

**REPORT
ON THE ACTIVITIES OF THE CUSTOMS
ADMINISTRATION
JANUARY-JUNE 2017**



July 2017

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I. LEGISLATION

I.1. Customs related legislation

In the period January-June 2017, the following customs related acts and regulations were passed:

- The following acts were published in the Official Gazette of the RM no. 8 of 23rd January 2017:
 - **Rulebook on the form and content of the form - Request for relief from import duties, value added tax, excise duties and fees on the importation of goods**, including temporary admission with partial duty relief made by the UEFA, the related parties of UEFA and football clubs and the form and content of the exemption from payment of import duties, value added tax, excise duties and fees on the importation of goods, including temporary admission with partial exemption made by the UEFA, the related parties of UEFA and football clubs;
 - **Rulebook on the form and content of the form - Request for relief from import duties, value added tax, excise duties and fees on the importation of goods**, including temporary admission with partial duty relief for the realization of the Project UEFA Super Cup 2017, financed by the UEFA and
 - **Rulebook on the form and content of the application for request for relief from import duties, value added tax, excise duties and fees on the importation of goods**, including temporary admission with partial duty relief for the realization of the UEFA Super Cup 2017.

This set of regulations is adopted on grounds of the Law on tax, customs and other fiscal incentives related to the organization of "the UEFA Super Cup in 2017," to lay down the tax, customs and other fiscal incentives, the conditions, manner and procedure to use fiscal benefits related to the "UEFA Super Cup 2017" in the Republic of Macedonia. Requests for relief/exemption from import duties, value added tax, excise duties and fees under Article 20 of the Law on tax, customs and other fiscal incentives, the conditions, manner and procedure for the use of fiscal benefits related to the organisation of "UEFA Super Cup 2017" in the Republic of Macedonia can be submitted within 120 days of the end of the "UEFA Super Cup 2017".

- **Regulation amending the Regulation on the manner of completion of the customs declaration and the Book of Codes to be used when completing the declaration** ("Official. Gazette", no. 9 of 27.01.2017), where the part of Book of Codes used for completing SAD, referring to exemptions from import duties, a new line 64 is added for facilitation of the import of goods for the purpose of realization of the "UEFA Super Cup in 2017," and refers to Article 6, Article 8 and Article 9 of the Law

on tax, customs and other fiscal incentives related to the "UEFA Super Cup 2017 "in the Republic of Macedonia and determining the code for the procedure C 66.

- **Regulation amending the Customs Law Implementing Regulation** ("Official Gazette" no. 21 of 20.03.2017) further postponing the application of the provisions relating to the submission and processing of export declaration created by electronic data processing technique (electronic export declaration) until 31.12.2017. The postponement of the application of these provisions is made because their application is directly related to the implementation of the new Customs Declarations and Excise Documents Processing System (CDEPS), whose implementation is still in progress by the Customs Administration, and is expected to be finalized in the course of 2017.
- **Regulation amending the Regulation on the classification of certain goods in the Combined Nomenclature, in accordance with the European Commissions Regulations** ("Official Gazette" no. 22 of 22.03.2017). This is the twelfth addition to the original Regulation on the classification of certain goods in the Combined nomenclature, in accordance with the European Commission Regulations (published in the "Official. Gazette" no. 2/2014). With the Regulation amending the Regulation on the classification of certain goods in the Combined Nomenclature, in accordance with the European Commissions Regulations, a total of 6 new EU regulations, adopted in the period within 1 July - 30 September 2016 for classification of certain goods in the Combined Nomenclature. The Regulations refer to classification of different goods (such as means for bonding, cartridge toner, hammocks, children toy set, and pain relief stickers and belts).
- **Regulation amending the Regulation on the classification of certain goods in the Combined Nomenclature, in accordance with the European Commissions Regulations** ("Official Gazette" no. 48 of 20 April 2017). This is the thirteenth addition to the original Regulation on the classification of certain goods in the Combined Nomenclature, in accordance with the European Commission Regulations (published in the "Official. Gazette" no. 2/2014). With the Regulation amending the Regulation on the classification of certain goods in the Combined Nomenclature, in accordance with the European Commissions Regulations, a total of 12 new EU regulations, adopted in the period within 1st October - 31st December 2016 for classification of certain goods in the Combined Nomenclature. The Regulations refer to classification of different goods (such as social games, banknote validators, converter, power supply distribution apparatus, glass partition for showers, toothpaste gloss, plastic part for medical apparatus, digital microscope, speaker adapter, machine part etc.).
- **Decision determining a temporary border crossing** ("Official Gazette of the Republic of Macedonia" No. 74 dated June 19, 2017) was published, determining "Sveti Naum" for temporary border crossing point, in the period from 15 June until 15 October 2017, with working hours from 9.00h to 20.00h, for persons than can only

carry objects intended exclusively for personal use when crossing the state border through this border crossing.

- **Lists of quotas for 2017 for the second half of the year for import of goods of Community origin under the Stabilization and Association Agreement (SAA), the List of quotas for the second half of 2017 for import of goods originating in Turkey under the Free Trade Agreement between the Republic of Macedonia and Turkey, the List of quotas for the second half of 2017 for import of goods originating in Ukraine under the Free Trade Agreement between the Republic of Macedonia and Ukraine, the Lists of quotas for the second half of 2017 for import of goods originating in Norway and originating in the Swiss Confederation, in accordance with the EFTA Agreement** were published ("Official Gazette of the Republic of Macedonia" No 79 of 27.6.2017).

I.2. Excise

In the period January - June 2017, 3 amendments were adopted to Guidelines to ensure alignment with the amendments in the job systematization of the Customs Administration, as well as the amendments to the Excise Law Implementing Rulebook (official Gazette of the RM. No. 219/2016):

- **Guidelines on the manner and procedure for granting excise license** - third edition, under the competence of the Sector for Excise, regulating the manner and procedure for processing and deciding upon requests for excise license.
- **Guidelines on granting excise preferential use permit** - third edition, under the competence of the Sector for Excise, regulating the manner and procedure for processing and deciding upon requests for excise preferential use.
- **Guidelines on granting approval for registration of retailers of mineral oils containing marking substances** - second under the competence of the Sector for Excise, regulating the manner and procedure for processing and deciding upon requests for issuance of permits for registration of retailers of mineral oils containing marking substances.

I.3. Protection of intellectual property rights

One of the main priorities of the Customs Administration is to strengthen its institutional and administrative capacity for efficient and effective fight against counterfeiting and piracy, through introduction of stricter measures of customs control to detect and prevent import, transit and export of goods violating intellectual property rights, and increased collaboration with the holders of these rights and their representatives in the Republic of Macedonia, on the one hand, as well as with all competent institutions in the country and abroad, on the other. The Customs

Administration conducts a number of activities in the fight against counterfeiting and piracy and it will continue this fight in order to protect the life, health and safety of its citizens, the economy and the budget of the state and society in general.

At the end of June 2017, **923 trademarks were registered for customs protection of their intellectual property rights** (908 at the end of 2016).

New requests for customs protection of intellectual property rights were submitted by the the following trademarks: SUPERGA, MOTOROLA, MOTO, PHILIPS, SONICARE, SAECO, HELLO KITTY, CASIO, REEBOK, KOSMODISK, BULGARI, LOUIS VUITTON, LONGINES, TIMBERLAND, RADO, TISSOT, LEVI'S, MASHA AND THE BEAR, SNIKIRIKI, BEN 10, FAY, HOGAN, HOGAN INTERACTIVE, TOD'S and NBA.

I.4. Other customs related legislation

Within the period January – June 2017, no other acts and regulations affecting customs operations were adopted.

II. EU INTEGRATION

In the course of 2017, the Customs Administration's activities were also oriented towards permanent alignment with the EU Acquis and its implementation in the Republic of Macedonia, fulfillment of the technical and organization-related requirements, enforcement of the administrative capacity and raising the public awareness about the manner and philosophy of the functioning of the Customs Union.

II.1. Alignment with the customs legislation of the EU

II.1.1. Common transit system of the EU and EFTA countries

The Conventions on a Common Transit Procedure and on the Simplification of the Formalities in Trade in Goods provides for single movement of goods on the territories of the contracting parties, from one entry point to the location of termination of the transit procedure, regardless of the number of countries and border crossing points of transit. The electronic transit declaration that is lodged in any country – contracting party to the Convention on a Common Transit Procedure is acceptable for every contracting party to the Convention.

In the period January - June 2017, the Customs Offices of the Republic of Macedonia processed 28,705 customs declarations in common transit procedure (transit initiated from Macedonia to EU and EFTA countries). In the same period, 8,614 transit movements were received from foreign customs offices where our customs offices are offices of destination (transit operations started in EU and EFTA countries for the Republic of Macedonia). 17,778 transit movements transited through the territory of Macedonia, where our customs offices were customs offices of transit.

In the period January - June 2016, the customs offices of the Republic of Macedonia processed 8,448 customs declarations submitted in common transit procedure (transit initiated from Macedonia to EU and EFTA countries). In the same period, 3,213 transit movements were received from the foreign customs offices (transit operations started in the EU and EFTA countries and destined for the Republic of Macedonia as final destination). 6,263 transit operations through the territory of Macedonia (our customs offices as customs offices of transit) were completed in the reporting period.

At the end of June 2017, 131 authorizations were issued to economic operators allowing access to the New Computerised Transit System and 50 authorisations to principals, enabling use of bank guarantee in a common transit procedure.

II.2. Administrative capacity building in line with the EU standards

II.2.1. Customs 2020 - Programme of the European Commission

In the period January- June 2017, the following activities/events were organised under the EU CUSTOMS 2020 Programme:

- **IT Technology & Infrastructure project group meeting** in Brussels, Belgium, focused on the current situation and the timetable for implementation of the planned activities of the current projects on IT technology and infrastructure;
- **Workshop - eCommerce: Cooperation between Customs and Post - the Slovenian Method “** in Ljubljana, Slovenia, aimed at presenting the Slovenian method of cooperation between customs and postal authorities and exchange of best practices in the area of modernization of the customs postal procedures;
- **3rd Joint Customs & Fiscalis 2020 TSG Meeting** in Brussels, Belgium to discuss and follow up novelties and plans related to training;
- **Canine Unit Network Project Group: Kick off meeting** in Kuusamo, Finland. The objective of the meeting was identification, finding and exchange of methods and administrative procedures on information exchange and use of customs dogs;
- **Tariff Classification Seminar** in Brussels, Belgium, where the participants discussed topics related to issuance of Binding tariff Information and faults in the Harmonised Systems Nomenclature;
- **26th Electronic Customs Coordination Group jointly with the Trade Conact Group Meeting** in Brussels, Belgium, with the objective to familiarize with the future plans of the work activities of the Customs 2020 Programme and о цел запознавање and to gain additional experience that will enable continuation of the implementation and advancement of the Customs Union main projects.
- **CCN¹ User Manager Services Applications Training** in Brussels, Belgium, aimed at professional training and specialization of the new way of communication of customs systems through CSI;
- **CCN User Manager Services Applications Training** in Wroclaw, Poland, aimed at gaining knowledge about CCN network security rules, new services and ways of communication of the customs systems through the CSI², as well as system administration;
- **20th Meeting of the Working Group on Cash Control** in Brussels, Belgium to discuss the revision of EU legislation, to provide information and data on best practices in the area of cross-border cash securities and precious stones control;

¹ Common Communication Network

² Common System Interface

- **Training session on CSI in programming language C with exercises** in Brussels, Belgium, in order to acquire knowledge and skills for design, coding and testing programmes in programming language C, using CCN/CSI, as well as to understand the key elements in designing the programmes required by the paradigm for the sorting messages and search / response paradigm;
- **Meeting of the Project Group on IT technologies and infrastructure** in Brussels, Belgium for familiarization with the status of the CCN2 project and monitoring of the achieved results of the CCN project. Compliance testing (Mode 1 and Mode 2) is in progress for communication with CCN2;
- **4th Meeting of the EU Communication Network for Taxation and Customs**, in Salina, Malta to develop a Common Communication Strategy for the Customs Union 50th Anniversary;
- **29th Meeting of the Electronic Customs Coordination Group with the Trade Contact Group** in Brussels, Belgium for familiarization with the status of the ICS2³ project, the future of IT systems, the status and version of MASP⁴, the ETD⁵ - National Railway Project, as well as NCTS/ TIR.

³ Import Control System

⁴ Electronic Customs Multi-Annual Strategic Plan

⁵ Electronic Transport Document

III. HUMAN RESOURCES AT THE CUSTOMS ADMINISTRATION

In 2017, the Customs Administration continued to invest in improvement and development of the human resources management, recognising its human resources as moving force for achieving the defined strategic goals for integration in the EU and reaching higher level of efficiency in the institutional work.

In the period January - June 2017, the following documents related to human resources management were adopted:

- **Strategy on the Human Resources Priorities, Objectives and Development of the Customs Administration for 2017-2019.** This Strategy defines the purpose of human resources management, the basic principles of human resources management policies and strategic activities for the period 2017-2019, in order to ensure building, maintenance and professional development of the Customs Administration employees;
- Second edition of the **Procedure for conducting disciplinary procedures**, defining that the election of members of the Commission determining disciplinary liability due to violation of the work order and discipline is made by a Decision of the Director General of the Customs Administration.

At the end of June 2017, the Customs Administration had **1,125 employees**, 2 with a status of **office-bearers (Director General and Deputy Director General)**, 1,005 with a status of **customs officers** in accordance with the Law on the Customs Administration 12 administrative civil servants in accordance with the Law on Administrative Civil Servants and 106 **employees** in conformity with the Labour Relations Law.

