5.27. Chapter 29: Customs union

 *All Member States are part of the EU customs union and follow the same customs rules and EN EN procedures. This requires legislative alignment, adequate implementing and enforcement capacity, and access to the common computerised customs systems.*

The country has maintained a good level of preparation on the customs union. Some progress was made on administrative and operational capacity.

**As not all 2016 recommendations have been implemented, in the coming year the country should:**

 **→ complete and consolidate its IT systems, safeguard their upgrade and maintenance and ensure business continuity.**

In the area of customs legislation, the degree of alignment with the acquis is generally high. The 2017 customs tariff was adopted in line with the latest changes in the EU Combined Nomenclature. The country is a member of the Common Transit Area, applying EU rules on transit movements. The Regional Convention on Pan-Euro-Mediterranean (PEM) preferential rules of origin is applied. Legislation on customs enforcement of intellectual property rights and provisions on risk management, drug precursors, duty relief and cultural goods are broadly aligned with the acquis. Several customs provisions of the law on zones for technological and industrial development are still not in line with the acquis. The customs administration has continued to charge a small fee for processing customs declarations, which is also not in line with the acquis.

Regarding administrative and operational capacity, the standards of professional integrity and quality controls continue to be systematically applied. The country applies automated risk management methods and actively participated in inter-agency cooperation. The customs administration participated in the work of the National Coordination Centre for Organised Crime and the National Border Management Coordination Centre.

Cooperation with other customs authorities in the region continued, including through data exchange and in joint operations. The capacity of the customs terminal at the main border crossing with Serbia was increased. The IT strategy is regularly updated, with the current strategy sufficiently addressing relevant challenges in the IT area. The new electronic system for processing customs declarations and excise documents has yet to be completed. The electronic integrated tariff system (Integrated Tariff Environment) continues to be underutilised. The common transit system (New Computerised Transit System, NCTS) runs smoothly and the number of declarations processed in 2017 tripled compared to 2016.

However, the maintenance, upgrade and business continuity of all customs IT systems needs to be systematically ensured. Further increasing awareness of the benefits of the common transit system among economic operators and optimising its use are still priorities for the customs administration.