

# CUSTOMS ADMINISTRATION

Twenty Years for the  
Future of Macedonia



CIP - Каталогизација во публикација

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## MACEDONIAN CUSTOMS – A PILLAR OF THE MACEDONIAN STATEHOOD

On 14<sup>th</sup> April 2012, the Customs Administration of the Republic of Macedonia celebrates an important jubilee – 20 years since its institutionalization as an independent state authority – legal entity which came with the adoption of the Law on the Customs Administration by the Parliament of the Republic of Macedonia. At its very beginning, the Customs Service faced numerous challenges which came with the Republic of Macedonia proclaiming independence; working in extraordinary conditions of untied customs state territory, without complete legislation, in circumstances where customs operations were performed by less than 300 customs officers in three Regional Customs Houses arising from a highly centralized system governed directly from the Federal Customs Administration Headquarters in Belgrade.

With time, the Customs Administration of the Republic of Macedonia evolved and in conditions of serious challenges, it managed to grow into a modern, highly reputable administration not only in the Republic of Macedonia but globally, aiming to become and remain best service to the citizens, economic operators and state, in line with world's best practices.

For 20 years now, the Customs Administration is a true custodian of the financial interests of the country, health and life of the Macedonian citizens. Customs sees to the realisation of the economic policies of the Government of the Republic of Macedonia through maintaining and enhancing competitive economic environment and through constantly proposing and implementing trade and transport facilitation measures. Through permanent numerous activities to ensure easier and more efficient customs procedures, the Customs Administration carefully nourishes and strengthens the relations with the business sector.

Today, the Customs Administration has 1184 employees working in 7 Sectors, 4 independent Departments and 5 regional Customs Houses. Within the Customs Houses, there are 19 border and 23 inland Customs Offices and 5 Units for Surveillance of Holders of Authorisations. The Customs Administration permanently works to improve its organisational structure and way of doing business, simplification of business processes and introduction of information technology systems in all areas of customs work in order to ensure greater efficiency and effectiveness. In performing their duties and tasks, the customs employees act in accordance with the Constitution, the laws, the ratified international Agreements and other legally grounded regulations ensuring their equal, unbiased and unprejudiced application. The Customs Administration is engaged in many activities to improve its human resource management system, administrative capacity and law enforcement control, as well as permanent promotion of transparency in its work. Particular attention is paid to the inter-institutional and international cooperation, tending to fully meet the criteria for accession to the Common Transit Convention and European Union membership. For 20 years now, the Customs Administration is a trustworthy and reliable partner to the other government agencies and the international community.

During these past 20 years, with the dedication of many people who have invested part of their lives in its development, the Customs Administration has become a true pillar of the Macedonian statehood.



# CUSTOMS THROUGH PAST

## FROM ARCHAIC TO MACEDONIAN – HELLENISTIC PERIOD

The timeframe from the archaic period (time of Homer) until the Macedonian-Hellenistic period (death of Alexander the Great) covers the period from about the year 700 B.C. until the year of 323 B.C. The first customs officers for whom there are reliable data - called „Pentecostologi“, in the port of Piraeus charged tax the amount of which was 2% of the value of the imported and exported goods. It is very probable that similar customs duties were charged in the Kingdom of Macedonia. The public finances in the classical period relied almost exclusively on import and export duties. The duties had different names depending on their nature: port duties, continental duties, inland duties and road taxes and were generally from 2-5% of the value of the goods on the market. The collection of duties was the responsibility of the so-called „telones“. Through their customs systems, back then the states made great profits from the goods bound for Africa and the Orient passing through their territory. The states, among which was also the Kingdom of Macedonia, had a monopoly over the production and trade in many kinds of goods. The „Ad valorem“ duties on imported goods were 20-50%. Port taxes were also charged. Alexander's conquest of the East brought a great twist in the economic system of the Ancient world. Following Alexander's death and the disintegration of the Macedonian Empire, the state formations of Alexander's local rulers who founded the Seleucid Empire and the Kingdom of Ptolemaeus reorganized the economies of the great eastern monarchies and founded new cities – grand trading centres like Alexandria in Egypt, thus moving the centre of trade to the east. The conquests of Alexander the Great opened the road to direct use of the basins of the Nile, Tigris, Euphrates, the region of Asia Minor as well as the roads to India.