In terms of qualifications, 1 employee is PhD holder, 37 employees are Master Degree holders, 638 have university education, 16 are college-educated, 406 are with secondary education and 27 have education of a different kind. 60.08 % of the employees of the Customs Administration have university education.

III.1. Employment

In the period January – June 2017, there were no employment contracts at the Customs Administration.

III.2. Training and Professional Development

In the period January – June 2017, 116 activities for professional development of customs officers were organised. These were attended by 665 participants. Each participant followed a course in average duration of 10.13 hours (10 hours and 8 minutes). The ratio of the total number of hours of training courses realised in this

period to the number of employees indicates that each employee received training and professional development in average duration of 5.98 hours (5 hours and 59 minutes).

In the period January – June 2017, 119 activities for professional development of customs officers were organized with 1,199 participants.

Some of the more significant training events are the following:

- **Information Security** – aimed at information security awareness of employees for the implementation of the ISO 27001: 2013 standard on information security;
- **Detection and response to explosive devices** - the goal was for the participants to learn about different types of explosive materials, construction and principles of operation of improvised explosive devices, tactics and techniques for search of vehicles and people during border control, practical exercises and detection of explosives and explosive devices;
- **Training on ATIS** - the purpose of the training was the use of the system as an effective tool for risk analysis and assessment and combating fraud in transit procedure;
- **Workshop on "Corruption Risk Assessment in public sector institutions - determining the risk of corruption and other unethical risks and planning solutions and measures to overcome them"** to discuss the risks of corruption in management, risk identification, assessment and overcoming, as well as identifying the institutional structures, systems and processes that may be more susceptible to corruption;
- **Train the trainers on WCO⁶ strategic goods** in order to develop professional trainers on implementation of strategic trade control;
- **Seminar on "International cooperation and the role of intermediaries"**- the goal was to discuss international cooperation and the role of intermediaries with an emphasis on the intellectual property rights aspects (violation of intellectual property rights, counterfeiting and piracy on the Internet, case studies);
- **Enforcement of intellectual property rights** - the training is focused on organized crime in terms of criminal proceedings on infringement of intellectual property cases, such as counterfeit mobile phones, tobacco products, pharmaceuticals and other products;
- **Seminar on Security Environment, Terrorist Threats, Migration and their impact on security** in order to familiarize with possible threats to national security that may occur as a result of the violation of the security environment, terrorism, migration crises or a combination of the mentioned and in coordination with other forms endangering national security.

- **Current issues, challenges and experiences from the application of the Law on General Administrative Procedure**, to ensure understanding of the correct ways of applying the provisions of the Law through clear instructions and practical examples;
- **Workshop on "Preparation of exercises at national level 1"** aimed at risk assessment, familiarization with, training, creating a multi-annual plan for trainings and exercises that will ensure building and maintainance of basic skills for successful handling of emergency crisis situations;
- **Seminar on customs fees**, aimed at assessment of the need to amend the Rulebook on the type and amount of customs fees for services rendered in the customs procedure, as well as sharing best practices in this area;
- **Seminar on customs valuation**, with objective to fulfill the Cooperation Plan (2016-2017) for the implementation of the Framework Agreement for Cooperation and Facilitation of Customs Clearance between the Customs Services of the People's Republic of China, Macedonia, Serbia and Hungary, as well as exchange of experiences and discussion about customs valuation procedures;
- **Workshop on "Professional image and business manners at work"** for familiarization with the latest information related to business protocol, acquiring techniques for business presentation and conducting business meetings, acquiring information about protocol and management of official events;
- **Annual WCO Regional Conference of the European Region Heads of Customs** for familiarization with the novelties in the customs operations in the past year, in order to ensure their uniform application, as well as preparation of the forthcoming WCO Council;
- **Workshop on "Audit risk model, determining sample size and sample selection techniques"**, aimed to increase the skills and experience of internal auditors and create an opportunity to exchange knowledge and mutual experiences;
- **Integrity of administrative officials**, aimed to increase the understanding of the international and European framework of integrity policy and the national context, as well as to provide insight into the roles and responsibilities of different actors in promoting the integrity of civil servants;
- **Regional seminar on computer and internet crime investigations** focused on investigations related to computer and internet crime;
- **Seminar on Protection of Intellectual Property Rights and Risk Assessment**, for familiarization with the provisions of the Law on Customs Measures for Protection of Intellectual Property Rights;

- **Workshop on "Synthetic drugs and new psychotropic substances"**, for familiarization with new psychotropic substances and the trends of their smuggling;
- **Workshop on Accreditation of WCO Technical Operational Advisers for Post Customs Audit**, with objective to acquire knowledge about the WCO Guidelines on Post Customs Audit and Accreditation of Technical Operational Advisor for the post WCO Customs Audit;
- **Participation at the Public Policy Forum "Prevention of Corruption - Leadership and Coordination in Macedonia"**, in order to discuss on the role, achievements and possibilities for improving the work of the State Commission for Prevention of Corruption in the implementation of anti-corruption policies and the fight against corruption;
- **Customs Cooperation Forum between China and countries of Central and Eastern Europe and a Workshop within the Framework Agreement and Cooperation Plan between China, Hungary, Serbia and Macedonia**, with the aim of adopting a Declaration "Partnership for Connectivity, Development of Customs Cooperation between China and the countries of Central and Eastern Europe";
- **Study visit to strengthen the enforcement of intellectual property rights** in order to harmonize the legal framework with the EU legislation, including the Law on Customs Measures for Protection of Intellectual Property Rights and the procedures arising from the mentioned Law, as well as to strengthen the institutional and administrative capacities of the Customs Administration;
- **Workshop on " Support to Macedonia in accession to the EU in the Chapter 24 - Financial Investigations"** to further upgrade the capacities for financial investigations, confiscation, temporary insurance and seizure of income and property acquired from criminal offenses when dealing with organized and serious crime and corruption;
- **Workshop for the holders of administrative data sources and other data providers** in order to improve the delivery of statistical data.

III.3. Integrity

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 behaviour represents the integrity system. At organizational level, integrity is interpreted as "immunity to corruption".

In the period January - June 2017, **36 internal investigations** were conducted based on the Work Plan of the Sector for Professional Responsibility, the received complaints related to illegal and unprofessional conduct of the employees, information received

via the customs hotline 197 with allegations for unprofessional conduct of customs officers, as well as on grounds of information delivered or directly presented by line managers and employees in the Customs Administration. In the same period in 2016, there were 41 internal investigations.

Number of conducted internal investigations per organizational unit						
Organizational unit	2016			2017		
	Q1	Q2	Total (Jan-June)	Q1	Q2	Total (Jan-June)
Headquarters	4	4	8	2	3	5
Customs House Skopje	4	4	8	5	4	9
Customs House Kumanovo	5	7	12	3	3	6
Customs House Shtip	/	/	/	/	1	1
Customs House Gevgelija	5	5	10	2	5	7
Customs House Bitola	1	2	3	3	5	8
Total	19	22	41	15	21	36

In the period January-June 2017, **17 internal controls** were carried out, related to the employees' work in accordance with the regulations, internal acts and the operational instructions of the Customs Administration in force (in the same period 2016 there were 30 internal controls).

Number of conducted internal controls per organizational unit						
Organizational unit	2016			2017		
	Q1	Q2	Total (Jan-June)	Q1	Q2	Total (Jan-June)
Headquarters	8	5	13	5	4	9
Customs House Skopje	5	6	11	1	4	5
Customs House Kumanovo	/	3	3	/	/	/
Customs House Shtip	/	1	1	/	1	1
Customs House Gevgelija	/	/	/	/	/	/
Customs House Bitola	2	/	2	1	1	2
Total	15	15	30	7	10	17

In the period January – June 2017, **13 complaints** were received via **the customs hotline (197)**, through which the clients generally complained about unprofessional conduct by customs officers when performing their duties and exercising their powers. Following the conducted investigations and controls, 11 Reports were drafted, while for two cases, the procedure is still ongoing. In the same period in 2016, 12 complaints were received via the customs 197 hotline for which it was established that they are groundless.

In the period January-June 2017, **1 online information** reporting illegal, unprofessional and corruptive behaviour of customs officers was received via the Module for reporting corruption installed on the Customs Administration's website. In the same period in 2016, there was also 1 information received online. Concerning these two cases, Reports were drafted establishing that the allegations are groundless.

In accordance with the law, after signing an employment contract with the Customs Administration or after termination of employment, the officers are obliged to submit a completed asset declaration form to the Sector for Professional Responsibility. In the period January-June 2017, 14 customs officers submitted **asset declarations**, **33 statements on change of assets**, **5 statements on existence of conflict of interest** were submitted. 1 customs officer submitted notification about change concerning previously submitted **statement on interest**.

In the same period in 2016, 12 customs officers submitted asset declarations, 30 statements on change of assets and 9 statements on existence of conflict of interest were submitted. 1 customs officer submitted notification about change concerning previously submitted statement on interest.

In the period January-June 2017, the following documents relating to professional responsibility of the Customs Administration's employees were adopted:

- New supplemented **Guidelines on the operation of the Sector for Professional Responsibility**;
- New revised and supplemented **Procedure on acting upon asset declarations and statement of existence of conflict of interest, data assessment and analysis in the Integrity Department**;
- New revised and supplemented **Guidelines on establishing statistics on complaints, petitions, suggestions and Citizen's Charter**;
- New revised **Register of risk point in customs operations susceptible to corruption for the period January – March 2017** and new **Register of risk point in customs operations susceptible to corruption for the period April – June 2017** which are applied as useful tool for permanent and efficient management with possible violations of customs legislation through internal controls, and hence prevention of corruption.

Representative of the Customs Administration, as a member of a working group for implementation of the EU project under IPA 2012 "**Strengthening national capacities in the fight against organized crime and corruption,**" took part in the activities and working meetings.

In January-June 2017, 12 decisions were adopted imposing disciplinary measures – 5 fines amounting to 15% of the last net salary for a period of 6 months, 2 fines amounting to 15% of the last net salary for a period of 1 month, 4 fines amounting to 15% of the last net salary for a period of 3 months and with 1 Decision – termination of employment contract.

Two Decisions were adopted, with which the proposal for initiating a procedure for determining liability is rejected as groundless, and the procedure was stopped.

In January-June 2017, 6 decisions were adopted imposing disciplinary measures against customs officers with fines amounting to 15% of the last net salary basic salary due to failure to achieve the average or expected results.

III.4. Internal audit

In the period January-June 2017, 9 **internal audits** were conducted. On grounds of the results of the audits, 31 **findings** were established and 33 **recommendations** were given **to improve the work**.

In the reporting period, a **Quarterly Report** on the activities related to internal audit and the related activities was drafted for the IV Quarter of 2016 and the level of realization of the recommendations at the end of the IV Quarter of 2016 was prepared. A **Quarterly Report** on the activities related to internal audit and the related activities was drafted for the I Quarter of 2017 and the level of realization of the recommendations at the end of the I Quarter of 2017 was also prepared.

Annual Report on the established internal control system in the Customs Administration of the Republic of Macedonia for 2016 was prepared. A **Report on the conducted audits and the activities of the internal audit for the year 2016** was prepared and submitted to the Ministry of Finance - Central Unit for Harmonization, as an attachment to the Annual Financial Report of the Customs Administration of the Republic of Macedonia.

In the period January-June 2016, 10 internal audits were conducted in the Customs Administration. On the basis of the audits, a total of 28 findings were established and a total of 29 recommendations were given for improvement of the work in the Customs Administration.

III.5. Rewards and promotion

In the period January – June 2017, 27 Decisions were adopted with which customs officers received **increased basic salary in the amount of 15%**, due to quality performance of their tasks and success.

There were no **promotions** of customs officers in the reporting period.

No **internal calls** for filling in vacant job posts were published in the reporting period.

On the occasion of 14th April, the Day of the Customs Administration, the following awards were presented to customs officers:

- 1 **plaque with certificate of merit** for long term professional work and achieved successes;
- 10 **certificates of merit** for exceptional results at work;
- 5 **cash awards in the amount of 10,000 Denars** for exceptional results at work;
- 18 **jubilee awards for 10 years of service at the Customs Administration;**
- 115 **jubilee awards for 20 years of service at the Customs Administration;**
- 13 **jubilee awards for 30 years of service at the Customs Administration.**

On the occasion of the Day of the Customs Administration, the Police Station for border checks and surveillance Medjitlija was awarded with a **certificate of merit for the particular contribution in the successful cooperation with Customs.**

Pursuant the Rulebook on the Customs Officers Remuneration System ("Official Gazette of the Republic of Macedonia" No. 28/15 and 194/16), **5 decisions were adopted for awarding a cash prize** in the amount of 10,000 Denars for achieved exceptional results and extraordinary efforts in the performing the tasks, related to the correct application of the provisions of the Law on Excise, the Law on Tax Procedure, the Law on Civil Procedure and the Law on Bankruptcy in the work of the Sector for Legal Affairs, as well as by continuous commitment in performing all the regular tasks and tasks outside the regular ones, thus contributing to more efficient and quality operation of the Customs Administration in the performance of its competencies.

IV. COMPETENCES AND ORGANISATION

IV.1. Grounds

In the first half of 2017, the Committee for Application Life-cycle Management (CALCM) continued with its activities related to application life-cycle management and ICT systems to the end of completing the planned project tasks and objectives and to ensure that the applications and ICT systems are used and maintained appropriately, by observing the previously set restrictions related to the scope, budget and time frame.

In the period January-June 2017, the CALCM received 4 draft project documents, 2 of which were for upgrade of the EXIM system, 1 referring to amendments to the Module for record-keeping of disciplinary procedures in the EDMS and 1 about creation of database for electronic data exchange with the Treasury of the Ministry of Finance.

