



# ANNUAL REPORT

THE CUSTOMS ADMINISTRATION REPUBLIC OF NORTH MACEDONIA

2019

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#### **MESSAGE FROM THE DIRECTOR GENERAL**



Dear readers,

The year we leave behind shall be marked as a year of major shift in the customs operations in the Republic of North Macedonia, a year when the Customs Administration linked tradition with modernization. Our traditional role of protecting the society and financial interests of the state, driven by the idea for continuous trade facilitation through simplification of the procedures, partnerhip with the business community and international cooperation — is now performed electronically, in line with our efforts for modernization. We have proven once again that connecting experience with new knowledge is a key factor for success.

The digital Customs concept is becoming a reality. One of the biggest achievements of the Customs Administration in 2019 is the digitization of its customs operations by creating conditions for paperless customs operations. This is largely due to the introduction of the new system for customs

declarations and excise documents processing - CDEPS, launched on 1st June this year. This system which is revolutionary for the current customs operation has replaced the old declaration processing system and has integrated all our existing digital systems into one integral whole. The new CDEPS fully integrates the NCTS transit system, the ITE - integrated tariff environment and the EXIM system. Inevitable part of the process is the development of our human resources and ICT capacities, improvement of the working conditions and provision of adequate infrastructure at the border crossing points, thus maintaining high standards.

We remain committed to achieving the goal for full data exchange via electronic tools and introduction of joint risk management - in line with the recently adopted CEFTA Regional Risk Management Strategy and Action Plan.

In 2020, the Customs Administration of the Republic of North Macedonia is chairing the CEFTA Subcommittee on Customs and Rules of Origin. The Subcommittee has great influence on facilitating national and cross-border trade. We have prepared our programme, which is primarily focused on realization of our efforts for further trade facilitation in all CEFTA parties, but also for cross-border cooperation and trade with the EU Member States.

Our friends from the Delegation of the European Union to Skopje understand our needs for strengthening our operational and institutional capacity well and their support continues through the implementation of numerous programmes and projects. The procedure for launching a twinning project for enhancement of the revenue collection system (beneficiaries: Ministry of Finance, Customs and Public Revenue Office) was launched last year, and the procedure for procurement of equipment that will improve the quality of the customs controls and establishment of data recovery center is underway.

In August 2019, we officially launched joint border controls with neighboring Serbia at the border crossing point Tabanovce - Preshevo, being



officially part of the institutions implementing One Stop Shop. With the introduction of this new modus operandi through joint border control, Corridor 10 will be more attractive and more efficient for export, import and transit of goods. At the same time, the closer cooperation between services results in better illegal cross-border activities detection rates, thus ensuring greater security.

Talks for signing an Agreement on the establishment of joint border controls with the Republic of Albania are under way. New customs terminal facilities at the road border crossing point Kjafasan were inaugurated in September 2019 - a successfully implemented project, part of series of projects implemented with the financial support of the European Union and co-financed by the Government of the Republic of North Macedonia. In November 2019 we launched a new project for implementation of a national Single Window system, financed with a loan from the World Bank. The Project will be implemented in the next two years. The main objective of implementing such a system is to apply a concept of joint risk analysis by the involved institutions, which will lead to development of advanced reporting systems, including reports generated from integrated into the national Single Window system, which will in turn meet the needs and expectations of the business community.

For the Customs Administration, the start of accession negotiations with the European Union should be a catalyst for further modernization of our customs operations. The European customs legislation has been largely integrated into the

existing Macedonian customs legislation and this been confirmed and verified in the Commission Reports on the progress of the Republic of North Macedonia in the process of accession to the European Union. In terms of readiness to start negotiations, the European Commission has confirmed that the Customs Administration is highly positioned and one of the leading institutions. During the Explanatory Meeting for start of negotiations with the EU, that took place in October 2019 representatives of the European Commission presented the entire customs legislation under Chapter 29 - Customs Union in order to provide a roadmap for improvement in the area of customs operations. Last year we adopted new Law on Excise Duties, ensuring full compliance with the EU excise legislation. A special Law on Motor Vehicle Tax was also adopted, being the first law integrating an environmental component, with the ultimate goal of renewing the vehicle fleet in the country. thereby reducing pollution. This environmentally friendly vehicles become more

Improving the legislation and consistency in its application ensures long-term, but also immediate results - the revenue collection is well above the planned, as is the number of seizures.

economically viable to procure than those that

pollute more.

Last year we were actively working to promote the cooperation with the business sector. The number of companies that obtained the status of Authorized Economic Operator at the end of 2019 is 11, and intensive negotiations and activities are underway to sign protocols for international



recognition of our AEO certificates.

In October 2019 we hosted the 14th Annual PICARD Conference - a prestigious role assigned by the World Customs Organization to our Customs Administration. Traditionally, this annual conference promotes high level of customs knowledge and professionalism through papers presented by academics, consultants from various fields, and customs experts from around the globe. The 2019 PICARD Conference theme was "Smart Borders for Seamless Trade, Travel and Transport". I can proudly say that we brought the world Customs elite with us and represented our country and the Customs Administration with dignity.

Throughout the year many of our colleagues attended training courses and seminars abroad, but we also hosted many foreign guests and delegations at international, regional and bilateral meetings.

The new challenge standing in front of, not only Customs, but all other institutions is the fact that we are entering a period when societies are governed and dependent on data exchanged electronically and the Customs Administration is becoming a technology driven organization. In this regard, we will continue to further digitalize the import, export and transit procedures, which in 2020 will become completely paperless. This effort is strategic and necessary, so that we can ensure significantly better services for the economic operators involved in foreign trade operations. The process of digitalization that began this year will gradually involve all stakeholders and eventually their overall participation will contribute in the process of digital transformation of our society.

Customs should be "SMART", it should use automated processes where technology is the main driver for customs development, such as use of big data, large database analysis, blockchain, 3D printing or cloud computers.

The Customs Administration will continue to work to meet the global imperatives for tackling the economic, environmental, health and social challenges and it will increase its efforts to deal more effectively with all procedures under its jurisdiction.

We act proactively and think about the future. We are building a sustainable system for realization of all our strategic priorities, while remaining at the citizens' service, committed to ensure prosperity of our society.

With respect,
Director
Gjoko Tanasoski, MA

#### STRATEGY MAP OF CUSTOMS ADMINISTRATION OF REPUBLIC OF MACEDONIA

#### **VISION STATEMENT**

To be the most advanced Customs Administration in the region which strongly supports the legal economy fully in line with European Union standards

Trade Facilitation

- \* Harmonization with the European Union
- \* Facilitation and acceleration of the flow of goods and passengers
- \* Simple and predictable procedures and formalities
- \* A client-oriented approach and partnerships
- \* Ensuring effective and efficient controls
- \* Strengthening the area of prohibitions and restrictions
- \* Strengthening the fight against Customs Fraud and Crime
- \* Building sustainable international relations with the purpose of ensuring a secure supply chain

Protection of Society

Revenue Collection and protection of financial interests

- \* Strengthening of the area value, tariff and origin
- \* Ensuring efficient revenue collection
- \* Improvement of the system for Excise management

- \* Strengthening of the HRM
- \* Implementation of measures for prevention of misconduct and conflict of interest
- ICT development
- \* Improvement of the working processes
- \* Efficient and transparent management of public finances
- \* Transparency

Modernisation

#### **MISSION STATEMENT**

To protect the financial interests and society, while supporting the economic development through cooperation, facilitation and innovation



#### I. LEGISLATION

The grounds for the work of the Customs Administration are several Laws and Regulations. To further simplify the customs procedures, increase the competitiveness of the national economy and reduce the costs for the economic operators, as well as to harmonize the customs legislation with that of the European Union, several laws and by-laws were amended in 2019.

