Chapter 29: Customs union

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

North Macedonia has a **good level of preparation** in this area. **Good progress** was made in the reporting period with countinuous consolidation, application and upgrade of IT systems. The concept of authorised economic operators (AEO) was implemented and promoted. The electronic system to process customs declarations and excise documents is fully functional and paperless. Green lanes were established at the key border crossing with the CEFTA countries, ensuring the uninterrupted flow of goods in the wake of the COVID-19 crisis. In the coming year, the country should, in particular:

* continue the consolidation and full application of its IT systems including alignment with the Commision's Multi-Annual Strategic Plan (MASP) modules, ensure their continuous upgrade, and business continuity;
* fully implement CEFTA Protocol 5 on Trade Facilitation by furhter expanding AEO certificatin and fully implementing the Common Regional Market Action Plan.

The **customs legislation** is highly aligned with the EU acquis. The 2020 customs tariff was adopted to correspond with the latest changes in the EU Combined Nomenclature. The Additional Protocol 5 on trade facilitation was implemented, including the concept of authorised economic operators (AEO), which was intensively promoted. Eighteen companies were AEO-certified. The country’s validation process for mutual recognition of its AEO certificates with the CEFTA countries was completed and is to be formally approved. North Macedonia is yet to ratify the Protocol on Elimination of Illicit Trade in Tobacco Products, signed in 2014.

On **administrative and operational capacity**, the standards of professional integrity and anti-corruption continued to be applied by the Customs Administration. A new financial investigation unit was established and training of staff is ongoing. Risk management was systematically applied with the percentage of physical controls being 6% and documentary controls accounting for 17% of all shipments. One stop border control with Serbia, at the road border crossing point Tabanovce-Presevo, is applied and an agreement to establish one with Albania was signed in June 2021.

The electronic system for processing customs declarations and excise documents is fully functional and all modules are paperless. Systematic electronic exchange of data (SEED) is used with the neighbouring countries, enabling real-time electronic exchange of data. New Computerised Transit System (NCTS) is opertational and functioning without interuptions. Preparations have started for implementation of NCTS Phase 5. Maintenance of the NCTS and the Integrated Tariff Environment (ITE) systems was ensured. The Customs Administration took an active role in establishing the green corridors, ensuring an uninterrupted flow of essential goods at three key border crossings with the neighbouring CEFTA countries in the wake of COVID-19 crisis.

The Customs Administration participated in 13 international operations to combat illicit trade in drugs, counterfeit goods, medicines, medical devices and protective equipment, weapons, explosives, dangerous waste, cultural goods, raw tobacco and tobacco products. It participated in two international projects, one focused on monitoring of trade in substances used for manufacture of improvised explosive devices and the other focused on waste management.

Cooperation and exchange of intelligence with the customs agencies from the wider region and with international and regional organisations continued.