Concerning the public procurement of upgrades or purchase of new electronic systems or IT equipment, in the period January-June 2017, the following public procurement procedures were started and are in a different stage of realization: procurement of materials for AOP, procurement of IT equipment, structural cabling of BCP Bogorodica and BCP Tabanovce, procurement of new softwares and development tools, renewal of licenses for "Microsoft Office", "Oracle" and "Windows", maintenance and development of NCTS, external support of ICT system hardware, procurement of specialized ICT training, telecommunication services and maintenance of the EXIM system, migration of "Exchange" and "AD" with the included procurement of licenses, as well as procurement of a service for ITO system maintenance". The public procurement of digital certificates and public procurement for the maintenance of "IIS" has been completed, while the public procurement for certification according to ISO 27000 standard was annulled.

Monthly reports on the volume of use and operation of the applications that are used by customs officers and economic operators were drafted. The indicators for application use are at the expected level with fewer number of incidents.

IV.2. Administrative procedures

Use of the Electronic Document Management System (eDMS)						
Organisational Unit	2016			2017		
	Q1	Q2	Total (Jan.-June)	Q1	Q2	Total (Jan.-June)
Users	1.135	1.135	1.135	1.131	1.126	1.126
Accesses	82.621	88.513	171.134	73.284	73.194	146.478
Created files	22.526	24.746	47.272	21.151	21.953	43.104

In the period January - June 2017, there were 146,478 registered accesses to the eDMS system, 43,104 created files with registered 1,126 users.

In the same period in 2016 there were 171,134 accesses and 22,526 new created files, and the system was used by 1,135 users.

The largest number of files created in the first half of 2017 was in areas of simplified administrative procedures (6,162), simplified administrative procedures (6,162), administrative procedures (1,113), offence procedures and on-the-spot fines related procedures (883) and excise related procedures (932).

IV.3. Security and communication

The videoconference system of the Customs Administration is a possibility for videoconference presence of government office bearers at the Economic System Commission sessions and the Government sessions. 229 users of the government authorities are included in the system and in the first half of 2017, 791 videoconference links were realized with the sessions of the Economic System Commission and those of the Government of the Republic of Macedonia. Within the Customs Administration, 50 users are included in the system who realized 34 videoconference calls in the first quarter of 2017. In the period January-June 2016 the state government authorities realized 1,536 calls, while the users of the Customs Administration had 214 calls.

IV.4. ICT support

In the period January - June 2017, great number of applications were in function at the Customs Administration, supported by massive hardware and communication equipment. The average availability of the ICT systems and applications was 99.5%.

Application Name	Indicator	2016			2017		
		Q1	Q2	Total (Jan-June)	Q1	Q2	Total (Jan-June)
EXIM Licenses	users	6,025	6,157	6,157	6,476	6,539	6,539
	accesses	112,266	123,348	235,614	117,695	124,983	242,678
EXIM Quota	users	6,025	6,157	6,115	6,476	6,539	6,539
	accesses	1,766	1,605	3,371	1,689	1,757	3,446
Web portal	users	15,839	14,843	14,504	18,137	7,586	7,586
	accesses	472,624	471,232	943,856	464,376	399,038	863,414
ASYCUDA	users	2,315	2,158	2,245	6,131	2,009	2,009
	accesses	632,579	689,617	1,322,196	632,374	747,196	1,379,570
Working Hours	users	1,135	1,135	1,136	3,390	1,126	1,126
	accesses	194,716	167,871	362,587	173,252	141,785	315,037
LUKA	users	112	113	113	336	112	112
	accesses	23,572	18,419	41,991	22,213	13,905	36,118
eDMS	users	1,135	1,135	1,136	3,390	1,126	1,126
	accesses	83,511	88,513	172,024	73,284	73,194	146,478
PEC	users	450	452	451	1,376	463	463
	accesses	6,404	6,683	13,087	5,761	4,055	9,816
Border	users	963	966	961	2,976	975	975
	accesses	141,304	142,651	283,955	135,531	144,214	279,745
NCTS	users	831	850	847	2,689	913	913
	accesses	75,556	83,157	158,713	73,568	84,300	157,868

IV.5 Management of financial and non-financial assets

In terms of regulations, guidelines and procedures relating to the work of the Sector for Administrative and Technical Matters, in January-June 2017 the Customs Administration adopted:

- **Guidelines for the Security of property and persons of the Customs Administration**, regulating the the manner of ensuring security of the property and the people in the premises of the Customs Administration;
- **User manual for the module for recording of capital assets**, which enables record-keeping of purchased, donated and surplus of capital assets, issuing of capital assets for use to an employee and record-keeping of the location and organizational unit in which the capital asset is located, record-keeping of the transfer (movement) of the capital asset from one to another employee or from one location to another, record-keeping of shortfalls, disbursed, alienated and destroyed capital assets in the Customs Administration and report making on the records of the capital assets.

V. FACILITATION AND ACCELERATION OF CUSTOMS PROCEDURES

V.1. Conditions for conducting customs formalities

The Customs Administration permanently works on maintaining of the existing and introducing new possibilities for facilitation and acceleration of customs formalities and

the conditions for their performance, supported by information and communication technology.

V.2. e-Customs

V.2.1. New software for customs declarations and excise documents processing

The activities for implementation of the New Customs Declarations and Excise Processing System –CDEPS, which started in June 2012 to replace the existing system ASYCUDA,⁷ continued in the period January-June 2017.

In this period, the members of the working groups, together with the contractor, worked on implementation of the 4th delivery of the system modules (out of 5 deliveries). In January-June 2017, the testing of phase 4 was completed successfully, preparations started for initiation of Phase 5 of this Project and several Workshops to ensure easier implementation of Phase 5 of the Project.

In the reporting period there was regular communication with the contractor's experts, with a view to resolve the outstanding issues and problems relating to the already delivered modules.

By introducing the CDEPS, the Customs Administration will provide secure, interoperable IT solution in line with the standards of the World Customs Organization and the EU, entirely paperless environment related to the customs and excise procedures through electronic data exchange with the economic operators and other state institutions, thus making customs and excise procedures faster and fully compatible with the EU systems.

V.2.2. EXIM

At the end of the first half of 2017, the EXIM⁸ system had **6,425 economic operators registered users of the system**, who directly via EXIM apply for 60 different **import**,

⁷ The new CDEPS that will replace the present system ASYCUDA will provide interoperability and interconnection with the EU Customs information systems, management of customs declarations and excise documents (submission, registration, acceptance, processing and filing), control of movement of excise goods and customs goods through exchange of standardized electronic messages with the economic operators, efficient controls of collection and refund of customs duties, excise, taxes and other duties, trade facilitation through accelerated flow of goods, more secure supply chain, in conformity with the EU and WCO standards.

⁸ The Electronic System for Issuing Import and Export Licenses and Tariff Quota that was introduced in November 2008, is available on the Customs Administration's web site and is frequently used by the economic operators (the function of the EXIM is regulated by several internal acts of the Customs Administration and the Regulation adopted by the Government of the Republic of Macedonia).

export and transit licenses and tariff quota through 12⁹ (out of 17 registered authorities) institutions, issuing licenses and authorizations.

In the reporting period, the EXIM was regularly used and the number of processed files increased, compared to the same period in 2016. **44,703** licenses and 3,449 quotas **were issued** in this period.

The majority of issued licenses concern import of food products (17.4 thousand), certificates of organoleptic examination (7.2 thousand), veterinary documents (6.7 thousand), consents for customs clearance of items of common use (5.1 thousand) and medicines and medical aids (4.2 thousand).

The average time for obtaining a license within the period January-June 2017 was about 2.4 hours.

NUMBER OF IMPORT AND EXPORT DOCUMENTS ISSUED VIA EXIM						
Type of document	2016			2017		
	Q1	Q2	Total (Jan - June)	Q1	Q2	Total (Jan - June)
Authorisation for import of veterinary-medicine products	46	51	97	51	56	107
Document for veterinary examination of animal feed at import	133	153	286	138	147	285
Veterinary entry document for live animals	64	59	123	74	61	135
Veterinary entry document for products of animal origin	3,156	3,349	6,505	2,860	3,350	6,210
Consent for consignments of food, products or materials that come in contact with food to enter the territory of the Republic of Macedonia	7,775	8,881	16,656	8,114	9,266	17,380
Authorisation for transfer of firearms and amunition on import	12	30	42	20	27	47
Precursors export license	32	23	55	39	29	68
License for export of narcotic drugs and psychotropic substances	101	120	221	126	134	260
Precursors import license	58	62	120	59	59	118
Authorisation for import of medicines	907	990	1,897	950	894	1,844
Authorisation for import of medical aids	1,235	1,365	2,600	1,415	1,494	2,909
Authorisation for import of hazardous and other types of chemicals	284	336	620	250	310	560
License for import of narcotic drugs and psychotropic substances	31	45	76	49	34	83
License for transport/transit of hazardous substances	333	351	684	323	390	713
Consent for customs clearance of goods of common use	2,366	2,642	5,008	2,475	2,800	5,275
Certificate for organoleptic examination and sampling	3,864	3,149	7,013	3,845	3,319	7,164
Certificate for export and exit of unprotected cultural goods	86	137	223	101	129	230
Other licenses	596	706	1,302	635	680	1,315

V.3. Volume of work

V.3.1. Customs authorisations and licenses

At the end of June 2017, a total of **247** companies were holders of authorizations for **representation activities in customs procedures** (323 in June 2016) and **1.123 natural persons** were **holders of licenses for representation activities** in customs procedures (this number in June 2016 was 1,262).

The most common type of **customs procedures with economic impact** is inward processing, followed by customs warehousing and outward processing. The majority of

⁹ Besides these 12 institutions, 2 other government agencies are indirectly involved in issuance of licenses.

holders of such authorizations belong to the textile industry, followed by holders from the shoe industry and metallurgy. At the end of June 2017, **169** trade companies were holders of authorizations for **inward processing** and **12** trade companies had **authorizations for outward processing**. At the same time, **85** trade companies had **authorizations for warehousing**. **2,665** authorisations for **single use** were issued within the period January-June 2017.

At the end of June 2016, 167 trade companies were holders of authorizations for inward processing and 14 trade companies had authorizations for outward processing. At the same time, 82 trade companies had authorizations for warehousing. At the end of June 2016, 2,591 authorisations for single use were issued.

At the end of June 2017, **221 authorizations for simplified procedures** were active, of which **49** authorisations for **local import customs clearance**, **74** authorisations for **local export customs clearance**, **62** authorisations – **authorized consignee in transit** procedure, **29** authorisations – **authorized consignor** and **7** authorisations for **submission of incomplete declaration**.

217 authorizations for simplified procedures were active in June 2016.

At the end of June 2017, **575 pieces of Binding Tariff Information (BTI)** were valid. The Customs Administration issues Binding Tariff Information upon a written request by a legal entity or a natural person for determination of the tariff code for certain goods. Its objective is to ensure correct calculation of customs and other duties and appropriate application of non-tariff measures for a planned import or export. In June 2016, 591 BTI were valid. BTI is valid for 3 years and ensures simpler and faster customs procedures, greater predictability of customs related activities of the economic operators, as well as uniform application of the Customs Tariff and proper collection of customs duties.

In the period January-June 2017, 2 new **authorization for approved exporter** were issued. The number of issued authorizations for approved exporter at the end of 2016 was 131. The number has continuously increased in 2017, i.e. the list of approved exporters - holders of this authorization also increases and hence, the total number of active issued authorizations for approved exporter at the end of June 2017 was 134 authorizations, 124 of which were active. The granting of the authorization – approved exporter, means that the holder can use simplified procedure when proving the origin, i.e. the holder may prepare invoice declarations confirming the preferential origin, no matter the value of the goods that the declaration refers to. This is particularly important when the exporter is already a holder of authorization for local clearance and the export procedure is performed in premises outside customs terminals and after working hours.

At the end of June 2017, there were 160 active **approvals for deferred payment** of customs debt, while this number at the end of June 2016 was 165.

At the end of June 2017, **81** economic operators had active **excise licenses** (86 at the end of June 2016).

At the end of the first half of 2017, the number of **active excise preferential use permits** was **316**, while at the end of June 2016, the number of active excise preferential use permits was 347.

V.3.2. Preferential origin of goods

The Republic of Macedonia has concluded Free Trade Agreements with Turkey, Ukraine and EU, EFTA and CEFTA Member States.

The total foreign trade realized in the period January-June 2017 with proofs of preferential origin, amounts to 205.10 billion Denars (increased, compared to the same period in 2016, when the total foreign trade amounted to 192.99 billion Denars). 81.97% of this trade was realized with the EU Member States and amounts to 168.13 billion Denars, which is an increase, compared to the same period in 2016 when it was 160 billion Denars. The trade with the CEFTA in the reported period was 27.79 billion Denars or 13.55 % of the total trade with preferential origin (increased compared to the same period in 2016 when it was 24.07 billion Denars). The greatest part of the realized trade with preferential origin with CEFTA member states is with Serbia.