#### **I.1. NEW LAW ON EXCISE DUTIES**

The new Law on Excise Duties came into force In January 2020. The Law is greatly aligned with the EU Directives on ecise taxation of alcohol, tobacco products and fuels. To ensure transparency in the presentation of the provisions, the new Law on Excise Duties was adopted after several meetings with the economic operators, where the provisions of the Law were presented in details and opinions were exchanged on certain issues.

#### IMPORTANT PROVISIONS OF THE NEW LAW ON EXCISE DUTIES:

- \* Electronic monitoring of the movement of excise goods replacing the paper documents
- \* Stricter criteria for granting excise licenses and permits by introduction of mandatory system for guarantees to secure excise debt
- \* Changed manner of payment of excise duties for excise products marked with excise stamps, instead of payment of excise duties at the moment of collection of excise stamps, the excise duties will be paid after the release of excise products for free circulation
- \* Easier procedures for the economic operators with excise stamps for alcoholic beverages and tobacco products by introducing procedures for return of unused and/or damaged excise stamps in the process of excise goods production
- \* Alignment of the manner of calculation of excise duties for byproducts in accordance with EU Directives
- \* New provisions on registration of small producers of alcoholic beverages

#### I.2. NEW LAW ON MOTOR VEHICLE TAX



The new Law on Motor Vehicle Tax, which has been in force since January 2020 is the first law that comprehensively regulates the taxation of motor vehicles in our country and incorporates components to stimulate the purchase of environmentally friendly vehicles, thus contributing to reduction of the pollution caused by vehicles. The calculation of motor vehicle tax is made based on two components: the value of the vehicle and the amount of carbon dioxide emissions. This way, environmentally friendly vehicles with lower CO2 emissions become more economically viable to procure than those that pollute more. All acts necessary for the implementation of the Law have been

adopted. Through the Informative MVT Calculator available on the Customs Administration's website, the manner of calculation of the motor vehicle tax has been made available to the public.

## I.3. THE THRESHOLD FOR CUSTOMS DUTY RELIEF FOR SMALL PARCELS

By amending the Regulation on the Closer Criteria and the Manner of Import Duty Exemption, as well as the Value, Quantity and Type or Purpose of Goods that can be relieved from import duties, as of 1st January 2020, the threshold related to import of parcels containing goods of small value has been raised from 45EUR to 90EUR. The increase of the threshold is aimed at implementation of the European Commission's recommendations and in line with the growth of the volume of e-commerce in the country.

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#### 1.4. CUMULATION IN TRADE BETWEEN CEFTA PARTIES



The Decision of the CEFTA Joint Committee no. 3/2015 amending the CEFTA Protocol of Origin to the CEFTA Agreement relating to the term "originating products" and the methods of administrative cooperation to the Agreement on the amendment of and accession to the Central European Free Trade Agreement was ratified. This amendment of the CEFTA Agreement introduces for the first time a legal possibility for application of full cumulation (cumulation of the production process) as a principle in acquiring origin in the CEFTA cumulation zone and a possibility for recovery of or exemption from customs duties for non-originating raw materials only in the trade exchange between the CEFTA Parties. However finished products acquiring origin with full cumulation are excluded and cannot be regarded as originating products according to other Contracting Parties to the PEM Conventional.

#### II. EU INTEGRATION

A special place in the Customs Administration's agenda take the activities for permanent alignment with the EU Acquis and its implementation in the Republic of North Macedonia, fulfillment of the requirements in technical and organizational matters, administrative capacity building and raising the public awareness about the manner and philosophy of the Customs Union.

#### **Explanatory Meeting for Chapter 29 – Customs Union**

On 23 and 24 September 2019 in Brussels, explanatory meeting for the Chapter 29 - Customs Union was held, i.e. the European Commission presented the relevant European legislation (acquis) before the management of the Customs Administration. After realization of the first phase of the analytical review, the process will continue with bilateral screening, i.e. presentation by the Macedonian institutions of the state of our legislation and its compliance with the European legislation and institutional framework, as well as the capacities for implementation of that legislation (institutions, capacities, competence, technical equipment, financial resources needed for consistent application of European regulations and standards).



The Customs Administration remains committed to the process of accession of the Republic of North Macedonia to the EU and to the fulfillment of the European standards and practices. Euro-integration is a long and complex process and requires timely preparedness, good organization, a maximal coordination of activities at the highest level and extensive institutional and inter-institutional cooperation.

#### II.1. CUSTOMS 2020-PROGRAMME OF THE EUROPEAN COMMISSION

Within the framework of the Customs 2020 Programme, in 2019 the customs officers continuously participated in numerous activities aimed at administrative and operational capacity building through the exchange of expertise, knowledge and experience with the EU Member States.

64 customs officers attended 24 events (courses, seminars workshops)

The customs officers participated in the following activities organized under the Customs 2020 Programme:

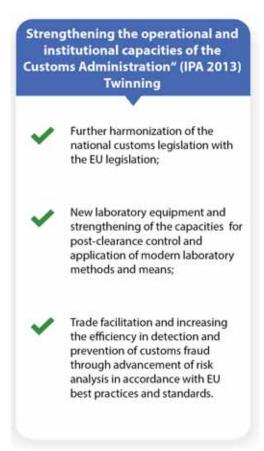
Meeting of European Customs Laboratories	CCN/CSI Training Session (C language with exercise)	Workshop for Vegetable oils and fats
Meeting of Electronic Customs Coordination Group (ECCG)	Meeting for familiarization with experiences related to validation monitoring process	18 EU Communication network meeting
envisor also consist	montaling process	Working visit in the Customs  Administration of Poland
Meeting of Project Group of		Additional of Country
IT Technology and Infrastructure	Meeting of UCC/AES and UCC/NCTS Project Group	
	25.7.1	Annual meeting of Working
CCN 2 Training - New platform testing with exercise	Annual meeting of National Project Coordinator Network	Visit Coordinators Network
Meeting for familiarization with experiences related to validation monitoring	22nd Meeting of National Transit Coordinators	Meeting on Trans-European IT system Data Harmonization and Protection
	Indistr Cooldinators	High Level Meeting of Strategic Planing
Training Steering Group Meeting	Europa and Central Azia (ESA) enforcement meeting	Meeting of PARCS Expert Group of
Program Management Seminar CUSTOMS/FISCALIS 2020	7th Seminar of European Customs Chemists	Protection of health, cultural heritage, environment and nature
Seminar "EU Single Window"	Meeting of Electronic Customs Coordination	Annual meeting of Performance Measurement Contact Points

#### **II.2. IPA FUNDS AND WORLD BANK PROJECTS**

The work of the Customs Administration is being continuously improved through ongoing and planned projects.

#### **FINISHED PROJECTS IN 2019**





#### **ONGOING PROJECTS IN 2019**

Improving Revenue Collection and Tax and Customs Policy" (Twinning Project – IPA 2 – IPA 2018) (Joint project of the Ministry of Finance, the Public Revenue Office and the Customs Administration)

- Further alignment of the national tax and customs legislation with the EU legislation, standards and best practices;
- Enhancement of the operational and administrative capacities for implementation of the national legislation and procedures accounting management and IT services.

