**4.29. Chapter 29: Customs union**

There was significant progress with respect to **customs legislation**. The former Yugoslav Republic of Macedonia accepted the United Nations Resolution of 2 July 1993 on the applicability of 'Carnets de passage en douane' / 'CPD carnets' to private road vehicles. The 2007 customs tariff was harmonised with the Combined Nomenclature. The € 40 customs fee for mandatory tariff information and the € 15 fee for TIR services were abolished, and a number of other authorisation fees, were reduced. Moreover, the implementing legislation to the Customs Code was amended to facilitate inward processing and bonded warehousing and the customs administration published manuals on customs clearance and on preferential rules of origin. However, although the customs legislation is already well aligned, the acquis in the area of transit and tariff quotas has not yet been transposed. The law on technological and industrial development zones contains provisions which are incompatible with the EU Customs Code and with WTO obligations. Preparations in this area are advanced.

**Administrative and operational capacity** improved substantially, especially in terms of organisation. As of April 2007, the customs administration collected 37.31 % more customs duties, excise duties and VAT compared to the same period of last year. A new system for control of goods subject to dual use and of weapons is being introduced. A strategy for training and professional advancement was adopted. Manuals on transit have been prepared for both customs officers and businesses. The former Yugoslav Republic of Macedonia has requested to accede to the Common Transit Convention and has started preparations in this respect. However, much remains to be done to develop IT systems in order to allow interconnectivity with the Community IT systems.

A strategy on integrity and combating corruption was adopted and is being implemented consistently. 39 disciplinary procedures were initiated in the first four months of 2007 compared to 10 in the whole of 2006. Of these, 7 resulted in dismissal and 12 in suspension of customs officers. Since October 2006, almost 100 criminal cases were submitted to the public prosecutor. At the same time, procedures for recruiting new staff replacing dismissed customs officers have been initiated.

Significant results were achieved in seizing counterfeited and pirated goods. The number of items seized and the value of the goods increased significantly during the reporting period. The customs administration also seized substantial quantities of drugs. Customs action in combating illegal trade has been steady and consistent, leading to major improvements in the overall performance of the service compared to previous years. It is necessary to build on these results and continue the modernisation efforts. A memorandum of understanding was signed with Italy for facilitating trade along Corridor VIII. An agreement on cooperation and assistance in customs matters with Finland and Slovakia was signed and ratified. Progress was also made in strengthening inter-institutional cooperation with the ministries of interior, health, agriculture and environment. Improvement in IT and other equipment, including a comprehensive IT strategy addressing interconnectivity issues, is necessary in order to allow the customs administration properly to manage and enforce the implementation of the *acquis*. Despite substantial progress over the reporting period, further efforts are needed in order to be able to implement fully the customs *acquis*.

*Conclusion*

Progress has been substantial in the customs area. The legislative alignment is well advanced. As regards administrative and operational capacity, the former Yugoslav Republic of Macedonia has made significant progress and achieved important results in fighting illegal trade and collecting revenues. Efforts to combat corruption and misconduct have been very positive and need to be pursued. Overall, the customs needs to continue to its modernisation efforts in order to be able to effectively implement customs rules and the EU acquis