TOTAL USE OF FREE TRADE AGREEMENTS (In Billion Denars)												
Contracting Party	Import and export in 2016						Import and export in 2017					
	Q1		Q2		Total (Jan-June)		Q1		Q2		Total (Jan-June)	
	МКД	%	МКД	%	МКД	%	МКД	%	МКД	%	МКД	%
EU	77.47	84.40	82.53	81.55	160.00	82.90	80.06	83.25	88.07	80.84	168.13	81.97
EFTA	0.28	0.31	0.40	0.40	0.69	0.36	0.42	0.44	0.49	0.45	0.92	0.45
CEFTA	10.37	11.30	13.70	13.53	24.07	12.47	11.93	12.40	15.86	14.56	27.79	13.55
Albania	0.77	0.84	1.21	1.20	1.98	1.03	0.96	0.99	1.33	1.22	2.28	1.11
B&H	1.54	1.68	2.06	2.03	3.60	1.87	1.63	1.70	2.04	1.88	3.67	1.79
Montenegro	0.35	0.38	0.48	0.48	0.83	0.43	0.39	0.40	0.56	0.52	0.95	0.46
Kosovo	1.99	2.17	2.56	2.53	4.55	2.36	2.56	2.67	3.40	3.12	5.96	2.91
Serbia	5.69	6.20	7.34	7.25	13.03	6.75	6.36	6.61	8.48	7.78	14.83	7.23
Moldova	0.03	0.03	0.04	0.04	0.07	0.04	0.03	0.03	0.06	0.05	0.08	0.04
Turkey	3.65	3.97	4.43	4.38	8.08	4.19	3.69	3.84	4.41	4.05	8.10	3.95
Ukraine	0.01	0.01	0.15	0.15	0.16	0.08	0.07	0.07	0.10	0.09	0.17	0.08
TOTAL	91.78	100.00	101.21	100.00	192.99	100.00	96.16	100.00	108.94	100.00	205.10	100.00

V.4. Traffic of freight motor vehicles (FMV) through the border crossings

In the first half of 2017, the road border crossings of the Republic of Macedonia were crossed by over 431 thousand FMV, of which 238 thousand loaded and about 193 thousand empty FMV. Greatest frequency was noted at the border crossing points with Greece (167 thousand FMV or about 39% of the total traffic). The largest number of FMV transited through the BCP Bogorodica (about 24% of the total traffic). In the same period last year, a total of 426 thousand FMV transited, of which 238 thousand loaded and about 188 thousand empty FMV.

TRAFFIC OF FMV PER BORDER CROSSING (IN THOUSAND)																						
Border crossing		Kosovo			Serbia			Bulgaria				Greece				Albania				Total		
		Blace	Jazince	Total	Tabanovce	Pelince	Total	Deve Bair	Delchevo	Novo Selo	Total	Dojran	Bogorodica	Metzitlija	Total	Sterije	Kjafasan	Sv. Naum	Blato		Total	
2016	Q1	Loaded	6.3	0.0	6.3	41.5	0.0	41.5	7.0	3.7	4.6	15.3	14.2	24.7	2.5	41.4	0.1	7.8	0.0	0.1	8.1	112.6
		Empty	14.0	1.1	15.1	13.8	0.0	13.8	5.7	4.2	6.3	16.2	6.0	23.1	3.7	32.9	0.3	5.7	0.1	0.6	6.6	84.7
		Total	20.3	1.1	21.4	55.3	0.0	55.3	12.7	7.9	10.9	31.5	20.2	47.8	6.2	74.3	0.4	13.5	0.1	0.7	14.7	197.2
	Q2	Loaded	10.6	0.0	10.6	45.9	0.0	45.9	7.9	3.8	5.1	16.7	12.9	24.2	2.4	39.6	0.0	12.9	0.0	0.2	13.1	126.0
		Empty	23.1	2.5	25.5	16.0	0.0	16.0	6.2	4.3	6.7	17.0	6.2	22.2	4.4	32.8	0.3	10.5	0.0	0.9	11.8	103.1
		Total	33.7	2.5	36.1	61.8	0.0	61.8	14.0	8.0	11.7	33.7	19.2	46.4	6.8	72.4	0.5	23.4	0.0	1.1	24.9	229.1
	Total (Jan-June)	Loaded	16.9	0.0	16.9	87.4	0.0	87.4	14.9	7.5	9.7	32.0	27.1	48.9	4.9	81.0	0.1	20.7	0.0	0.3	21.2	238.6
		Empty	37.1	3.6	40.6	29.8	0.0	29.8	11.9	8.5	13.0	33.2	12.2	45.3	8.1	65.7	0.6	16.2	0.1	1.5	18.4	187.8
		Total	54.0	3.6	57.5	117.1	0.0	117.1	26.7	15.9	22.6	65.2	39.4	94.2	13.0	146.7	0.9	36.9	0.1	1.8	39.6	426.3
2017	Q1	Loaded	6.5	0.0	6.5	28.4	0.0	28.4	7.4	3.3	3.3	14.0	20.0	24.5	3.2	47.7	0.1	13.0	0.0	0.2	13.3	109.8
		Empty	14.5	0.8	15.3	13.6	0.0	13.6	5.6	3.9	6.3	15.9	6.5	23.2	3.0	32.8	0.3	8.0	0.1	0.8	9.3	86.8
		Total	20.9	0.8	21.8	42.0	0.0	42.0	13.1	7.2	9.6	29.8	26.6	47.7	6.2	80.5	0.4	21.1	0.1	1.0	22.6	196.7
	Q2	Loaded	12.4	0.0	12.4	33.8	0.0	33.8	9.3	3.7	3.8	16.7	19.4	28.8	2.1	50.2	0.1	14.8	0.0	0.2	15.1	128.1
		Empty	22.7	1.6	24.3	16.4	0.1	16.5	6.3	4.1	7.1	17.5	6.4	27.7	2.9	37.0	0.5	10.2	0.1	1.0	11.7	107.0
		Total	35.1	1.6	36.7	50.3	0.1	50.3	15.5	7.8	10.9	34.2	25.7	56.5	5.0	87.2	0.6	25.0	0.1	1.2	26.7	235.1
	Total (Jan-June)	Loaded	18.8	0.0	18.8	62.2	0.0	62.2	16.7	6.9	7.1	30.7	39.4	53.3	5.3	97.9	0.2	27.8	0.0	0.4	28.3	237.9
		Empty	37.2	2.4	39.6	30.0	0.1	30.1	11.9	8.0	13.4	33.4	12.9	50.9	5.9	69.8	0.8	18.2	0.2	1.8	21.0	193.8
		Total	56.0	2.4	58.4	92.3	0.1	92.3	28.6	15.0	20.5	64.0	52.3	104.2	11.2	167.7	1.0	46.0	0.2	2.2	49.3	431.8

V.5. Processed customs declarations

492.4 thousand **customs declarations** were processed in the first half of 2017, most of which were related to **import** (about 44.94%) and **transit** (30.89%), followed by **export**

declarations (about 21.55%) and **re-export** (about 2.62%) of the total number of processed declarations. The **simplified procedures** participate with 29.69% in the total number of export and import procedures (export – 44.29% and import 22.68%)

CUSTOMS PROCEDURES IN 2017 (in thousand)						
Type of customs procedure	2016			2017		
	Q1	Q2	Total (Jan June)	Q1	Q2	Total (Jan June)
Transit	74.8	83.7	158.6	70.7	81.4	152.1
Export	43.5	53.8	97.2	46.0	60.1	106.1
Regular export	24.1	29.8	53.9	24.0	33.6	57.6
Simplified export procedure	18.7	23.2	41.8	21.3	25.7	47.0
Temporary export	0.8	0.8	1.6	0.6	0.7	1.3
Import	94.8	117.4	212.2	100.5	120.8	221.3
Regular Import	72.9	86.7	159.6	70.3	85.0	155.3
Simplified import procedure	14.7	22.2	36.9	23.0	27.2	50.2
Customs storage	1.8	1.7	3.4	1.8	1.8	3.6
Temporary admission	4.8	6.0	10.8	4.9	6.2	11.1
Import of temporary exported goods	0.6	0.7	1.3	0.5	0.6	1.1
Re-export	6.9	6.8	13.7	6.5	6.5	13.0
Total	220.0	261.7	481.7	223.6	268.8	492.4

In the period January – June 2017 as usual, the road traffic, was dominant with about 96.18% of the total number of processed customs declarations. The declarations processed in railway traffic participate with 0.57% and the declarations processed in air traffic with 3.04%.

PROCESSED DECLARATIONS PER MODE OF TRANSPORT (in thousand)								
Mode of transport		Road	Railway	Air	Post	Other	Total	
2016	Q1	Import	91.00	0.60	3.80	0.50	0.10	95.80
		Export	42.90	0.20	3.80	0.00	0.00	46.90
		Transit	72.00	4.40	0.00	0.00	0.00	76.34
		Total	205.90	5.10	7.50	0.50	0.10	219.08
	Q2	Import	113.70	0.70	3.90	0.40	0.10	118.87
		Export	56.20	0.20	3.80	0.00	0.00	60.21
		Transit	83.70	0.00	0.00	0.00	0.00	83.72
		Total	253.60	1.00	7.70	0.60	0.20	262.90
	Total (Jan-June)	Import	204.70	1.30	7.70	0.90	0.20	214.67
		Export	99.10	0.40	7.60	0.00	0.00	107.11
		Transit	155.70	4.40	0.00	0.00	0.00	160.06
		Total	459.50	6.10	15.20	1.10	0.30	481.98
2017	Q1	Import	101.20	0.50	3.50	0.30	0.20	105.70
		Export	48.80	1.40	4.10	0.00	0.00	54.30
		Transit	72.90	0.00	0.00	0.00	0.00	72.90
		Total	222.90	1.90	7.60	0.30	0.20	232.90
	Q2	Import	119.22	0.72	3.63	0.35	0.22	124.11
		Export	63.45	0.26	4.13	0.06	0.02	67.89
		Transit	81.40	0.02	0.00	0.00	0.00	81.42
		Total	264.04	0.96	7.80	0.55	0.26	273.39
	Total (Jan-June)	Import	220.42	1.22	7.13	0.65	0.42	229.81
		Export	112.25	1.66	8.23	0.06	0.02	122.19
		Transit	154.30	0.02	0.00	0.00	0.00	154.32
		Total	486.96	2.89	15.37	0.70	0.43	506.31

In the first half of 2017, the majority of the customs declarations were processed by the regional Customs House Skopje (36.1%). The regional Customs House Gevgelija processed 25.4% of the declarations, and the regional Customs House Kumanovo processed 22%. The remaining 16.6% were processed by the regional Customs House Bitola (8.9%) and regional Customs House Shtip (7.7%).

NUMBER OF PROCESSED CUSTOMS DECLARATIONS PER CUSTOMS OFFICE IN 2017 (IN THOUSAND)												
Customs Office	2016						2017					
	Q1		Q2		Total (Jan.-June)		Q1		Q2		Total (Jan.-June)	
	No.	%	No.	%	No	%	No	%	No	%	No	%
Customs House Skopje	77.9	35.0	95.7	36.2	173.6	35.7	83.4	36.1	98.9	36.5	182.3	36.3
1 CO Skopje 1	23.1	10.4	28.9	10.9	52.0	10.7	27.0	11.7	34.0	12.5	61.0	12.2
2 CO Skopje 2	20.0	9.0	22.6	8.6	42.6	8.8	20.3	8.8	22.3	8.2	42.6	8.5
3 CO Skopje 3	9.1	4.1	10.5	4.0	19.6	4.0	9.7	4.2	10.0	3.7	19.6	3.9
4 CO Skopje 4	5.0	2.2	5.6	2.1	10.6	2.2	6.8	2.9	8.0	2.9	14.8	2.9
5 CO Free Zone Skopje	4.0	1.8	4.2	1.6	8.2	1.7	4.1	1.8	4.8	1.8	8.9	1.8
6 CO Post Office Skopje	0.7	0.3	0.7	0.3	1.4	0.3	0.7	0.3	0.7	0.3	1.4	0.3
7 CO Airport Skopje	8.0	3.6	7.8	3.0	15.8	3.2	7.3	3.2	7.3	2.7	14.7	2.9
8 CO Blace	5.3	2.4	11.5	4.4	16.8	3.5	5.1	2.2	8.4	3.1	13.5	2.7
9 CO Tetovo	2.4	1.1	3.9	1.5	6.3	1.3	2.2	0.9	3.4	1.2	5.5	1.1
Customs House Kumanovo	53.9	24.2	61.3	23.2	115.2	23.7	51.9	22.5	58.9	21.7	110.8	22.1
10 CO Kumanovo	7.9	3.5	9.3	3.5	17.2	3.5	7.6	3.3	12.3	4.5	19.9	4.0
11 CO Tabanovce Motorway	38.1	17.1	42.5	16.1	80.6	16.5	36.6	15.8	32.4	11.9	68.9	13.7
12 CO Railway S Tabanovce				0.0	0	0.0	0		1.46	0.5	1.46	0.3
13 CO Deve Bair	8.1	3.6	9.4	3.6	17.5	3.6	7.7	3.3	6.7	2.5	14.4	2.9
Customs House Shtip	18.2	8.2	20.2	7.6	38.4	7.9	18.4	8.0	18.9	6.9	37.2	7.4
14 CO Shtip	12.2	5.5	13.7	5.2	25.9	5.3	12.9	5.6	14.3	5.3	27.2	5.4
15 CO Delchevo	4.4	2.0	4.7	1.8	9.1	1.9	3.9	1.7	2.4	0.9	6.3	1.2
16 CO Veles	1.5	0.7	1.8	0.7	3.3	0.7	1.7	0.7	2.2	0.8	3.9	0.8
Customs House Gevgelija	55.5	24.9	66.2	25.1	121.7	25.0	56.4	24.5	71.6	26.4	128.0	25.5
17 Co Bogorodica	18.1	8.1	15.0	5.7	33.1	6.8	11.3	4.9	16.1	5.9	27.4	5.5
18 CO Gevgelija	10.6	4.8	14.5	5.5	25.1	5.2	12.6	5.5	16.5	6.1	29.1	5.8
19 CO Kavadarci	11.8	5.3	18.2	6.9	30.0	6.2	20.0	8.7	22.5	8.3	42.5	8.5
20 CO Strumica	3.0	1.4	6.3	2.4	9.3	1.9	2.7	1.2	7.0	2.6	9.7	1.9
21 CO Novo Selo	3.7	1.7	4.7	1.8	8.4	1.7	3.4	1.5	3.6	1.3	7.0	1.4
22 CO Dojran	8.2	3.7	7.5	2.8	15.7	3.2	6.5	2.8	5.8	2.1	12.3	2.4
Customs House Bitola	17.2	7.7	20.9	7.9	38.1	7.8	20.6	8.9	22.6	8.3	43.2	8.6
23 CO Bitola	4.2	1.9	3.9	1.5	8.1	1.7	4.4	1.9	4.3	1.6	8.7	1.7
24 CO Medzitlija	3.6	1.6	3.3	1.2	6.9	1.4	4.1	1.8	3.5	1.3	7.5	1.5
25 CO Prilep	2.8	1.2	3.4	1.3	6.2	1.3	3.4	1.5	3.1	1.1	6.4	1.3
26 CO Ohrid	0.6	0.3	0.6	0.2	1.2	0.2	0.6	0.3	0.7	0.3	1.3	0.3
27 CO Ohrid Airport	0.1	0.0	0.2	0.1	0.3	0.1	0.1	0.0	0.2	0.1	0.3	0.1
28 CO Struga	2.2	1.0	3.0	1.1	5.2	1.1	2.6	1.1	3.2	1.2	5.7	1.1
29 CO Kjafasan	3.9	1.7	6.4	2.4	10.3	2.1	5.5	2.4	7.6	2.8	13.1	2.6
30 CO Blato	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	222.7	100.0	264.2	100.0	486.9	100.0	230.6	100.0	271.4	100.0	502.0	100.0