Trade and Transport Facilitation Project in the Western Balkans (World Bank)

- Development of a New National Single Window
- New Video Surveillance System
- Infrastructural upgrade of border crossings

"We Cross Borders" —Project on Cross-border Cooperation with the Republic of Greece (IPA Cross-Border Cooperation Program)

- Installation of Traffic control, signalization and passenger information system at BCP Bogorodica and BCP Dojran
- Dynamic moving vehicle measurement system at BCP Bogordica at exit
- Vehicle lift for detailed inspection at BCP Bogordica
- Provision of equipment for detection of concealed goods

#### **FUTURE PROJECTS**

- Planned projects for ICT systems for interconnectivity and interoperability with the EU systems;
- Ensuring the continuity of business processes in the Customs Administration and preserving data through the consolidation of ICT systems and the establishment of a joint Disaster Recovery Center (Supply of equipment and software IPA2-IPA 2018);
- Improvement of the quality of customs controls in the fight against fraud and illicit trafficking in goods (Supply of Equipment -IPA2-IPA 2018);
- Construction of new border crossing point Markova Noga with the Republic of Greece.

#### III. CUSTOMS ADMINISTRATION'S HUMAN RESOURCES

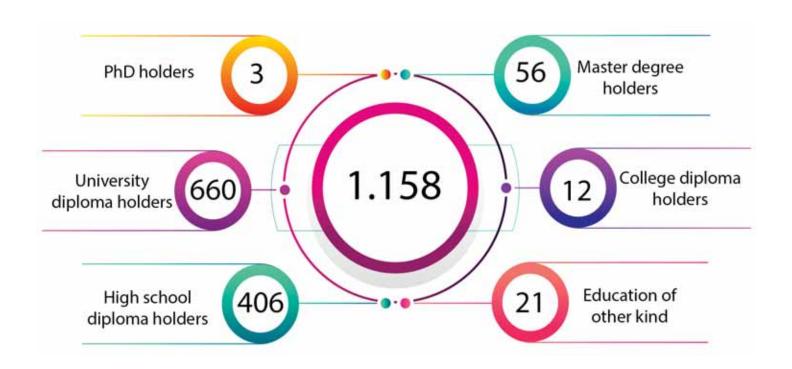


In 2019 the Customs Administration continued to invest in enhancement and development of its human resource management, considering its huan resources as a moving force in the achievement of the st strategic goals for EU integration and improvement of the institutional work efficiency.

#### **STRUCTURE OF STAFF:**



#### **STAFF EDUCATION:**



#### **III.1 TRAINING AND PROFESSIONAL ADVANCEMENT**

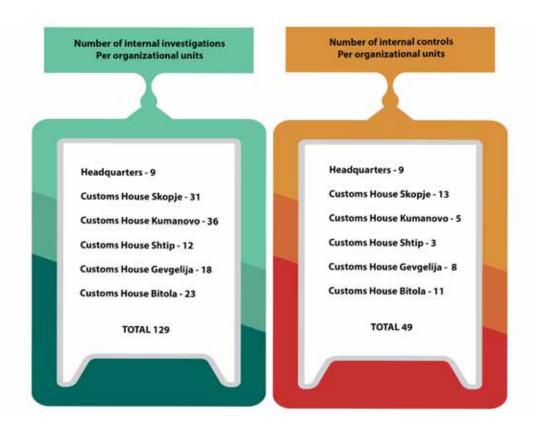


#### SOME OF THE TRAINING EVENTS HELD IN 2019:



#### **III.2 INTEGRITY**

The unity of all policies, standards and procedures implemented by an organization with the aim to ensure high level of immunity to corruption and decreased risk of employees' corruptive behavior is the integrity system. Integrity in an organization is interpreted as "immunity to corruption".

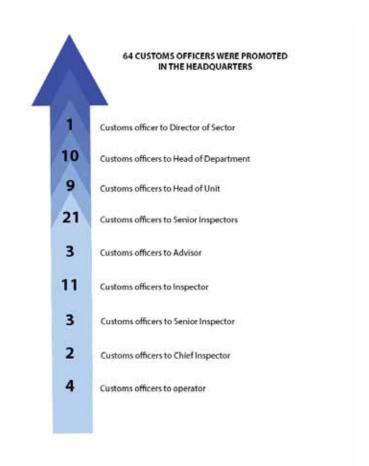


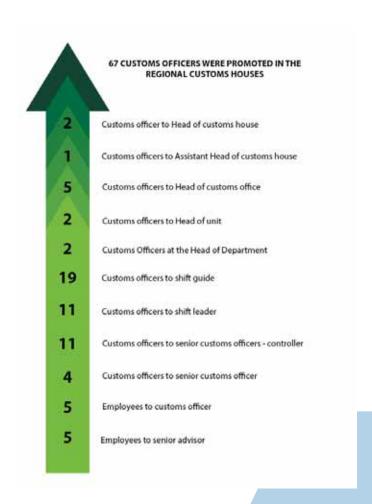
#### **III.3. INTERNAL AUDIT**



#### **III.4. AWARDS AND PROMOTIONS**

IN 2019 there were 131 promotions in the Customs Administration.





# IV. EVALUATION AND IMPLEMENTATION OF THE CUSTOMS PROCEDURES

The Customs Administration is committed to ensuring maximum security of the international supply chain through balanced security measures and facilitation of the flow of goods.

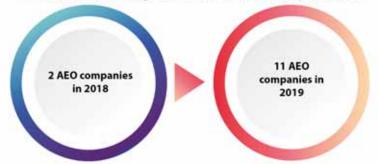
The World Trade Organization's latest trade policy review report notes that the efficiency of the customs procedures in North Macedonia has improved, bringing significant savings for economic operators, i.e. faster, easier and more transparent access to information, more efficient services that have a positive impact on daily work.

## IV.1 AUTHORISED ECONOMIC OPERATOR - AEO

In August 2019, North Macedonia and Serbia signed Agreement on Mutual Recognition of Authorised Economic Operator - Safety and Security (AEOS) Certificates. In 2019 the Customs Administration worked on AEO Mutual Recognition Programmes as a key factor for strengthening and protecting international trade, while reducing controls will contribute to faster release of goods and greater predictability.

Growth of the number of granted Authorised Economic Operator (AEO) Certificates

#### Growth of the number of granted Authorised Economic Operator (AEO)



# IV.2 ONE STOP SHOP AT TABANOVCE - PRESHEVO



With the introduction of ONE STOP SHOP i.e. joint border control at BCP Tabanovce - Preshevo, Corridor 10 has become more attractive and efficient for export, import and transit of goods. The ultimate goal of joint controls is to have open but controlled and secure borders, through enhanced coordination and cooperation between all competent border authorities at national and international level.

- A second cargo weighing scale was put into operation at BCP Preshevo
- Second lane, primarily intended for cargo vehicles with perishable goods, empty vehicles and vehicles transiting under T-electronic documents.

This concept will soon be introduced at the border with Albania at the Kjafasan border crossing point.