## ROMAN EMPIRE

The Roman period in the history of trade is between 146 B.C. - and A.D. 476. During this time, there were different stages where the Romans, being excellent organizers, modernize and reorganize trade and economic state. Rome becomes the trading center of the Ancient world with full dominance over the Mediterranean, the majority of Europe and North Africa. The great Roman territories of the Mediterranean coast could not be properly used without the great land roads, such as Via Egnatia - stretching through today's Italy, Albania, Macedonia, Greece and Turkey as well as the ancient eastern communications from pre-roman period. With time, the obligations of the state grew bigger and so did the need for funds to cover the costs for big public works, the army and religion. A complex financial system started to develop, where the customs and internal duties replenished the state revenues. Customs duties were created when the passing of goods through fixed demarcation lines implied an obligation to pay taxes known under different names: portorium, telonium, vectigal and publicum. It was standard procedure in this period to

Tax collectors or tax gatherers had a bad reputation, as revealed in the New Testament (Mathew 9, 9-13, Luke 18, 10-11, Mark 2, 14-17), particularly as Luke the Evangelist writes: "Two men went up to the Temple to pray, one a Pharisee, and the other a tax collector. The Pharisee stood there and said this prayer to himself: 'I thank you, God, that I am not grasping, unjust, adulterous like the rest of mankind, particularly that I am not like this tax collector here' or as Cicero in his "De Officiis" puts the tax collector among the occupations which cause condemnation and disdain. Due to this hatred, there were different forms for their protection: Diogenes Laertius states that for any violence against a tax gatherer, the doer and his family shall be sold as slaves.

engage tax collectors (*procuratores*) to collect customs and internal duties. They did their job on their own risk.

During the period of the Republic, there was neither unified customs system covering all territories of the Roman Empire, nor a customs administration centralized system. Each city was free to collect its duties for import and export of goods, as well as charges for use of the ports on its territory. In the non-federal units, which were entirely under the power of Rome, the duties were directly paid to the sovereign Roman Republic. In the time of the Empire, the customs system was fully reorganized and homogenized. One of the most important customs reforms in the Roman Empire was the gradual elimination of tax collectors. It is the period when customs officers were introduced for the first time to serve the Roman Empire. 10 Customs Houses were formed outside the territory of present Italy, including the prefecture of Illyricum part of which was the territory of today's Republic of Macedonia. Goods were subject to clearance when passing from one region into another, the amount of customs duty depended on the region and most probably on the value of the goods.

The Romans were the first to introduce a coherent collection of customs regulations laid down in the "Digesto Romano". These customs regulations were the very beginnings of customs legislation and defined the principles of ad valorem duties (*l'octava*), provided complete list of goods subject to the duties *vectigal* or *portorium*, regulations defining the responsibilities of tax collectors, the informant's rights and the privileges of the tax authorities. As for the sanctions, a distinction was drawn between "Crimini" (Crimes) and "Maleficia delicto" (offences), the first being reason for corporal punishment, while for the second, there were trials according to the civil law if the damaged lodged a lawsuit. These were subject to fines in „*simplum*“ (exact amount), „*duplum*“ (double amount) or „*triplum*“ (triple amount). Furthermore, different level of punishment for smuggling of "actio legis Aquiliae" have been documented, where the punishment included payment of fine in "simplum" (exact amount), i.e. reimbursement (payment of duties) for those who admitted to the offence and in „*duplum*“ (double amount) for those who denied having committed an offence. Some of these principles are still recognized in customs regulations – the equal treatment of an attempted crime and committed crime or determination of sanction according to the size of damages which have been caused or might have been caused. In Rome, smuggling was also sanctioned with confiscation, known as "commisium".

In III century, the Roman Empire saw its fast downfall and the effects had great impact on trade. The first consequence of the crisis was the abandoning of the direct collection of customs duties by the state and the return to system of contractors - tax collectors. The bidder who offered best price was awarded a contract with duration of at least 3 years. In case the bid was not high enough to meet the needs of the state, tax collection was forcefully. The private tax collectors gathered taxes called "octava", the rate of which was 12.5%. The government agents called "commerciarii" remained under the state's umbrella. Their function of foreign trade controllers made them similar to modern customs officers. It was their task to prevent export of goods subject to prohibitions due to safety and security reasons (iron, bronze, weapons and armors – even in those times there was a "risk of dual use goods"), seize goods to be imported for which the state had a monopoly (silk) and control the export of cash money in the form of precious metals.