V.6. Revenues collected

A total of **36,796.5 million Denars** was collected as revenues from import/export and internal trade in the first half of 2017. This amount is:

- ↑ higher for 5.7% compared to the **planned revenues** for collection (34,811.31 million Denars); and
- ↑ higher for 8.6 % compared to the **collected revenues** in the period January – June 2016 (33,880.24 million Denars).

Plan for revenue collection in January -June 2017, compared to the same period in the period 2014 – 2016:

In million Denars

PERIOD	Plan 2017	Realized 2017	Realized 2016	Realized 2015	Realized 2014
January - June	34.811,31	36.796,25	33.880,24	31.460,91	29.657,15
INDEX	Collection/plan 2017		2017/2016	2017/2015	2017/2014
Period 2017/'16/'15/'14	5,7%		8,6%	17,0%	24,1%

Plan and revenue collection per type of duty in the period January – June 2017, compared to the same period from 2014 until 2016:

In million Denars

REVENUE	Plan Jan.- June 2017	Realized Jan.-June 2017	Realized Jan.-June 2016	Realized Jan.-June 2015	Realized Jan.-June 2014	Collection/ Plan 2017	2017/ 2016
						%	%
1	2	3	4	5	6	7 (3:2)	8 (3:4)
Customs duties	2.399,27	2.507,75	2.303,76	2.021,45	2.132,48	↑4,5%	8,9%
VAT	20.748,42	22.054,55	19.774,78	18.504,05	18.316,28	↑6,3%	11,5%
Excise	11.350,42	11.926,27	11.472,16	10.634,30	8.920,60	↑5,1%	4,0%
Fees	313,20	307,67	329,54	301,11	287,79	↓-1,8%	-6,6%
TOTAL	34.811,31	36.796,25	33.880,24	31.460,91	29.657,15	↑5,7%	↑8,6%

The table shows that:

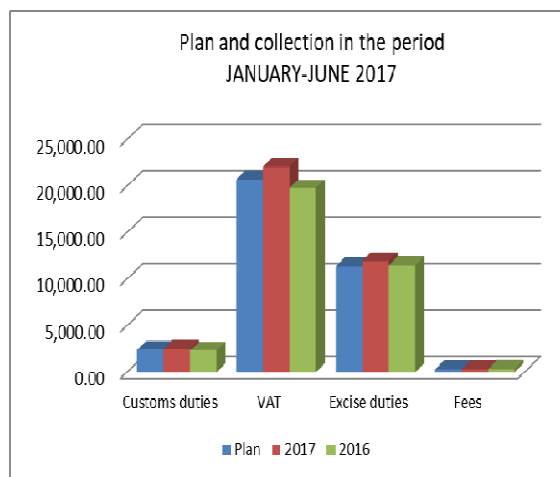
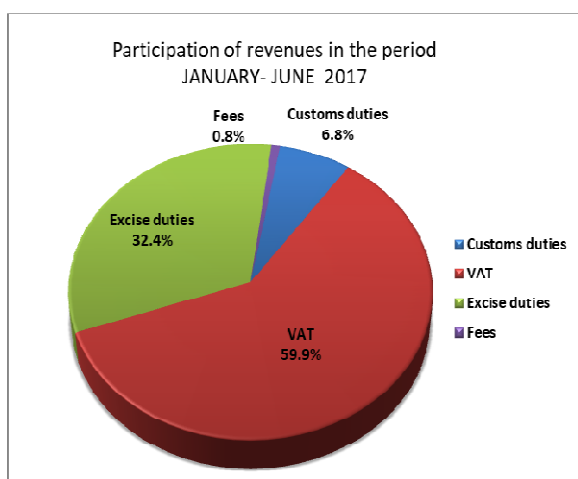
Within January- June 2017, considering the **planned amount** to be collected for the period January – June 2017, we have achieved:

- ↑ **higher collection** of:
 - VAT for 6.3% and
 - Customs duties for 5.1% and
 - Excise duty for 4.5%
- ↓ **lower collection** of:
 - Fees for 1.8%.

Within January- June 2017, considering the **collected revenues** for the period January – June 2016, we have achieved:

↑ **higher collection of:**
 VAT for 11.5%
 Customs duties for 8.9% and
 Excise duties for 4 %.

↓ **lower collection of:**
 Fees for 6.6%



V.6.1. Customs duties

In the period January – June 2017, **2,505.75 million Denars** were collected as **customs duty revenues**. This is:

- ↑ more for **4.5 %** than **planned** (2,399.27 million denars) and
- ↑ more for **8.9 %** than the **collected** in 2016 (2,303.76 million denars).

V.6.2. VAT

The revenues collected as VAT within January – June 2017 amounts to **22,054.55 million denars**. This amount is:

- ↑ more for **6.3 %** than **planned** (20,748.42 million denars) and
- ↑ more for **11.5 %** than the **collected** in 2016 (19,774.78 million denars).

V.6.3. Excise duties

The total revenues collected as excise duties in the first half of 2017 is **11,926.27 million Denars**. This is:

- ↑ more for **5.1 %** than **planned** (11,350.42 million Denars) and
- ↑ more for **4 %** than the **collected** in 2016 (11,472.16 million Denars).

V.6.4. Fees

In the period January-June 2017, the total **revenues collected as fees** is **307.67 million Denars**. This is:

- ↓ less for **1.8 %** than **planned** (313.20 million Denars) and
- ↓ less for **6.6 %** than the **collected** in 2016 (329.54 million Denars).

VI. LAW ENFORCEMENT

Law enforcement at the Customs Administration means enforcing the law in terms of collection of budget revenues, prevention of illicit trade and unfair competition, prevention of trade in prohibited goods and financing terrorism, protection of people's health and life, as well as protection of the environment and cultural heritage.

VI.1. Grounds

In the period January-June 2017, the Customs Administration continued to improve its systems for risk analysis, customs intelligence, trade companies control, investigations and the work of its special units.

The following law Customs enforcement documents were adopted in the reporting period:

- **Handbook on Customs or external control of trade companies,**
- **Procedure for Customs or external control of trade companies**
- **New Guidelines on determining and monitoring minimum quantitative targets to prevent illegal trade and to facilitate trade,** to ensure a more comprehensive monitoring and analysis of the results of the regular activities of customs officers. A new form was prepared - Plan for quantitative targets for the minimum number of controls on excise goods in internal trade and quantitative targets for 2017,
- **Procedure for granting the right to access and work with ATIS.** ATIS¹⁰ system is an effective tool for analyzing and assessing risk and combating fraud in the transit procedure, under the NCTS. The preparations for its complete use are finalized. and access to the system is granted to 25 customs officers,
- **2017 Action Plan for implementation of the Strategy on prevention of illegal trade in weapons 2016-2020.**
- **2017-2018 Action Plan for implementation of the Strategy on prevention of illegal trade in narcotics and harmful substances 2016-2020.**
- **2017 Action Plan for implementation of the Strategy on Intellectual Property Rights Protection for 2016-2018.**
- **2017-2018 Action Plan for implementation of the Strategy on prevention of illegal production, trade and smuggling of tobacco and tobacco products for 2016-2018.**

¹⁰ Anti-Fraud Transit Information System

- Amendments to the **Guidelines on the application SEED 2 (Systematic exchange of electronic data)** to ensure alignment of the contents of the Guidelines with the latest version of the application, which will include functionality for data harmonization on simplified procedures. With regard these Guidelines, the following documents were also prepared:
 - **User Manual for the application on systematic exchange of electronic data -SEED2** and
 - **User Manual for the module for consignment selection through SEED2.**
- **Procedure for acting in cases of detected criminal act**, applied to ensure lawful, efficient and fair acting of the customs officers when detecting a criminal offense .
- **Guidelines for the operation of the Risk Management Department**, determining the guidelines for the application of the risk management process. Immediate and continuous improvement of the risk management process in order to achieve efficient and effective selection of customs goods and persons participating in customs procedures, and pose higher risk and allocation of available customs resources. By undertaking appropriate measures and activities for removing the identified risk situations, free flow of customs goods and persons participating in the customs procedures with no risk is ensured with minimal necessary detention.
- **Procedure for verification of proofs of origin**, regulating the manner of initiation, course and completion of the procedure for verification of proofs of origin, issued in accordance with the agreements concluded by the Republic of Macedonia with certain countries or groups of countries envisaging preferential tariff treatment. The procedure lays down the manner of acting in the examination of proofs of origin issued by foreign customs authorities and presented at the time of import into the Republic of Macedonia or issued by the organizational units of the Customs Administration
- **Procedure for additional verification of documents determining the customs value**, regulating the manner of initiation, course and completion of the procedure for additional verification of documents relevant for determining the customs value of the goods. The procedure describes the manner of acting upon further verification of foreign invoices and other foreign documentation on the basis of which the customs value of imported goods in the Republic of Macedonia is determined or invoices and other documents issued by companies from the Republic of Macedonia when exporting products abroad.

In the reporting period, the **Control and Security Committee** held 7 sessions at which the members discussed and adopted the Quarterly Report for the period 1 October - 31 December 2016 and Annual Report for the Committee's activities in 2016 and the Plan for activities of the Committee for 2017.

At the meetings, the members discussed the state-of-affairs at the Customs Offices within the Regional Customs House Skopje and analyzed the detection activities and the cooperation with the border authorities and inspectorates.

The Committee promoted the system for gathering information and considered the findings and requests for intelligence information from border and inland customs offices.

The Control and Safety Committee of the Customs Administration recommended that the organizational units of the Customs Administration should consistently observe the procedure for verification of the proofs of origin in the customs procedures.

VI.2. Risk management

Risk management is a principal tool for conducting customs control and its objective is to define precise risk profiles and select targets, without delay and unnecessary charges for the legal trade, considering that this area has been subject to permanent improvement by the Customs Administration.

In the area of risk management, activities continued for risk identification and profiling and the manner of conducting customs surveillance in accordance with the specifics of post, express delivery parcels and cargo clearance for each customs office separately, passengers and personal luggage for each border crossing point separately (road, air and railway traffic), simplified customs procedures and customs warehouses.

The Risk Management Committee prepared a Report on the realization of the Project “Improvement of the system for selective controls based on risk analysis” of the Government of the Republic of Macedonia, concluding that in 2016 the participation on the red channel has been reduced to 8.5% (from 25% at the beginning of the Project), the processing time (duration of the customs procedures) has been reduced for 30-40% and the number of detected irregularities and subsequent collection of duties has also increased, despite the fact that the number of physical and documentary controls has dropped down.

The Customs Administration, through its own representative participated at the meetings of the National Committee for Civil Aviation Security in order to establish the APIS¹¹ system, in accordance with the UN Resolution no. 2178/2014, which requires airlines to submit passenger data to the authorities at airports. A working group for implementation of the system with representatives from relevant institutions was formed.

¹¹ Advanced Passenger Information System

VI.3. Customs and other control

VI.3.1. Entry, exit, transit and inland customs control

Customs control refers to control of the legality at entry, exit and transit of goods and passengers on the customs territory of the Republic of Macedonia and the declaration of the type and quantity of goods for clearance.

By applying risk analysis, in the first half of 2017, in joint operations with other national law-enforcement agencies, as well as on grounds of direct assessment of the customs officers, the physical customs control resulted in 176 successful actions, with 203 applied criteria. Different equipment donated by the EU and the EXBS¹² Programme of the U.S. Embassy in Skopje was used in these actions.

For comparison, within the period January – June 2016, the customs control resulted in 322 successful actions, with 376 applied criteria.