#### IV. 3 NEW CUSTOMS TERMINAL AT BCP KJAFASAN

In September 2019 the new customs terminal facilities at BCP Kjafasan for international road traffic at the border with Albania - part of the Pan-European Corridor 8 (east-west) were inaugurated. This infrastructural project is one of the series of projects implemented with financial support of the European Union and co-financed by the state. The new freight customs terminal has a maximum capacity for 30 cargo vehicles and includes:

- new Customs building,
- facilities for inspection of cargo vehicles allowing for simultaneous inspection of 3 trucks,
- entry/exit control point,
- horizontal and vertical signalization and other ancillary facilities at the terminal.

This infrastructural project has increased the inflow and movement of goods, reduced the time required to implement border formalities and improved the quality of services and working conditions for the economic operators and the customs officers.



## IV. 4 NEW PROCEDURE FOR CLEARNC OF EXPRESS MAIL PARCELS

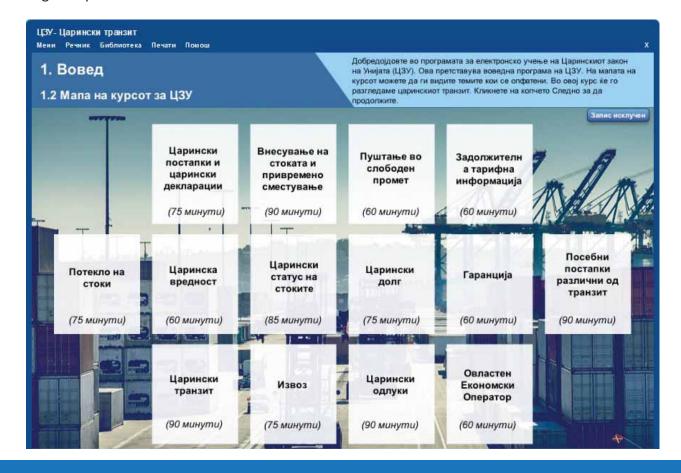
The import of express mail parcels has been simplified, saving end-users time and money, and increasing shipping efficiency by avoiding lengthy administrative procedures.



#### IV. 5 CUSTOMS PROCEDURES AVAILABLE THROUGH E-LEARNING COURSES

Following the trends of the European Union for digitalization of every aspect of the customs operations, at the beginning of 2019 the Customs Administration launched several e-learning courses translated and adapted into Macedonian. The e-learning programme provides opportunities for enhancing the Customs Administration training, different from the classical training, as well as an opportunity for significantly greater number of trainees. Their availability and flexibility make cuatoms legislation easier to understand and are part of the Customs Administration's commitment for close cooperation with both the economic operators and anyone dealing with customs procedures.

The Customs Administration actively participates in the National Committee for Trade Facilitation established in accordance with the provisions of the WTO Trade Facilitation Agreement and chairs two Working Groups for elimination of non-tariff barriers.



#### V. DIGITALIZATION

#### V. 1 ICT INFRASTUCTURE



The ICT resources in 2019 were mainly engaged in preparation and realization of the launching of the new Customs Declaration and Excise Document Management System (CDEPS).In parallel, the needs for further upgrade of the CDEPS functionalities were defined. Having in mind the direct connection of the CDEPS with the other ICT systems we worked on improving the functionalities of the Single Window System for import, export and transit licenses and tariff quota (EXIM), the Integrated Tariff Environment and the New Computerised Transit System (NCTS). Web services for exchange of data from CDEPS with other institutions under the Interoperability System of the MISA.



The activities to ensure business continuity of the Customs Administration in crisis through creation of a reliable Data Recovery Centre continued throughout 2019. Under the Project "Ensuring the stability of the IT systems of the Customs Administrationin Crisis (Disaster Recovery Center) (IPA2-IPA 2018) there are ongoing final activities for preparation of technical specification (tender specification) and procurement of the necessary equipment.



In 2019, the hardware equipment of the CDEPS, EXIM, NCTS and ITE systems of the Customs Administration was consolidated. Personal hardware equipment, including over 300 personal computers were installed and put into operation.



New Service Desk was launched in 2019 – a system which improves the efficiency of the ICT services and ensuring support of the users when using ICT systems during and after working hours.

#### **V.2. AVAILABILITY OF ICT SYSTEMS**

In 2019, a number of operational activities were carried out to support the smooth functioning of the ICT infrastructure in the Customs Administration.

The average availability of ICT systems and applications in the 2019 was 99%.

4,527 incidents and service requests were resolved in 2019 ensuring uninterrupted work of the ICT systems

> Of these, 1,139 incidents were related to hardware equipment and network problems

2,605 incidents and service requests were related to software problems

> 763 requests were related to other problems with ICT infrastructure

#### **V.3 E-CUSTOMS**

# V.3.1 NEW CUSTOMS DECLARATIONS AND EXCISE PROCESSING SYSTEM — CDEPS



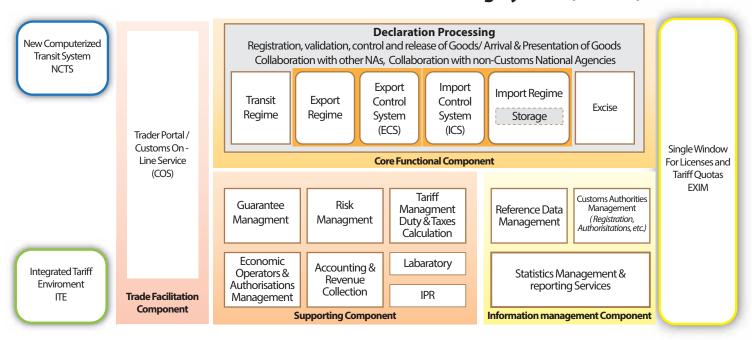
One of the biggest achievements of the Customs Administration is the digitization of its customs operations and introducing paperless environment. All customs procedures for import and export are done digitally.

The new Customs Declaration and Excise Document Processing (CDEPS) software is a revolutionary breakthrough in customs operations, integrated with the New Computerized Transit System, Integrated Tariff Environment (ITE) –TARIM and the Single Window for import, export and transit licenses.

The greatest success for the Customs Administration is the establishment of full digitization of the excise operations through the introduction of electronic record-keeping and monitoring of the movement of excise goods within the country, being the first in the CEFTA states. All excise procedures are done digitally.

1st January 2020 – launch of CDEPS excise module

#### **Customs Declarations and Excise Processing System (CDEPS)**



#### **CDEPS Advantages:** Reduced costs for Facilitation of the Free Automatic discharge Better administration of quantities from the economic Trade Agreements and control implementation **EXIM licenses** operators Electronic monitoring of charging of Automatic allocation Faster declaration Greater collection guarantees and the of quota processing of import duties status of payment order

#### V.3.2 NEW NATIONAL SINGLE WINDOW (NSW)

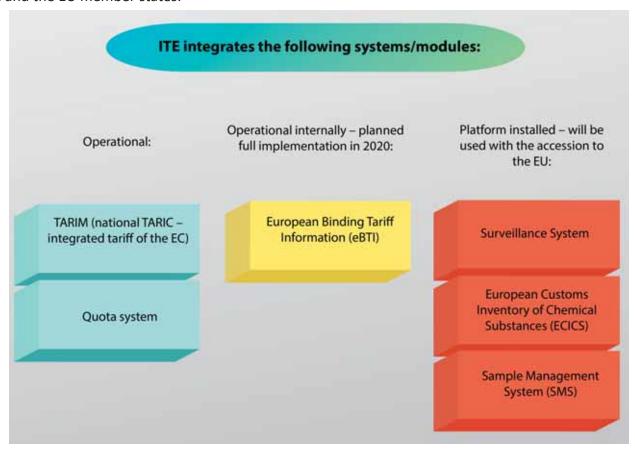
In November 2019, a new project was launched for implementation of a New Single Window System, financed by the World Bank. The implementation of a national NSW is expected to provide development and implementation of a complete single window system that will meet the needs and requirements of the Customs Administration, the agencies and inspection agencies involved in customs procedure and business community to ensure further facilitation and acceleration of cross-border trade and alignment of the legislation and standards applicable in the EU Member States. The project will be implemented in the next two years. NSW is expected to enable use of new technologies and tools for software development, e-banking, electronic signature and archiving, as well as application of new standards for data safety, security and storage.