## THE BYZANTINE PERIOD

The Byzantine period in trade history covers the period between 476 and 632 AD. Following the fall of the Western Roman Empire, the Byzantine-oriented civilization continues its development on the shores of the Eastern Mediterranean, and later down the shores of North Africa, in Sicily and Iberia. With centuries, Constantinople was the biggest trade center in the world. All major trade routes in the then known world, by land or sea, from the Baltic, Russia and the Danube to the Western Mediterranean, India, Central Asia and China met on the Bosphorus. One of the pre-conditions for the successful development of the Byzantine trade was the establishment of an efficient, functional and centralized customs system. All main entry points in the empire were covered by customs officers: the goods coming in Constantinople from the Black Sea were controlled by Customs at Hieron on the Bosphorus, where 10% duties were paid for them. The Balkan trade routes, including those passing through the territory of the Republic of Macedonia were controlled in Thessalonica. In time, the customs organisation became more and more decentralized to the benefit of the local customs officers ("commerciarii"). The punishments for smugglers in the middle ages were severe: cutting off hands, branding, whipping, life imprisonment and even death. In the middle ages for the first time, characteristic customs terms were put in use. The basic term in customs terminology "tariff"

stems from the name of the city of Tarifa (city in the Province Cadiz, Andalusia, the southernmost coast of Spain), that was then governed by pirates who imposed tax on ships passing through the Gibraltar. A characteristic commercial customs institution in that time was the customs warehouse which at the same time was a place where entry taxes were paid, commonly known as customs duties, in a facility where the goods themselves were kept. Only those goods which were imported in the country or the settlement were subject to duties.

## OTTOMAN EMPIRE

Customs (gumruk resmi) was the main source of government income of the Ottoman Empire since the middle ages until modern times. This was collection of customs duties for goods brought in or taken out from the Empire, as well as for those transported from place to place within the Empire. It is believed that the customs administration was formed and organized on grounds of the customs system in Byzantium, following the conquest of Constantinople in 1453. The term "customs" was used for facilities where goods were unloaded, upon import or export of ottoman products in foreign states or foreign goods in the Ottoman Empire, but also for duties introduced on all products. In 1801 there were over 100 large customs offices. Customs duties were collected by contractors in accordance with the „iltizam“ system. In 1854 in the region, a well-organized customs service with goods warehousing facilities existed only in Thessalonica, while the organisation of the Customs Service on the territory of present Macedonia was in a very bad state. However, as time went by and with the rise of trade, the traders in Skopje and Bitola strived to form Customs Offices in these cities to ensure greater emancipation of these vilayets and independent trade development of these centres with the European states. In 1893-1894, the long term efforts of the trading community in Skopje resulted in opening of a customs office soon after followed by building of over 40 storage facilities and one warehouse at the railway station. On the other hand Bitola saw the opening of customs office quite later in 1910.

## BETWEEN THE WORLD WARS

After World War I, firstly in the Kingdom of the Serbs, Croats and Slovenians and later in the Kingdom of Yugoslavia, due to the internal antagonism, crises and impaired inter-people's relations, the Customs Service was subordinated. The customs authorities included: Ministry of Finance with Customs Department, Financial Directorate with customs sections, Customs Offices with customs-chemical laboratories and a Customs Bureau, Customs Treasury Central and Financial Control. The Financial Directorates in Belgrade, Zagreb, Ljubljana, Skopje, Split and Dubrovnik had Customs Departments. There were main Customs Offices and Customs Offices of first and second order. There were 13 main Customs Offices one of them in Skopje. The Kingdom of Yugoslavia had a free zone in Thessalonica where, on the territory of the Kingdom of Greece, one of the main customs offices operated. The Customs Service was divided into conceptual, professional, control and manipulative/operational, while the officers were ranked according to their education and qualifications. Before WWI, The Customs Service of the Kingdom of Yugoslavia, together with the Financial Guard had around 4,000 employees. Based on the organisation of the Customs Service of the Kingdom of Yugoslavia in 1936, of the total of 52 Customs Offices of I and II order, the following Customs Offices were on the territory of the Republic of Macedonia: Bitola (sections at Gradescica, Dragos, Ljubojno and Stenje), Debar (sections at Blato and Miresh), Gevgelija (sections at Novo Selo, Dojran, Huma and Rozden and sections in Nikolic, Bogorodica and Moin), Ohrid (section Sv. Naum), Skopje (sections at Bosilevgrad, Kriva Palanka and Carevo Selo – today's Delčevo) and Struga (sections at Kafasan and Gorna Belica).

## CUSTOMS AFTER WORLD WAR II

### Organisation

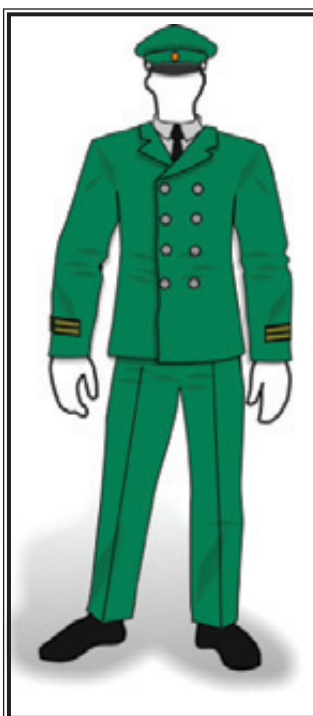
The Customs Service in post-war Yugoslavia started functioning on 15<sup>th</sup> November 1944 with Customs Offices in the liberated territories. That day was proclaimed as Day of the Customs Service of former Yugoslavia. The organisational network of the Customs Service until 1947 was based on the state before 6<sup>th</sup> April 1941. In December 1944, within the State Agency of Finance, a Department of Customs was formed, as well as Customs Inspectorates and Customs Houses. During the first half of 1945 Customs Inspectorates being sort of second-