RESULTS FROM CUSTOMS PHYSICAL CONTROL													
Type of finding	Unit meas.	2016						2017					
		Q1		Q2		Total (Jan.-June)		Q1		Q2		Total (Jan.-June)	
		criterion	quantity	criterion	quantity	criterion	quantity	criterion	quantity	criterion	quantity	criterion	quantity
Prevention of illegal trade in narcotics, psychotropic substances and precursors	Kg	10	4.65	8	28.06	18	32.71	12	112.91	3	154.74	15	267.65
	Litres				0.01	0	0.01				0.00	0	0.00
Prevention of illegal trade in weapons and explosives	Piece	5	529	3	125,182	8	125,711	2	214	0	0	2	214
Protection of cultural heritage	Piece				0	0	0					0	0
Prevention of illegal trade in live animals	Piece			1	1	1	1	1	1	0	0	1	1
Prevention of illegal migration	Persons	17	221	6	143	23	364	4	30	1	6	5	36
Prevention of illegal transfer of money and securities (thousand euros)	EUR	21	136	17	785	38	921	24	305	12	85	36	390
	counterfeit				0	0	1	28				1	28
Prevention of illegal trade in pharmaceuticals and medical aids	Piece	4	4,850	4	4120	8	8,970	1	15301	5	21894	6	37,195
	Kg				0	0						0	0
Prevention of illegal trade in foodstuffs	Kg	8	872	11	186	19	1,058	10	9,344	5	51	15	9,395
	Litres		446		149	0	595		289		35	0	324
	Piece		40		876	0	916					0	0
Prevention of illegal trade in cigarettes and other tobacco products (thousand pieces)	Piece	21	87	16	122	37	209	9	78	6	43	15	121
	Kg		1864		34	0	1,898				514	0	514
Prevention of prohibited use of extra light fuel	Piece				0	0						0	0
	Piece	24	9,159	25	7121	49	16,280	7	581	6	922	13	1,503
	Kg		1492		139	0	1,631				0	0	0
	Rolls		152			0	152					0	0
Prevention of illegal trade in clothing, fashion accessories, textile articles and raw materials	Metres		2,148			0	2,148					0	0
	Piece	6	489	6	562	12	1,051			4	70	4	70
	Kg		39			0	39.00					0	0.00
Prevention of illegal trade in cosmetics, perfumes, hygiene products etc.	Piece	3	316	4	1462	7	1,778			3	3089	3	3,089
	Litres				0	0						0	0
Prevention of illegal trade in cosmetics, perfumes, hygiene products etc	Piece	81	28,353	74	39336	155	67,689	59	3,855	28	9241	87	13,096
	Metres		14			0	14					0	0
	Kg		215			0	215		4			0	4
	Litres					0	0		40			0	40
Total criteria		200		175		375		130		73		203	

¹² The Export Control and Related Border Security (EXBS) Program

Prevention of illicit traffic of narcotics, psychotropic substances and precursors

In the first half of 2017, 15 attempts of trafficking narcotics in total quantity of about 268 kilograms of narcotics (marijuana, ecstasy, hashish, LSD, marijuana seeds and heroin) were prevented.

66.49 kg marijuana, seized at BCP Blace, entrance section.



6.9 kg of heroin seized at BCP Bogrodica, entrance section.



0.99 kg of heroin seized at BCP Bogrodice, entrance section.



Prevention of illicit traffic in cigarettes and other tobacco products

In 15 actions in the period January – June 2017, Customs prevented smuggling of about 121 thousand pieces of cigarettes and 514 kg of tobacco. In these actions, customs officers used equipment donated under the EXBS Program of the US Embassy.



11,000 undeclared cigarettes detected at the Skopje Alexander the Great Airport, exit section



16,980 undeclared cigarettes, detected at the Skopje Alexander the Great Airport, exit section.



10,560 undeclared cigarettes, detected at the Skopje Alexander the Great Airport, exit section.

Prevention of illegal trade in foodstuff

15 attempts for smuggling of 324 litres, 586 pieces and 9,395 kg of different types of food products were prevented in the period January – June 2016.



110 litres of home-made brandy detected on the Negotino-Veles motorway.



4,492 kg tomatoes and 4,397 kg cucumbers found at the customs office Gevgelija .

Prevention of illicit transfer of cash and securities

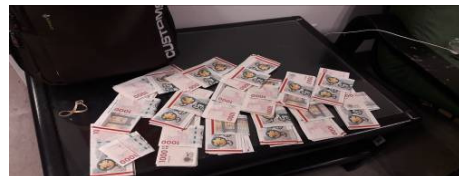
In 36 attempts detected in the first half of 2017, illicit transfer of cash in amount of 390 thousand Euros was prevented



105 thousand Euros found and seized at the Skopje Alexander the Great Airport on a passenger that was to leave the country.



8,000 Swiss Franks found on a passenger entering the country at the Skopje Alexander the Great Airport.



155,000 Danish Krone found on a passenger leaving the country at the Skopje Alexander the Great Airport.

Prevention of illegal trade in pharmaceuticals and medical aids

In the first half of 2017, 6 attempts for smuggling 37 thousand pieces of pharmaceuticals were prevented.

2,184 pieces of different pharmaceuticals found and seized at the BCP Bogorodica, entrance section



19,245 pieces of different pharmaceuticals found and seized at the BCP Blace during search of a bus.



Prevention of illegal trade in other type of goods

In the period January – June 2017, Customs prevented 87 attempts for smuggling of 13,096 pieces, 25 tons and 182 litres of different goods.

2 mobile phones detected and seized at the Skopje Alexander the Great Airport on a passenger entering the country.



100 pieces of dioptr glasses detected and seized at the Skopje Alexander the Great Airport on a passenger entering the country.



Control of excise goods in internal trade

In the period January - June 2017, the Customs Administration acting in accordance with its powers defined by the Law on Excise, together with the Public Revenue Office acting in conformity with the Law on registration of cash payments, carried out control of the marking and use of excise stamps in retail trade shops, restaurants and bars selling excise goods. Controls were conducted in several bars, restaurants, markets, green markets and shops in several towns in the country and resulted in detection of 16.5 litres of alcohol without excise stamps, goods for which excise duties were not paid and not supported by documents about the origin of the goods and health certificates.

Control of stirring foreign vehicles and public transport vehicles

Due to disregard of regulations on stirring foreign vehicles in the Republic of Macedonia, in the first half of 2017, the Customs Administration seized **43 passenger motor vehicles**.

For comparison, in the first half of 2016, the Customs Administration seized 61 motor vehicles.

Independently, or in cooperation with the State Transport Inspectorate, in the first half of 2017, the Customs Administration conducted several controls but no violations of regulations were detected and no fines or warnings were imposed by the State

Transport Inspectorate. No misdemeanor proceedings were initiated and no decisions for prohibition of entry/exit from the Republic of Macedonia were passed.

In the period January – June 2016, 8 cases of disregard of regulations on international transport of passengers.

VI.3.2. Customs clearance control

Customs clearance control covers control of the appropriateness of customs and other documents and goods for customs processing, in accordance with the law. This control is performed upon import, export, transit and temporary admission of goods by legal entities and their managers, but also refers to individuals, regardless of whether they are residents or non-residents.

DOCUMENTARY CUSTOMS CONTROL RESULTS								
Type of document		Invoices (undervaluated)	Certificates of preferential origin	Incorrect tariff classification	Other documents necessary for calculation of import duties	Other types of invalid documents	Total	
2016	Q1	Invalid	3,790	104	145	31	1	4,071
		Falsified	0	0	3	0	0	3
		Other	4,281	22	50	0	0	4,353
		Total	8,071	126	198	31	1	8,427
	Q2	Invalid	5,286	126	139	39	0	5,590
		Falsified	2	1	0	1	0	4
		Other	5,300	23	39	1	1	5,364
		Total	10,588	150	178	41	1	10,958
	Total (Jan.- June)	Invalid	9,076	230	284	70	1	9,661
		Falsified	2	1	3	1	0	7
		Other	9,581	45	89	1	1	9,717
		Total	18,659	276	376	72	2	19,385
2017	Q1	Invalid	3,591	118	133	25	1	3,868
		Falsified	0	0	0	1	1	2
		Other	3,381	15	53	0	1	3,450
		Total	6,972	133	186	26	3	7,320
	Q2	Invalid	3,678	101	89	35	0	3,903
		Falsified	1	1	1	0	0	3
		Other	3,552	35	40	0	0	3,627
		Total	7,231	137	130	35	0	7,533
	Total (Jan.- June)	Invalid	7,269	219	222	60	1	7,771
		Falsified	1	1	1	1	1	5
		Other	6,933	50	93	0	1	7,077
		Total	14,203	270	316	61	3	14,853

Based on direct customs control during clearance of goods, in the period January – June 2017, in 14,853 cases Customs found inadequate documents for clearance and compliance with the trade policy measures. Of these, 14,203 cases involve invalid, falsified and other improper documents presented in order to wrongly present lower customs value for the calculation of import duties, 270 cases of invalid certificates of preferential origin of goods submitted with the purpose of import duties evasion, 316 cases of wrong tariff classification in order to pay lower import duties and 61 cases of presentation of other improper documents to evade payment of import duties or trade policy measures.

By presenting invalid and falsified customs and other documents, the importers attempted to evade payment of import duties in amount of about 493 million Denars.

For comparison, in the same period in 2016, in 19,385 cases, Customs found inadequate documents for clearance and compliance with the trade policy measures with which the importers attempted to evade import duties in amount of about 517 million Denars

The largest number of the presented invalid and falsified documents used for determining customs value concern import of second-hand passenger vehicles, used goods, scrap metal, advertising material, footwear, furniture parts, synthetic fabric, pharmaceuticals, dental instruments, lenses, dresses, fruit, vegetables, food products, textile articles, postal parcels through DHL and TNT etc.

The detected cases of classification of goods in inadequate tariff codes primarily refers to goods from Chapter 48, 55, 84, 85 etc.

VI.3.3. Declared foreign currencies

Equivalent amount of 3,553,392 Euros (all at entry into the country) were declared in the first half of 2017 at the border crossing points of the Republic of Macedonia.

The declared amounts include 2,507,080 Euros, 720,780 Swiss Francs, 266,000 Australian Dollars, 180,000 U.S. Dollars, 33,000 British Pounds and 979,200 Macedonian Denars.

Greatest amount was declared at the Customs Office Airport Skopje (equivalent amount of 1,608,391 Euros or 45.26%), followed by Customs Office Blace (equivalent amount of 1,051,084 Euros or 29.58%), and the Customs Office Bogorodica (equivalent amount of 324,307 Euros or 9.13%)

In the first half of 2016, equivalent amount of 5.3 million Euros were declared at the border crossings of the Republic of Macedonia (all at entry into the country).

The amount of foreign cash, declared in the first half of 2017 is for 32.79% less than the amount declared in the first half of 2016.

VI.3.4. Custom laboratory

In the period January – June 2017, the Customs Laboratory **received 172 samples**. The majority of the samples included oil products and oil derivatives, foodstuff, animal feed, chemical fertilizers and other products of the chemical industry, metallurgy and technical goods.



Of the total of 172 samples received in the first half of 2017 and of the samples received in the previous months (finished until the end of June 2017), in **48 cases** the laboratory analysis proved that the goods were wrongly classified in **inadequate tariff codes**. In 4 cases, the tariff code was changed on the basis of the laboratory analysis and in 44 cases on the basis of the technical documentation, of which in 1 case it was established that the trade policy measures were disrespected.

The purpose of incorrect tariff classification is to benefit from a lower or 0% customs rate or VAT rate, which resulted in imposed **subsequent collection of about 1.53 million denars** of public revenues.

In the same period in 2016, the Customs Laboratory analysed 255 samples. In 61 cases the laboratory analysis proved that the goods were wrongly classified in inadequate tariff codes, which resulted in imposed subsequent collection of about 6.93 million denars public revenues.

VI.3.5. Post-clearance control

Post-clearance control covers control of companies after they have cleared goods, as well as surveillance of holders of authorizations for customs procedures with economic impact, authorizations for simplified customs procedures, excise licenses etc.

In the period January – June 2017, during 68 controls of the data on import, simplified procedures, authorized exporter and customs warehousing, the Department for Trade Companies Control detected 20 cases of attempts to evade import duties in amount of 9.35 million Denars and 12 cases of failure to observe the obligations stemming from the granted authorization for inward processing, customs warehousing and authorized exporter.

The attempts for import duties evasion refer to wrong tariff classification, non-declaration of transport and other costs and calculated VAT with lower rate than the legally prescribed.

During 18 controls of users of LPG as engine power, 4 cases were detected of requests for excise duty refund in amounts larger than the legally prescribed.

During 7 controls of registered traders with mineral oils that contain marking substances, 4 cases of failures to observe the obligations laid down with the Law on Excises and the Law on Energy. During 18 controls of holders of excise licenses, 5 cases of lower amounts of 133,674 Denars of excise duty paid was established and 1 case of failure to observe the obligations of the excise license or authorization. Misdemeanor proceedings are underway for the detected irregularities.

In the period January-June 2016, out of conducted 230 post-clearance controls, the Department for Trade Companies Control and the USHA¹³ detected 25 cases of customs duties and excise evasion in amount of 8.09 million denars.

TRADE COMPANY CONTROL RESULTS 2016-2017						
Type of control	2016			2017		
	Q1	Q2	Total (Jan.-June)	Q1	Q2	Total (Jan.-June)
Control of trade companies	18	25	43	20	17	37
Control of excise permit holders	30	13	43	23	19	42
Control of holders of authorisations for inward processing	51	18	69	11	17	28
Control of holders of authorisations for customs warehousing and premises of temporary storage	46	2	48	3	1	4
Control of holders of other authorisations for procedures with economic impact	1	0	1	0	0	0
Control of holders of authorisations for simplified customs procedures	336	168	504	269	245	514
Control of holders of customs representation authorisations	0	98	98	0	0	0
Control of holders of other authorisation	7	3	10	0	4	4
Total	489	327	816	326	303	629

VI.3.6. Legal measures taken regarding the detected irregularities

In addition to direct recovery of large amounts of import duties, on grounds of Reports and revocation of customs and excise authorizations due to the established irregularities, the Customs Administration issues administrative decisions for subsequent collection of import and excise duties and files misdemeanor and criminal charges.