### **NSW** will provide:

- Fully developed and implemented National Single Window;
- Common risk analysis by all involved agencies;
- Advanced reporting system.

#### V.3.3 INTEGRATED TARIFF ENVIRONMENT (ITE)

**Integrated Tariff System - ITE –** a business concept that groups the majority of the computer systems between the EC and the EU member states.



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In June 2019, along with the launch of the CDPS system the TARIM module was also launched. The main purpose of ITE is to bring the customs IT systems in line with the corresponding tariff systems that make up the European Union's ITE, thus bringing the country closer to the common European market and the EU Customs Union.

Since November 2019 the allocation of quota is done automatically in the Quota Module within the ITE.

ITE strengthens the operational capacity of the Customs Administration according to EU standards, especially with regard to customs tariffs, which are the basis of customs procedures.

The Integrated Tariff Environment System (ITE) was developed under IPA 2009.

#### V.3.4 NEW COMPUTERISED TRANSIT SYSTEM (NCTS)

**The NCTS** became operational nationally in 2014, with the country's accession to the Common Transit Convention, and as of 1st July 2015 the system was interconnected to the Common Domain. The national transit legislation is constantly updated to be in line with Union legal provisions and amendments to the Convention on a Common Transit Procedure.

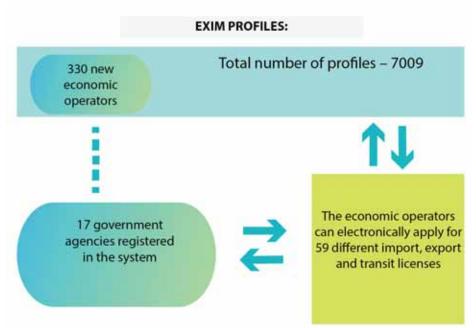
Plans are underway to upgrade the NCTS application for modification of functionalities, in accordance with the amendments to the Convention on a Common Transit Procedure, which are adapted to the provisions of the Union Customs Code.

NCTS system runs smoothly. A tool for monitoring of NCTS operation and a module for monitoring the movement of excise goods has been developed.

A national plan for the implementation of NCTS Phase 5 has also been prepared.

#### **V.3.5 EXIM**

330 new economic operators were registered in the Single Window System for Import, Export and Transit Licenses - EXIM in 2019 there are 330 new economic operators registered, bringing the total number of economic operators profiles to 7009.17 government agencies are registered in the system. The economic operators may electronically apply for 59 different types of import, export and transit licenses granted by 12 of

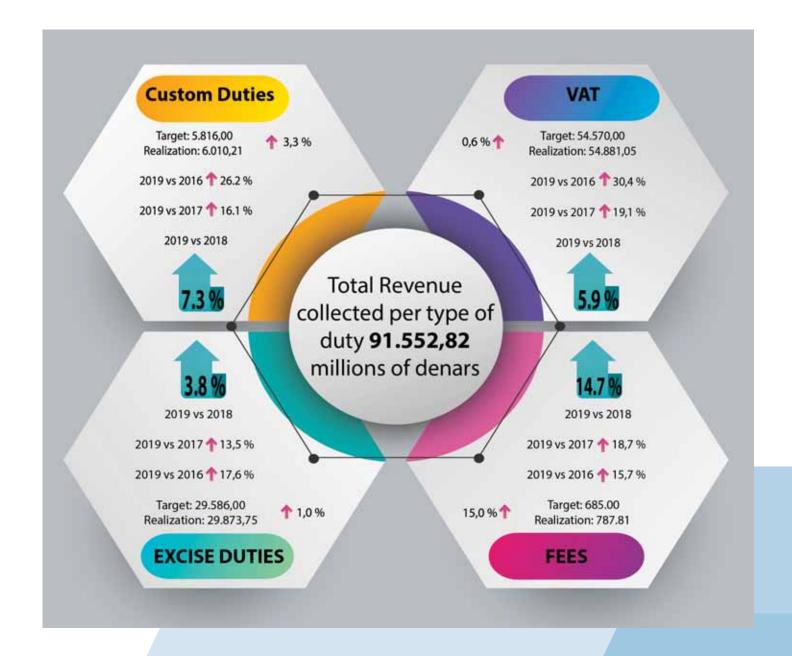


In February 2019, EXIM was integrated with the ITE system in the area of tariff codes control and non-tariff measures.

In June 2019, EXIM was integrated with the CDEPS, thus achieving automatic license checks and use of quantities.

At the end of 2019, EXIM was migrated to a new up-to-date equipment.

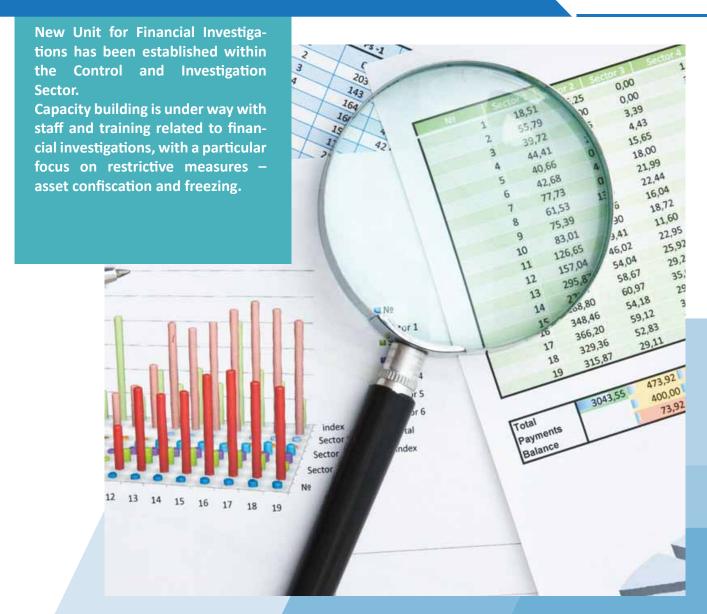
#### **VI. REVENUE COLLECTION**



#### VII. LAW ENFORCEMENT

The Customs Administration conducts border and internal controls to facilitate the flow of legitimate passengers and trade and to protect the country's financial interests, its nationals and those of the EU. This involves customs and security controls based on intelligence-supported risk analysis, pre-arrival information and selectivity techniques. The controls are systematic, comprehensive and flexible and consistently applied.

#### **VII.1 NEW UNIT FOR FINANCIAL INVESTIGATIONS**



#### **VII.2 RISK ANALYSIS**

Proper control and balance of customs controls is established with the risk analysis system and the simplified procedures.

