2004)

Born on 10th December 1954 in Skopje. He graduated from the Faculty of Law at the “Ss. Cyril and Methodius” University in Skopje. In 1981, he performed tasks as inspector in the Market and Labor Inspectorate. In 1983 he started work at the Ministry of Interior and has worked in several

positions - inspector in the Operational Affairs Directorate, senior inspector for crime prevention, senior inspector for illegal drug trade, head of SIA Ohrid, Kichevo, Debar and Struga, head of the Department for fight against crime, head of the Criminal Police Department, Deputy Assistant to the Minister of Criminal Police at the Ministry of Interior and Undersecretary for Public Security. In the period from 2000 to 2002 and from 2006, he worked as a lawyer. In 2004, he was elected Minister of the Ministry of Interior. In May 2018, he was elected president of the Board of Directors of the North Macedonia Bar Association, and he was re-elected to the same position in June 2022.



Vancho Kargov

(September 2006 - January 2014)

Born on 20th August 1960 in Shtip. He graduated from the Faculty of Economics at the “Ss. Cyril and Methodius” University in Skopje. He started his career in 1987 as advisor in the Directorate for Corporate Long-Term Crediting,

Foreign Trade Bank, Skopje. Since 1993, he was advisor at the National Bank, and in 1997 he was appointed Deputy Director of the Directorate for Foreign Reserves Management. In 2000 he became Director of the Finance and Accounting Directorate at the National Bank. The same year, he was appointed State Secretary in the Ministry of Finance and held this position until 2003. In the period from August 2003 to September 2006, he held the position of vice-governor of the National Bank. He was the President of the Inspection Council from February 2014 to July 2015, and later, in August 2015 to July 2018 he was appointed as Advisor to the WTO and other international economic organizations at the Mission of the Republic of Macedonia in Geneva. He currently holds the position of Advisor to the Governor of the National Bank.



Natasha Radeska Krstevska

(January 2013 – August 2017)

Born on 2nd November 1975 in Struga. She graduated from the Faculty of Law “Justinian I” at the “Ss. Cyril and Methodius” University in Skopje. She started her career as a legal trainee. Since 2001 she worked as a junior associate in the Treasury Department of the Ministry of Finance, where she was promoted to assistant head,

and then to head of Department for second-instance tax and customs administrative procedures. She currently holds the position of assistant head of the Internal Audit Department in the Ministry of Finance. As a professional in the area of public internal financial control and law, she is the holder of an internationally recognized certificate of authorized internal auditor, issued by the Global Institute of Internal Auditors “IIA Global” and a Notary certificate from the Ministry of Justice.



Gjoko Tanasoski, MSc

(August 2017 - January 2021)

Born on 6th May 1972 in Skopje. He graduated from the Faculty of Mechanical Engineering at the “Ss. Cyril and Methodius” University in Skopje, where he also obtained his Master’s degree in Industrial Management. He started his career

in 1998 as a marketing and sales manager in an international

company specialized in industrial procurement, and in 2003 he became head of international sales and production system management through systematic monitoring of process parameters and sustainability strategic analysis. In 2005, he continues as head of international commerce and production line cost management at “LTH Larnica DOOEL”, subsidiary Ohrid. In the period 2009-2017, he was the head of a subsidiary of “Croatia Osiguruvanje AD”, Skopje.



Slavica Kutirov MSc.

(since February 2022)

Born on 18th December 1969 in Strumica. She graduated from the Faculty of Electrical Engineering and Information Technologies - majoring in Computer Technology,

Informatics and Automation in Skopje, where she also obtained her Master’s degree in Project Management. She has worked for the Customs Administration since 1998, starting as senior development consultant. During her career, she has performed tasks as chief inspector and senior project management advisor. In 2018, she was appointed Director of Sector for Information and Communication Technologies. On 30th July 2021, she was elected Acting Director General of the Customs Administration.

Jubilee Celebration - 30 years Customs Administration – 30 years of commitment

Under the slogan “30 years Independent Customs Administration - 30 Years of Commitment”, with series of events in April 2022 the Customs Administration celebrated its anniversary - 30 years since its establishment as an independent service.



Celebration of 30 years Customs Administration

To raise the awareness of the importance of a clean environment, a week of afforestation was organized. Over 100 young trees were planted by customs officers from the five customs houses, together with police officers and high-ranking representatives from the municipalities in whose territories the afforestation took place.



Activity on the occasion of the Customs Day/ Strumica



Activity on the occasion of the Customs Day/ Skopje

Together with the Red Cross and the Republic Institute for Transfusiology, a blood donation campaign was organized on the entire territory of the country. Traditionally, the blood donation campaign had a large turnout among customs officers who donated about 100 units of blood.



Blood donation campaign on the occasion of the Customs Day

As part of the celebration, the Border Interagency Unit on 8th April 2022, supported by the United Nations Office on Drugs and Crime (UNODC), was inaugurated on 8th April 2022 at the Skopje International Airport.



Start of operation of the Border Interagency Unit

The central celebration event on the occasion of the 30th Anniversary of the Customs Administration took place on 14th April 2022. The ceremony was attended by the President of the Government of the Republic of North Macedonia Dimitar Kovacevski, Minister of Finance Fatmir Besimi, senior representatives of the Government, the Archbishop of Ohrid and Macedonia Stefan, representatives of diplomatic-consular missions, state institutions, former directors of the Customs Administration, representatives of the business community and other collaborators. The President of the Republic of North Macedonia Stevo Pendarovski was guest of honour.



The President of the Government of the Republic of North Macedonia Dimitar Kovacevski, Finance Minister Fatmir Besimi, Secretary General of the World Customs Organization Kunio Mikuria, and the Director of the Directorate General for Taxation and Customs Union of the European Commission (DG TAXUD), Tomas Gerasimos, congratulated the Customs Administration on its successful thirty years of operation.





By awarding plaques and commendations, the Customs Administration expressed its gratitude to associates and partners for their support over the past 30 years. Plaques were awarded to the Economic Chamber of Commerce of the Republic of North Macedonia, the Macedonian Chambers of Commerce, the Chamber of Commerce of Northwest Macedonia, the Ministry of Finance, the Ministry of the Interior, HM Revenue and Customs of the United Kingdom of Great Britain and Northern Ireland, the Embassy of the United States of America and the Delegation of the European Union.





The Customs Administration's staff is our driving force.
We invest in the integrity and advancement of their knowledge and skills.



Those present at the celebration had the opportunity to see a demonstration with the control equipment used in the daily customs operations and to closely get to know the role of Customs for the protection of society.

On the occasion of the Customs Day, the Director General of the Customs Administration awarded certificates of appreciation to 145 customs officials for 10, 20 and 30 years of service.



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