¹³ Unit for Surveillance of Holders of Authorisations

VI.3.7. Decisions for subsequent collection of import and excise duties

In the first half of 2017, the Customs Administration passed 644 decisions for **subsequent collection of import duties and VAT**, in a total amount of 131.35 million Denars, including:

- 245 Decisions for subsequent collection of a total of 8.89 million Denars, due to wrongful classification of goods in tariff codes with lower (or zero) rates of import duties;
- 67 Decisions for subsequent collection of a total of 3.97 million Denars, on the basis of established undervaluation as basis for assessment of lower amount of import duties, concluded during the subsequent verification of invoices and other documents concerning customs value that was made with assistance of the Customs Services in the countries of the exporters;
- 131 Decisions for subsequent collection in a total amount of 4.8 million Denars, passed on grounds of detected presentation of invalid proofs of preferential origin of goods, confirmed by the Customs Service of the country of the exporter;
- 198 Decisions for subsequent collection in a total amount of 4.8 million Denars, passed on other grounds and
- 3 Decisions for subsequent collection in a total amount of 0.01 million Denars on grounds of failure to observe excise related regulation..

For comparison, in the same period in 2016, the Customs Administration passed 477 decisions for subsequent collection of import duties and VAT, in a total amount of 43.10 million Denars.

VI.3.8. Criminal charges

In the period January – June 2017, the Customs Administration brought **criminal charges in 40 cases** against **46 natural** and **17 legal entities**, while in the same period in 2016 there were 43 cases of criminal charges brought against 51 natural and 18 legal entities.

CRIMINAL CHARGES																		
Grounds	2016									2017								
	Q1			Q2			Total (Jan.-June)			Q1			Q2			Total (Jan.-June)		
	Individuals	Legal entities	Total cases	Individuals	Legal entities	Total cases	Individuals	Legal entities	Total cases	Individuals	Legal entities	Total cases	Individuals	Legal entities	Total cases	Individuals	Legal entities	Total cases
Tax evasion	4	2	2				4	2	2						0	0	0	
Intellectual Property Rights Protection	8	5	6	2	2	2	10	7	8	7	7	7	1	1	1	8	8	8
Falsifying documents							0	0	0						0	0	0	
Illegal exportation of archeological material, cultural heritage							0	0	0						0	0	0	
Violation of industrial property	1	1	1	2		2	3	1	3	2		2	3		2	5	0	4
Smuggling	3		3	4		4	7	0	7	11		9	4		4	15	0	13
Unauthorised manufacture and trade in narcotics	6		6	1		1	7	0	7	1		1			1	0	1	
Unauthorised manufacture and trade in weapons and explosives	3		3				3	0	3	2	1	1	1		1	3	1	2
Trade in excise goods without excise stamps	1		1				1	0	1						0	0	0	
Removal of stamp or sign affixed by an authorised person				7	2	6	7	2	6	6	4	4	4	1	4	10	5	8
Falsifying and use of document and removal or damage of a customs sign	4	2	2				4	2	2						0	0	0	
Falsifying marking signs							0	0	0	1		1			1	0	1	
Customs fraud				5	4	4	5	4	4	2	2	2	1	1	1	3	3	3
Total	30	10	24	21	8	19	51	18	43	32	14	27	14	3	13	46	17	40

VI.3.9. Customs, cash and excise offences

In the period January – June 2017, there were 220 cases of **misdemeanor charges** brought of which 175 for customs offences, 36 for foreign currency related offences and 9 for excise related offences, involving 207 natural persons and 13 legal entities.

In the same period in 2016, there were 328 cases of misdemeanor charges brought of which 253 for customs offences, 44 for foreign currency related offences and 31 for excise related offences, involving 286 natural persons and 42 legal entities.

In the first half of 2017, **227 misdemeanor cases** were solved and the perpetrators were **fined with an amount of about 13.09 million Denars**.

In the same period in 2016, 395 offence cases were solved and the perpetrators were fined with an amount of about 40.49 million Denars.

In the period January – June 2017, 1,196 **on-the-spot-fines** were imposed to 708 individuals and 488 legal entities, in amount of about 12.05 million Dinars.

In the same period in 2016, 1,012 on-the-spot fines were imposed, against 669 natural persons and 343 legal entities, and the perpetrators were fined with an amount of about 10.01 million Denars.

VI.4. Participation in international activities

In the reporting period, the Customs Administration participated in:

- **International Project „Smart Cat 2“**, organized by the World Customs Organization, coordinated by the RILO AP¹⁴ and the RILO ECE¹⁵. The project is focused on combating NPS¹⁶ smuggling. Participants in the project were the RILO AP and RILO ECE Member States, while Member States to RILO of other regions of the world and other international organizations were also invited.
- International operation **"OA 2.1 Western Balkans Joint Action Days"**, organized by Europol¹⁷, and focused on the fight against illegal trade in arms. 5 Western Balkan countries, 10 countries of the European Union, Europol and Frontex participated in the operation, with the support of Interpol¹⁸, EFE and US ATF¹⁹.
- Kick-off **Meeting for measurement and assessment of organized crime in the Western Balkans** held in the premises of the State Statistical Office in the framework of the UNODC²⁰.
- International operation **"Thunderbird"**, organized by Interpol in cooperation with the WCO, WCWG²¹, WEN²² and other law enforcement institutions and supported by ICCWC²³, focused on preventing illegal trade in wild animals and related crime management, with activities such as NCP²⁴ both within the operative as well as the postoperative stages of the operation. Members of Interpol and WCO participated in the operation.
- International operation **"Trigger II"** organized by the Interpol, focused on the illegal trade in weapons and drugs, involving the countries of South, Southeast and Eastern Europe.
- **Seventh Meeting of the Working Group on the Prevention of Environmental Crimes**, organized by the SELEC²⁵Center, held in the period from 4 to 6 May 2017 in Bucharest, Romania.
- International operation **"Spare Parts 2017"**, organized by the SELEC Center with the support of Interpol, focused on combating crime with vehicles and illegal

¹⁴ Regional Intelligence Liaison Office for Asia and the Pacific

¹⁵ Regional Intelligence Liaison Office for Eastern and Central Europe

¹⁶ New Psychoactive Substances

¹⁷ The European Union Agency for Law Enforcement Cooperation

¹⁸ The International Police Organization

¹⁹ The Bureau of Alcohol, Tobacco, Firearms and Explosives of the USA

²⁰ United Nations Office on Drugs and Crime

²¹ Wildlife Crime Working Group (INTERPOL)

²² Wildlife Enforcement Network

²³ International Consortium on Combating Wildlife Crime

²⁴ National Contact Points

²⁵ Selec - Southeast European Law Enforcement Center (Центар за спроведување на закон во Југоисточна Европа)

international trafficking of stolen vehicles and parts of stolen vehicles. Participants in the operation are SELEC members.

- First workshop related to the implementation of the "TECUM²⁶" project, organized by the General Command of the Italian Gendarmerie²⁷, held in Rome within 16 - 20 June 2017, with delegations from Austria, Albania, Belgium, Bulgaria, Croatia, Cyprus, France, Germany, Iceland, Italy, Kosovo, Macedonia, Malta, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, the Netherlands and Hungary,
- Second meeting of the South Border Initiative, organized by the EXBS Program of the US Embassy in Skopje, attended by representatives from Albania, Montenegro and Kosovo, held in Skopje
- Seventh (last) Steering Committee Meeting of the Twinning Project "Developing an Advanced System for Collecting and Analyzing Intelligence Information in the Fight Against Organized Crime" in Skopje - under IPA 2011 - with a twinning partner Federal Criminal Service of Austria, in cooperation with the Ministry of Interior .
- International operation "**30 Days of Action**", organized by the Interpol, focused on the illegal cross-border movement of hazardous waste, illegal disposal of hazardous waste and chemicals, illegal activities of landfills, illegal recycling operations and illegal trade with substances that damage the ozone. The operation was attended by Interpol member countries.

In the first half of 2017, the Customs Administration inserted 37 seizures in the CEN²⁸ database of seizures and 36 pieces of information on seizures of goods were submitted to the SELEC Center, 7 pieces of information on seizures of drugs to the ZKA²⁹ Balkan Info.

For comparison, in the same period in 2016, the Customs Administration inserted 46 seizures in the CEN database of seizures, 43 pieces of information on seizures of goods were submitted to the SELEC Center and 3 pieces of information on seizures of drugs to the ZKA Balkan Info.

VI.5. Protection of Intellectual Property Rights

In the period January – June 2017, in 16 cases, the customs officers seized 478,056 pieces of goods, suspected of violating intellectual property rights.

²⁶ TECUM - Tackling Environmental Crime through Standardized Methodologies

²⁷ Comando Generale dell'Arma dei Carabinieri

²⁸ CEN – Customs Enforcement Network

²⁹ ZKA – Zollkriminalamt

The impounded goods in this period are shown in the table below:

SEIZED PRODUCTS SUSPECTED OF INFRINGING INTELLECTUAL PROPERTY RIGHTS								
No.	Type of product	Unit of measurement	2016			2017		
			Q1	Q2	Total (Jan.-June)	Q1	Q2	Total (Jan.-June)
1	Clothing, accessories and other related products and raw materials	Piece	2,879	2,409	5,288	117		117
2	Footwear and accessories	Pair	10,973	40	11,013	2,304	183	2,487
3	Perfumes, deodorants, cosmetics etc.	Piece	221,405	49,840	271,245	167,616	6,942	174,558
		Kg	0	0	0	0		0
4	Telephones, IT, audio, video, parts and equipment etc.	Piece	668	1,575	2,243	62	3	65
5	Auto spare parts and equipment	Piece	132	1	133	0	4,916	4,916
6	Medicines	Piece	0	0	0	0		0
7	Other goods	Piece	103,956	6,528	110,484	295,247	666	295,913
Total		Piece	340,013	60,393	400,406	465,346	12,710	478,056
		Kg	0	0	0	0	0	0

The Customs Administration, in cooperation with the representatives of holders of rights of trademarks, pursuant Article 30 of the Law on Customs Measures for protection of intellectual property rights, determined new amounts for donation of confiscated goods from the warehouses of the Customs Administration: 920 blouses, 460 shirts, 100 pairs of jeans and 240 pairs of shoes. After completing all procedures for the removal of the marks, the goods will be handed over to the Ministry of Labor and Social Policy after the Government passes a Decision for donation.

In the period January-June 2017, based on the confirmation that the goods in question violate intellectual property rights, 196.307 pieces of counterfeit products including: 156,000 sweets, 17,055 pairs of socks, 11,886 stickers, 7,328 pieces of foodstuff (tulumba, baklava and cookies), 3,510 pairs of shoes, 525 blouses and 3 diagnostic devices for motor vehicles were destroyed under customs supervision.

In the first half of 2017, the number of registered customs officers - users of the IPM (Interfaced Public Member) platform of the WCO was 544 with realized 48 accesses to the application. The application is a tool for efficient recognition of the authenticity of the products, and effective detection and proving of the counterfeit nature of products.

VII. TRANSPARENCY AND COOPERATION IN CUSTOMS MATTERS

VII.1. Public relations

Transparency of an institution is the key element in establishing good relations with all target groups and building favourable publicity, positive institutional image and prevention or resolving unwanted situations. In the reporting period, the concrete activities in this area included a publication of 66 notifications on the actions of the Customs Administration, the introduced novelties and detected irregularities related to undeclared and counterfeit goods and customs frauds.

VII.1.1. Events

Marked 26th January - International Customs Day

The Customs Administration of the Republic of Macedonia marked 26th January - the International Customs Day, this year devoted to the 'Data Analysis for Effective Border Management' theme



Given that timely collection of quality data and its quality analysis are an important prerequisite for successful planning of revenue collection and operations, establishing priorities, decision making and performance measurement, the Director General of the Customs Administration, Radeska Krstevska presented Certificates of Merit from the Secretary General Mr. Kunio Mikuriya to twelve customs officers who gave significant contribution in this area. The Certificates of Merit were awarded to the customs officers for their contribution in: successful design of the System for Exchange of Data (SEED) between the SEED participating country, their analysis and statistics, data analysis for identification of risk points that resulted in success action for prevention of drugs and tobacco trafficking and the successful realization of the WCO Time Release Study, which the Republic of Macedonia, in cooperation with the WCO conducted as first country in the region.

Training on Strengthening the Enforcement of Intellectual Property Rights

Under the EU Twinning Project on Strengthening the Enforcement of Intellectual Property Rights, the Customs Administration of the Republic of Macedonia organized two training courses on this subject.



The first course on “**Cooperation and networking for efficient fight related to intellectual property offences and similar crimes**” was held on 7 and 8 February 2017 at the Customs Administration in Skopje.

Participants from different institutions exchanged experiences in law enforcement, their tasks and competences concerning this topic. The training provided grounds for operational cooperation and common approach to the problem of the institutions. The training course was opened by Mr. Gjorgji Naumovski, Director of Excise Sector of the Customs Administration and Mr. Peter Sannes and Winfred Kooij, European Union experts in this field.