	2018	2019	2018 vs 2019
Physical controls	30% of the total number of declarations	6 % of the total number of declarations	More revenues collected
Documentary controls	25% of the total number of declarations	17% of the total number of declarations	More irregularities detected

#### **VII.3 INTERNATIONAL COOPERATION**

Continuous close cooperation and exchange of information with:

- Kosovo, Albania, Serbia, Bulgaria, Serbia, Croatia, Slovenia, Montenegro, Bosnia and Herzegovina
- ZKA, OLAF, SELEC и RILO, WCO, UNODC, EUROPOL, INTERPOL,
- Participation in **16 international operations** organized and supported by the WCO, OLAF, Interpol, Europol, CITEC Secretariat, SELEC and other, focused on combating illicit trade in and smuggling of chemicals, explosive devices, wildlife, counterfeit drugs, substandard food and beverages, glass eels, wildlife, plants, goods infringing intellectual property rights, hazardous waste and all other types of waste, ozone depleting substances, weapons and their parts, ammunition, drugs, cultural goods, detection and prevention of forest-related crime, etc.

## VII. 4 INTERNATIONAL AND NATIONAL LAW ENFORCEMENT PROJECTS

The Customs Administration actively participates in:

- WESTERN BALKAN 6 Project- developing methods for exchange of infrmation between 6 countries (North Macedonia, Albania, Serbia, Kosovo, Montenegro and Bosnia and Herzegovina) and the United Kingdom;
- 2 international projects one focused on surveillance of import and export of substances and products that may be used for manufacture of improvised explosive devices, and the other for nature protection, wildlife trade, logging and waste management,
- "Support for Trade Facilitation in the CEFTA Member States" for the assessment and comparison of the national risk management systems and development of a harmonized regional risk management strategy and profiling in the CEFTA region;
- Real time electronic data exchange with the Customs Administrations of Serbia, Kosovo and Albania via the System for Exchange of Eletronic Data SEED for full and empty cargo vehicles. The system operates at the border crossings for passenger traffic. Risk profiles are created on three levels: general, regional and local.
- UNODC Project on International Classification of Crime for Statistical Purposes classification of offenses based on internationally agreed concepts, definitions and principles to enhance the consistency and international comparability of crime statistics and to improve the analytical capabilities, at both national and international levels. At national level, the ICCS provides data and comparisons between all law enforcement and criminal justice institutions. Internationally, however, the ICCS improves the comparability of crime data between countries.
- The National Committee for Fight against Violent Extremism and Terrorism codification of the common strategic environment understanding, giving a wider context to the missions of preventing violent extremism and combating terrorism, identifying priorities, challenges and opportunities for greater contribution of North Macedonia in the prevention of future manifestations of all forms of extremism and factors that support the path to terrorism.

#### **VII.5 RESULTS**

In all customs offices, customs control is carried out on the basis of selectivity, following pre-determined risk criteria. They are set up following risk identification, analysis of information obtained from the organizational units of the Customs Administration, government agencies, the private sector and freely available information. Contemporary trade trends and methods used for tax evasion, endangering the security of the population are monitored and analyzed. By continuous information gathering, the risk indicators of the individual risk criteria are regularly updated.

**During 2019:** 

#### VII.5.1 Detected cases of illegal trade in:

#### Narcotics, psychotropic substances and precursors

Prevented smuggling of 531 kg Marijuana and 144 gr Cocain BCP Tabanovce - 356 kg of Marijuana found in 130 specially designed pallets for flower transortation



#### **BCP Bogorodica**

45 kg of Marijuana found in 3 specially designed bunkers under the seats of the vehicle



#### Tobacco, cigarettes and other tobacco products

In 154 cases, the customs officers prevented smuggling of over 12 million cigarettes and other tobacco products.

BCP Tabanovce and BCP Bogorodica - 3 attempts for illegal import of 11 million pieces (1232 packs) of Chinese cigarettes ASHIMA LUXORY SIZE and MARBLE DE LUXE and 30 tons of tobacco in leaf, destined for illegal sale on the Macedonian market. Had the cigarettes and tobacco arrived on the domestic market, the state budget would have been damaged by about 1m Euros.



#### **Cash and securities**

In 19 attempts, Customs prevented illegal transfer of 304,660 Euros, 21,700 US Dollars and 10,500 Swiss Francs.
BCP Tabanovce - 141,000 euros detected during control of a rent-a-car, in a cotton blouse placed under the armrest between the front seats of the vehicle.



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#### Migrants

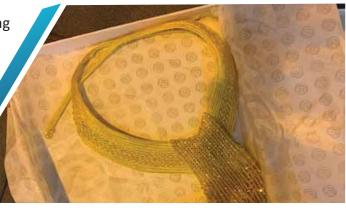
In 7 cased Customs prevented 121 migrants from illegal crossing of the national border

In just one case detected on the Veles-Skopje motorway, a Mobile Customs Team found 45 migrants without any identification documents.

#### Luxury goods

In several cases, the customs officers prevented smuggling of about 300 pieces of gold jewellery and coins, 735 pieces of silver jewellery and over 2400 pieces of other jewellery, 17 natural fur coats, 36 watches and over 1000 pairs of sunglasses.

BCP Bogorodica - 266 grams of golden jewellery (necklace, bracelet and chains with pendants) detected by a Mobile Team in the suitcase of a passenger on a Turkish registered bus.



#### Cosmetics

In 7 cases, Customs prevented smuggling of about 850 pieces of cosmetics, perfumes, personal hygiene products BCP Bogorodica – 57 perfumes detected during control of a passenger vehicle.

#### Medicaments and medical aids

7 attempts for smuggling medicaments and medical aids were prevented in 2019

International Airport Skopje - 819 pieces of surgical materials and instruments were found during X-ray inspection of the passenger bags of a Macedonian citizen who arrived from Istanbul.



#### **Foodstuff**



In 4 cases the customs officers prevented smuggling of nearly a ton of foodstuff

BCP Bogorodica – during control of a passenger van with Czech license plates, the customs officers found 560 litres of olive oil

#### V.5.2 Protection of intellectual property rights





Nearly 73,000 pieces of goods were detained due to reasonable suspicion that they violate intellectual property rights.

#### **VII.5.3 Customs clearance control**

On the spot customs controls resulted in **31,962 cases** of irregularities where inappropriate documents and non-compliance with commercial policy measures (invalid, forged and other inappropriate documents) were submitted. By doing so, the importers attempted to evade payment of about **665 million denars** of import duties.

#### VII.5.4 Declared foreign currencies

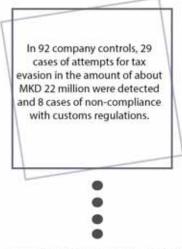
# Over 17 Million Euros in different currencies were declared at the border crossings, which is 42% more than the amount declared in 2018 Of these, 16.9 million Euros were declared at entry, and about 50 thousand Euros at exit from the country. An average of 1.5 million Euros were declared at entry, and about 50 thousand Euros at exit from the country. An average of 1.5 million Euros were declared at entry, and about 50 thousand Euros at exit from the country. An average of 1.5 million Euros were declared at entry, and about 50 thousand Euros at exit from the country. An average of 1.5 million Euros were declared at entry, and about 50 thousand Euros at exit from the country.

#### **VII.5.5 Customs Laboratory**

Equipment has been procured for modernization of the Customs Laboratory under EU (IPA) and funds from the Budget of the Republic of North Macedonia. A series of test methods have been introduced for laboratory tests for control of petroleum products and excise products. The customs laboratory is expected to be accredited and certified according to ISO standards in 2020.



#### VII.5.6 Post Clearance Audit



The attempts to evade customs and other charges relate to the release of goods for free circulation without being cleared for import, undeclared transport costs, extended warranty costs, license fees, improper tariff classification, etc.

During 29 controls of LPG users as fuel, the customs inspectors detected 3 cases of applications for excise duty refunds in an amount exceeding the legally prescribed amount. In 54 controls of holders of excise licenses or permits and registered traders of mineral oils containing fuel marking substances, the inspectors found 29 cases of underpaid excise duties in an amount of about MKD 76 million and 21 excise offenses were detected.

• • • •

Attempts to avoid import duties relate to release of goods for free circulation without being import customs cleared, undeclared transport costs, extended warranty costs, license fees, improper tariff classification etc.

#### VII.5.7 Collection of additional payment of import and excise duties

In 2019 Customs passed 419 Decision for subsequent collection of import duties in total amount of 60.23 million Denars, of which:

#### 2019

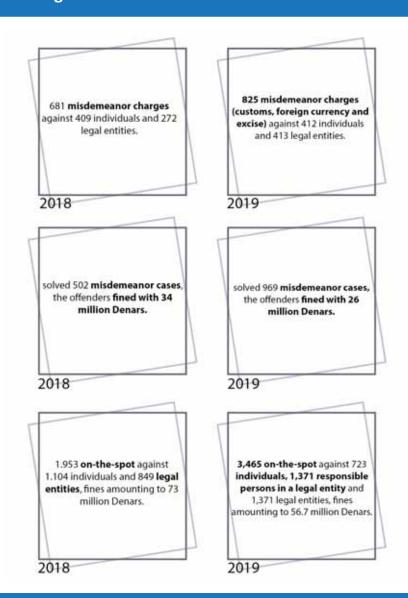
- Inappropriate tariff classification 162 Decisions (collection of 22 million Denars);
- Undervaluation 17 Decision (collection of 26 million Denars);
- Invalid proofs of preferential origin 82 Decisions (collection of 4 million Denars) and
- Other grounds 158 Decisions (collection of nearly 8 million Denars).

#### **VII.5.8 Criminal Charges**





#### **VII.5.9 Misdemeanor charges**



## VIII. TRANSPARENCY AND COOPERATION IN THE AREA OF CUSTOMS

#### **VIII.1 Public relations**

Building a culture of transparency is the initial step in gaining confidence in the institution, gaining favorable publicity, and creating a good institutional image.

During 2019, the Customs Administration worked diligently to provide timely and valid information to external stakeholders about the institution's activities, adhering to the principles of accountability, openness to sharing information and readiness for respond.

#### VIII.2 Events

At the ceremony organized on the occasion of 14th April – the Day of the Customs Administration, held in the Macedonian Philharmonics in Skopie, it was noted that the work of the Customs Administration is an important precondition for enhancement of country's international the Representatives of the diplomatic corps, business community and other partners of the Administration attended Customs ceremony. The Prime minister reiterated the government support for the Customs Administration in its constant efforts for modernization through all available modern instruments, acknowledged and praised initiatives and tools for further development, paperless digitalization, atomization, environment and capacity building.

Several other social responsibility events were organized to mark the Customs Day:

- Blood Drive in which 100 customs officers participated,
  - "Stop Counterfeiting" Campaign,
- Open Day for the children from SOS Children's Village,
- Friendly football match with police and other border agencies officers.





### The new customs terminal at the road border crossing point Kjafasan officially inaugurated

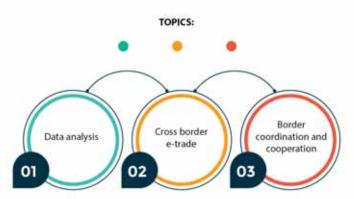
On 16th September the new customs terminal facilities at the road border crossing point Kjafasan at the border with the Republic of Albania, along the Pan-European Corridor 8 (east-west) were officially inaugurated. This BCP is the 4th most frequent freight border crossing point in the country. The benefits of the new customs terminal, which has a maximum capacity for 30 trucks, directly affect the transport of goods and passengers, as well as cross-border and regional trade.

The new customs terminal includes new customs building, new facilities for simultaneous inspection of 3 trucks, entry/exit control point, horizontal and vertical signalization and other terminal contents.



#### **World Customs Organisation PICARD Conference**

The 14th WCO PICARD (Partnerships in Customs Academic Research and Development) Conference was held in Skopje on 22-24 October 2019. This year's main conference topic was "Smart Borders for Seamless Trade, Travel and Transport". The conference was hosted by the Customs Administration, in cooperation with the Faculty of Economics at the Ss. Cyril and Methodius University and supported by the Korean Customs Service.





The presentations and discussions resulted in a generally accepted conclusion that today's customs authorities have to be able to respond to the complex environment caused by increased trade between multinational corporations and, inter alia, the surge of cross-border e-commerce transactions.

The concept "SMART borders" encourages governments to find solutions to facilitate the movement of people, goods and transporters through new advanced technologies, while following the guiding principles of "SMART borders" - security, measurability, automation, technology based and risk management.



The commitment to unity within the large customs family, as well as the commitment to further develop fruitful cooperation were also symbolically expressed through the planting of three Trees of Peace in front of the Customs Administration building, by the Director General of the Customs Administration, the WO Secretary General Kunio Mikuria and the Finance Minister Nina Angelovska.







#### VIII.3 International cooperation

Marked 26th January – the International Customs Day under the motto "Smart Borders for Seamless Trade, Travel and Transport". On this occasion, 16 customs officers and 5 companies from Macedonia received certificates of acknowledgement from the WCO Secretary General, traditionally awarded on this occasion, in all WSO member states;

Informal regional meetings of Directors of Customs Administrations of the Western Balkans

- 28-29 January: the 3rd informal regional meeting was held in Podgorica, where the delegates discussed preparation of a joint approach of the Customs services in the region to facilitate trade, improve customs procedures and economic cooperation in the Western Balkans,
- 11 June: The 4th informal regional meeting was held in Prishtina to review the progress of the implementation of the conclusions reached at the previous regional meeting related to defining of a framework for secure information exchange in accordance with harmonized standards and methods in the fight against cross-border and organized crime;
- Within 19 22 March, a seminar on trade facilitation was held in South Korea, which reaffirmed the common aspiration to further facilitate trade through introduction and use of information technologies and modernization of customs procedures, by presenting trade facilitation measures, activities that are implemented in the fight against terrorism, the importance of the one-stop-shop system and the concept of AEO, improvement of the risk analysis system, the specific measures to deal with the e-commerce expansion clusters;
  - A two-day regional conference "Enhancing the Capacity of Integrated Border Management Coordination Centers" was held in April, where the participants representatives of the border and Customs Administrations from North Macedonia, Albania, Bosnia and Herzegovina, Bulgaria, Greece, Kosovo, Romania and Turkey shared best practices in preventing organized crime and corruption;
- On 8th May, the British Embassy donated new sophisticated vehicle search equipment;
- On 16 17 May in Bucharest a delegation of the Customs Administration took an active part in the EU Single Window System;
- The 4th International Waste Management Conference "Let's talk about waste management" was held in Ohrid and Struga on 12-13 September, organized by the Macedonian Solid Waste Management Association (MaSWA). The Customs Administration, represented by the Director General, took an active part in the panel on: "Let's talk with all stakeholders in the society on how to promote waste management in the Republic of North Macedonia";
- On 18th November at the Customs Office Post Office, Customs Director General and Finance Minister promoted the x-ray scanner for postal parcels, donation from the US Embassy, which expedites the delivery of parcels to the end users;
- The 16th Trade, Industry, Customs and Taxation Subcommittee Meeting was held in Brussels on 13 November, where, through a concise presentation, the European Commission representatives were briefed on the reform progress made between the two Subcommittees, as well as the current and