The second training course „**Internet monitoring**“ was held on 9th February at the Customs Administration in Skopje. The objective of this course is to expand the knowledge of the employees in law enforcement procedures related to internet trade. Representatives of the Ministry of Interior, the Macedonian Agency for Medicines and Medical Devices, the State Market Inspectorate, the State Office of Industrial Property the Coordinative Body on Intellectual Property Rights and the Customs Administration. This way, the Customs Administration contributes to enhancement of the cooperation between the institutions and building professional and expert staff to manage the challenges in the fight against intellectual property rights violations.

Selection of Most Successful Customs Officers and Offices

Pursuant the Law on Customs Administration and the Guidelines on performance measurement of border and inland customs offices, every six months the Director General of the Customs Administration passes a Decision on selection of most successful customs officers, inland and border customs office.

Zoran Dojranliev of the Customs Office Gevgelija and **Igor Kostovski** of the Customs Office Tabanovce Motorway – section passenger traffic have been selected as most successful customs officers for the period July-December 2016. The selection was made on grounds of the following criteria: achievement of work plans, volume of work and achieved exceptional results at work.

The Customs Office Tabanovce-Motorway – passenger traffic section comes first – ranked in the selection of Best border customs office, while the Customs Office Dojran

came second and the Customs Office Bogorodica – passenger traffic is third. The criteria for selection of best border customs office are: number of processed customs declarations, detected offences and crimes, foiled cases of trafficking narcotics and psychotropic substances, precursors, dangerous substances, and cash.

The Customs Office Gevgelija took the first position in the selection of Best inland customs office in the second half of 2016, while the Customs Office Skopje 2 and the Customs Office Kumanovo came second and third. The criteria for selection are: number of processed customs declarations, amount of revenues collected (customs duties, VAT, excises and fees), irregularities selected during control activities, detected customs and criminal offences related to oil derivatives, narcotics and psychotropic substances and hazardous substances.

Training: Prevention and Detection of Cross-border Trafficking of CBRN Substances and Dual-use Goods

Under the Project for Control of Strategic Goods implemented by the World Customs Organisation (WCO), a national training course “Strengthening the Strategic Trade Control Enforcement Capacities for prevention and detection of cross-border trafficking of CBRN substances and dual-use goods” was organized in cooperation with the Customs Administration of the Republic of Macedonia.



The training is conducted by experts from the ECO is held within 4th – 7th April 2017 at the Customs Administration in Skopje. Its objective is strengthening the national strategic trade control enforcement capacities. The training consisted of two parts. The first part is intended for discussions and interviews with participants from the Customs Administration and participants from external institutions involved in the training. The second part consists of training focused on control enforcement, risk assessment, profiling, targeting, review or operational activities. Representatives from the Ministry of Economy, Ministry of Interior, Ministry of Defense and the Customs Administration are attending the training.

Celebration of 14th April –Day of the Customs Administration Day

The Customs Administration of the Republic of Macedonia celebrates 25 years as an independent state authority. On this occasion, today (12/04/2017) a traditional ceremony took place at the amphitheater of the Customs Administration which was attended by high state officials, the ministries, the diplomatic corps, representatives of science and the business community, the board of directors of the Customs Administration, other partners and friends of Customs.



The Minister of Finance of the Republic of Macedonia Mr. Kiril Minoski opened the ceremony and congratulated the jubilee to the customs officers. In his address speech, he noted that despite the changes and challenges taking place in society and the economy over the years, the Customs Administration has managed to develop in a modern and efficient institution.

Customs Director General, Ms. Natasha Radeska-Krstevka referred to the successful work of the Customs Administration in 2016 in her address, noting that the results are visible and measurable. She emphasised the most prominent successes from 2016 – the maintained 27th position of the Republic of Macedonia in the latest World Bank Doing Business Report at the indicator “Trading across borders” among 190 countries of the world.



In 2016 remarkable success was achieved in collection of duties that are in the competence of the Customs Administration - in 2016 Customs collected 72.9 billion, which is 8.5% more than the revenues collected in 2015 and for 5.5% more than the revenues planned to be collected for 2016. She also referred to the successfully completed two twinning projects: " Harmonization of the legislation and procedures with the Acquis and EU best practices related to excise"(IPA 2010) and " Finalization of the preparation for the accession to the Convention on a Common Transit Procedure and to the Convention for Simplification of Formalities in Trade in Goods "(IPA 2010). During the ceremony, there was a presentation about the advancement of the system for selective controls, which resulted in reduction of the number of physical and documentary checks, while the percentage of shipments processed through the green channel (free passage of goods) doubled from 35% to 75%. At the same time, the number of detected irregularities and additional collection of customs and other duties increased. Traditionally, on this day, Customs expressed its gratitude to institutions and individuals whose work contributed to the successes of the Customs Administration and supported reforms in customs matters. On behalf of the Customs

Administration, the Director General Radeska Krstevka awarded 2 Plaques and 10 certificates of Merit. As part of this year's Customs Day, a blood donation campaign was successfully organised in which over 150 customs officers showed their humanity.

Public Campaign “Stop Counterfeits”

On 24th April 2017, a campaign to raise the public awareness about the harmful effects of counterfeit products was launched at the Ramstore Mall in Skopje. The Customs Administration of the Republic of Macedonia actively participates in the campaign, organised under the twinning project "Strengthening of Intellectual Property" which is implemented by the Danish Patent and Trademark Office. One of the main priorities of the Customs Administration is to improve its institutional and administrative capacities for efficient and effective fight against counterfeiting and piracy. This is done through introduction of stricter customs controls measures for detection and prevention of import, transit and export of goods violating intellectual property, as well as by strengthening the cooperation with holders of IPR rights and their representatives in the country on one hand and with all competent institutions in the country and abroad, on the other. This campaign was focused on protecting consumers from buying counterfeit products. The counterfeit products are a huge risk to human health, and the world global has seen huge losses due to activities related to production and releasing counterfeit products into circulation. Experts from the EU, associates of the Twinning project, representatives from the National Institute of Industrial Property and other relevant institutions attended the event. Banners and a stand were placed at the main entrance of Ramstore Mall where customs officers present samples of counterfeit products and give brochures to citizens. The visitors showed great interest to familiarize themselves with the problem concerning the presence of counterfeit products on the market.

VII.2. Customs Cooperation

VII.2.1. International Cooperation

WCO European Region Heads of Customs Meeting

Within 19th - 21st April 2017, Macedonian Customs Director General attended the WCO European Region Heads of Customs Meeting that took in Vienna, Austria.



At the meeting the delegates expressed interest in taking further actions to facilitate transport for the benefit of the economy in the region of Europe, where Customs plays an important role. The five priorities of the World Customs Organization for this year: trade facilitation, security, e-commerce, cooperation between Customs and Tax authorities and cooperation between Customs and Police were particularly highlighted at the meeting.

The main topic of discussion was the existing systems and the advantages that would come from the introduction of compatible transit system. The idea of providing an interface that would allow participation in the electronic transit system for all countries of Europe was presented. Experience from the application of different transit modes and their operation nationwide, and their benefits were also discussed in detail, particularly from the aspect of facilitation in terms of risk management.

The delegates took into account the preliminary requirements to be met for starting a project for development of a compatible system, such as the legal framework that needs to be provided in order to be able to start such a project, the necessary technical conditions and the financing of the project. Conclusion of this meeting was to establish a working group with transit experts whose task would be to analyze the national transit systems and suggest the possibility of introducing such a compatible transit system.

On the sidelines of the meeting, the Director General of the Customs Administration had bilateral meetings with Directors of several Customs Administrations of the European region, in order to exchange views on the current challenges in the region and the possibilities for bilateral activities.

Seminar on Strengthening the Cooperation between Customs and Tax authorities

The Director General of the Customs Administration participated at the high level Seminar on “Strengthening of the Cooperation between Customs and Tax Authorities”, held within 27th – 28th April 2017 in Malta.

What is common for Customs and Tax authorities is the fact that they are responsible for control and collection of taxes and duties and fraud prevention.



The Participants at the seminar discussed the current level of cooperation between the two services, as well as how the cooperation can be improved and strengthened, and the goals to be achieved and what concrete steps should be taken to achieve them.

VII.2.2. Cooperation with the Business Community

In the period January-June 2017, representatives from the Customs Administration, together with representatives of the business community attended a **Workshop on preferential rules of origin** in order to enhance the cooperation between Customs and the private sector, through open and constructive dialogue on specific issues the private sector faces in the process of getting information on the manner of application of diagonal and full cumulation and preferential trade.

In the first half of this year, the Customs Administration actively worked on the implementation of measures and projects in order to further advance from the current 26th place of the Republic of Macedonia at the indicator "**Cross-border Trade**" in the "**Doing Business**" Report of the World Bank for the following year, in line with the obligations from the Government of the Republic of Macedonia.³⁰

³⁰ At its 94th session (February 15, 2017), the Government reviewed the Information on Measures to improve the business climate in line with the recommendations of the Doing Business 2017 Report. The Customs Administration, responsible for the "Cross-border Trade" indicator, was obliged to implement the following projects by the end of 2017: introduction of a new CDEPS; upgrading the facilities for customs clearance and control at the border crossings Tabanovce Motorway and Kafasan; equipping the customs control laboratory for fuel control and its accreditation; introduction of the ISO 27001 Information Security Management System Standard; strengthening the operational and institutional capacities of the management; providing greater web access to the information of the administration and improving the ranking of the Republic of Macedonia with the World Bank Logistics Performance Index.

VII.2.3. Interinstitutional cooperation

In the period January-June 2017, the Customs Administration organized 3 activities that were attended by 33 participants from other institutions. The activities covered the following topics:

- **Cooperation and networking for efficient fight over the intellectual property rights** - the goal was operational cooperation, experiences from other law enforcement agencies, joint approach to the problem in the field of intellectual property and operational action plan;
- **Internet Monitoring - Strengthening the intellectual property rights enforcement** to show the possibilities of Internet monitoring, what should and what should not be monitored on the Internet, as well as experiences from other national agencies concerning Internet monitoring;
- **Training for economic promoters**, in order to educate them on inward processing procedures, simplified procedures, free zones, customs tariff and international customs cooperation.
- **Prevention and Detection of Cross-border Trafficking of CBRN Substances and Dual-use Goods** with objective to strengthen the national strategic trade control enforcement capacities.

VII.2.4. Internet and Intranet

In line with its principles of transparency and accountability in its work, to effectively share information to the target audience and to improve the positive opinion by promoting its work and achieved results, the Customs Administration developed a new website in accordance with the latest technological solutions> it was put in function in the first week of May 2017, and for the first time it is also available in the following Cyrillic domain: " царина.мкд ". The stylish design and the relevance of published information aims to increase the interest of citizens by increasing the number of visits and views on the new website.

Additionally, there is a possibility for access to information published on the new website for people with disabilities which is enhanced by the introduction of the WCAG 2.0 standard for web accessibility (<http://wcag.mioa.gov.mk>).

In the period January – June 2017, the website was visited by 83,110 users. In the reporting period, the visitors sent 233 questions, complaints and suggestions. In the reporting period, 129 pieces of information in Macedonian, English and Albanian language were published on the Customs Administration's website.

WEBSITE STATISTICS						
	2016			2017		
	Q1	Q2	Total (Jan.- June)	Q1	Q2	Total (Jan.- June)
Published Contents	116	88	204	87	42	129
Visitors	44,794	43,565	88,359	50,775	32,335	83,110
Visits	472,624	471,232	943,856	464,356	297,133	761,489
Most visited Tabs						
News	273,025	282,807	555,832	284,628	162,285	446,913
Customs Tariff	9,893	7,480	17,373	8,111	4,251	12,362
Contacts	7,469	6,309	13,778	6,535	3,124	9,659
Customs Law	4,148	2,207	6,355	3,998	2,635	6,633
NCTS	22,589	21,916	44,505	22,578	15,037	37,615

In the reporting period, the website was visited 761,489 times. Most frequently visited tabs were: “News” (visited 446,913 times), “New Computerised Transit System – NCTS” (visited 37,615 times), “Customs Tariff” (visited 12,632 times), Contacts” (visited 9,659 times) and “Customs Law” (visited 6,633 times)³¹.

In the same period in 2016, the website was visited 943,856 times.

VII.2.5. Customs Hotline (197)

In the period January-June 2016, a total of 3,866 calls (an average of 21 calls per day) were received on the 197 Customs Hotline, of which: “A” class calls³² – 8 calls; “B” class calls³³ – 14 calls; “C” class calls³⁴ – 207 calls and “J” class calls³⁵ – 15 calls. Most of the calls were related to the operation and conditions of 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

³¹ The methodology used to obtain these statistics is different from the previous methodology used on the old website

³² “A” class calls are information implying urgent actions by a customs office or mobile customs unit.

³³ “B” class calls are information imposing additional examination/investigation by other Departments at the Control and Investigation Sector or other Departments of the Customs Administration.

³⁴ “C” class calls are information that cannot be used, i.e. is related to delays, communicated by transporting companies, complaints or praises concerning customs procedures.

³⁵ “J” class calls are about information forwarded to the Sector for Professional Standards, concerning citizens’ complaints for corruptive and unprofessional work of the customs officers.

border and inland customs offices, as well as by the Customs Mobile Teams. The competent services carried out processing, analyses and investigation, being in domain of their responsibilities.

CUSTOMS HOTLINE 197						
Type of call	2016			2017		
	Q1	Q2	Total (Jan-June)	Q1	Q2	Total (Jan-June)
Class A	3	4	7	7	2	9
Class B	10	8	18	11	4	15
Class C	176	250	426	132	107	239
Class J	9	6	15	13	3	16
Other	1,636	1,963	3,599	1,811	1,776	3,587
Total:	1,834	2,231	4,065	1,974	1,892	3,866