- future issues, ongoing EU-supported projects related to ICT systems maintenance and development;
- Within 29 November 12 December, Customs Administration representatives took part in the Seminar on cross-border e-commerce in China;
- On 4th December, the Customs Administration hosted the 32nd Meeting of the Transit Coordinators of the EU and candidate countries



#### **VIII.4 Bilateral Meetings**

- On 21 23 January, Korean customs delegation paid a visit to the Customs Administration. The objective of the visit was the conducting of a feasibility study of the situation, with a view to preparing for the Project on Capacity Building in the area of shipments control, identification of illegal financial flows, as well as risk analysis in e-commerce;
- On 14th February the Ambassador of the Republic of France H.E. Christian Timonie paid a visit to the Customs Administration to define future cooperation in strengthening data exchange in the fight against corruption and organized crime;
- On 28 February, a bilateral meeting was held between the Customs Services of the Republic of North Macedonia and Kosovo, whereby it was agreed to intensify and deepen the exchange of information on the origin of goods, the value of goods and the establishment of common risk profiles.
- On 6th March, the Romanian Ambassador to the Republic of North Macedonia, H.E. Viorel Stanila visited the Customs Administration to discuss the priorities of the Romanian Presidency with the EU and greater involvement in the customs cooperation in the CEFTA Regional Economic Area.
- On 16th April 2019, delegations of the Customs Administrations of the North Macedonia and Greece

had a bilateral meeting in Athens, with the aim to set the path towards strategic partnership and to strengthen the cooperation between the two countries, established under the Prespa Agreement.

On 12th June, delegations of the Customs Administrations of North Macedonia and Croatia had e working meeting to exchange experiences about the process of harmonization of the national customs legislation with the EU acquis.

On 4th October 2019 in Belgrade, a bilateral meeting was held with the Customs Administration of the Republic of Serbia, where the delegates discussing current joint activities to facilitate customs operations and the "One Stop Shop" at the Tabanovce / Preshevo Border Crossing Point.



#### **VIII.5 Signed Memorandums**

- On 19th May 2019, the Republic of North Macedonia and the United Kingdom signed a Memorandum on the exchange of information and knowledge on the elimination of tax and customs offenses and money laundering between the two countries. Signatories of the Memorandum areHer Majesty's Revenue and Customs and the Ministry of Finance of the Republic of North Macedonia together with the administrations within it (Public Revenue Office, Customs Administration, Financial Police and Financial Intelligence Service);
- On 10 June in Slovenia, a Memorandum of Understanding in the area of financial investigations signed between six relevant institutions;
  - On 20th June, the National Border Management Center of the Government of the Republic of North Macedonia and the Association of Transporters "Makam Trans" Skopje, signed a Memorandum of Understanding aimed at enhancement of the cross-border management and combating organized crime and corruption. The signing of this Memorandum enables transporters to report bribery, corruption, delays and criminal acts at the border crossings, from classical smuggling to smuggling of migrants via an IT application;
  - On 18th September, a Memorandum was signed with React B.V. from the Netherlands on cooperation and prevention of trade in counterfeit and pirated goods. React B.V. is a non-profit business association with more than 270 members whose goals are to protect consumers and legitimate businesses in the fight against trade in counterfeit and pirated goods;



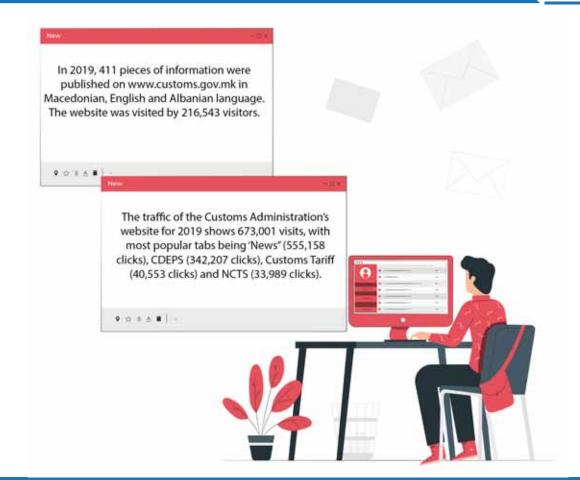
#### VIII.6 Cooperation with the business community

- On 10th January, the first Authorised Economic Operator Certificate was presented the company "Evropa AD" Skopje. In 2019, 10 companies were granted AEO certificates;
- Following the bilateral meeting of the Customs Administrations of the Republic of North Macedonia and the Republic of Greece, where the first steps were taken towards realization of a strategic partnership and strengthening of the cooperation between the two countries, established under the Prespa Agreement and the Action Plan for Intensification of the Cooperation, in April 2019 a meeting was organised between the Customs Director General, the Prime Minister, the Deputy Prime Minister for Economic Affairs, the Mayor of the Municipality of Gevgelija and the business community to encourage the companies to use the measures for cooperation with Greek partners;
- The project "How to Better Understand Customs Procedures" was promoted. The aim of the project is to bring customs work closer to all citizens and the project activities included educational videos to present the basic and most important customs operation topics in a simple and visual way;
- Under the summer programme visits to domestic companies the objective of which is to support their activities, meetings were held with the management of several companies, where information was exchanged on the possibilities for obtaining AEO certificates, greater use of simplified customs procedures and other customs reliefs;
- To strengthen the cooperation with the business community, in September 2019, meetings were held with members of the Macedonian Chambers of Commerce and the Chamber of Commerce of Northwest Macedonia, where the present discussed possibilities for further facilitation of customs procedures for fast border crossings, introduction of the AEO concept, challenges, experiences and simplification of customs operations;
- In September 2019, the Customs Administration actively participated in the regional B2B event organized by the Economic Chamber of Northwest Macedonia;
- On 2nd October, representatives of the Customs Administration visited several private companies in the Municipality of Shtip to get acquainted with the business processes of the companies and to promote the partnership between Customs and the private sector.



Cooperation with the business community and the World Customs

#### **VIII.7 Internet**



#### **VIII.8 Customs Hotline 197**

5,756 calls received on the Customs Administrations Hotline 197, an average of 16 calls a day.

"A" class calls - 12 calls;
"B" class calls - 40 calls;
"C" class calls - 688 calls
and
"J" class calls - 35 calls.

Most of the calls were related to the operation of and conditions at the borders and inland customs offices, as well as performance of particular customs procedures. As a result of the processed calls received over the customs hotline, controls were conducted by the border and inland customs offices, as well as by the Customs Mobile Teams. The competent services processed, analysed and conducted investigations, under their competences.



"A"class calls - information implying urgent actions by a customs office or mobile customs unit.

"B" class calls - information imposing additional examination/investigation by other Departments at the Control and Investigation Sector orother Departments of the Customs Administration.

"C" class calls - information that cannot be used, i.e. is related to delays, communicated by transporting companies, complaints or praisesconcerning customs procedures.

"J" class calls - about information forwarded to the Sector for Professional Standards, concerning citizens' complaints for corruptive and unprofessional work of the customs oficers.

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