instance authority were formed in four centres of the state one of which was Skopje. At the beginning of 1947, the Department of Customs transforms into Customs Agency within the Ministry of Foreign Trade. In this

period, the development of the Customs Service was quite slow and its role in the foreign trade system is peripheral. For these reasons the Customs Offices were mainly located at the borders, with only a few located in the economic centres of the country. In the next few years, several laws were adopted laying down the role of Customs in society. Other by-laws, relevant for the regulation of the internal relations in the Customs Service were also passed. Following the adoption of the Constitution Law under which the Customs Agency is established as federal administrative authority under immediate monitoring of the Economic Board of the Federal Executive Council (in those days Government), having great independence and authorisations, on 20<sup>th</sup> May 1953 the first Regulation on the organisation and operation of the Customs Agency was adopted. On 4<sup>th</sup> December 1957 a second Regulation is passed whereby the Customs Agency is put under immediate monitoring of the State Secretariat on Finance. On 30<sup>th</sup> January 1963, a third Regulation was passed which enabled for the first steps towards decentralization of many customs matters areas to be made. According to the system of self-government that was then in force, separate working units in the Customs Agency and the Customs Houses were formed. The Customs Houses were given greater independence and responsibilities.

Important organisational changes were made until 1963. By the end of this period there were a total of 33 customs offices. New customs system was established, whereby Customs becomes basic foreign trade instrument of the state. The process of customs clearance of goods before customs officers set up new, more complex and more responsible obligations, implying significantly greater competence of the officers and need of highly educated staff. To realize its long-term plans for recruitment of new personnel with appropriate profile, public calls for recruitment were published, scholarships for high school and college students were granted and additional education for the employees was provided. When starting work at the Customs Agency, the recruits underwent practical training in the Customs Houses and sat professional exams.

According to available data, the uniform in the first years after World War II was not unified. No data about existence of regulations laying down the obligation to wear a uniform were found in the consulted institutions. Available photographs of customs officers at the borders show that a wide variety of uniforms were worn. Depending on the different areas, customs officers wore different uniform parts.



The first regulation concerning customs uniform was adopted in March 1956. The uniform was in olive-brown colour. It consisted of a jacket, trousers, overcoat, hat and shoes. The customs officers who were in charge of control of goods also had a raincoat and overalls. All customs officers wore uniforms, including those involved in control of goods, audit inspections, customs offence procedures, customs clearance, even the drivers and couriers.



Between 1963 until 1984, there was a strong organisational development of the Customs Service, tending to meet the demands of the economy.

A well established network of organisational units was created, appropriately deployed throughout the country. Eight Customs Houses were founded, 160 customs offices, 12 customs laboratories and 5 regional units of the Electronic Computer Centre.



*Customs House Skopje before the 1963 earthquake*

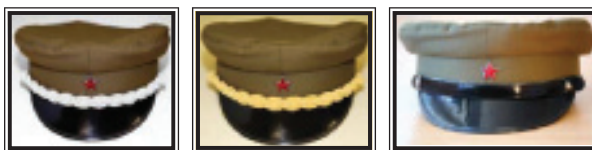


*Customs House Skopje under tents – immediately after the earthquake on 26<sup>th</sup> July 1963*

The fact that the customs officers have specific tasks and duties and always have to be ready to give their best when performing their duties was clearly seen in the engagement of the Customs House Skopje employees after the catastrophic earthquake that hit Skopje in 1963. In times when the Republic of Macedonia was facing the aftermath of the earthquake, assistance and aid for the victims (building materials, clothing, food, medicines) started arriving from different countries. And, although those goods, considering their purpose, were relieved from customs duties and other taxes, the customs officers still did their job professionally and with great efforts recorded the goods, carried out controls and did everything which was necessary to appropriately follow the customs procedures. In such circumstances, the facilities of the Customs House Skopje, despite the fact that the small building did not fall, did not have the minimum capacities for such extensive work. Furthermore, due to the fact that the roads and railway stations were ruined, in those most critical days the customs officers, in the interest of service, set up tents under open skies which served as temporary offices considering the fact that the work required 24/7 readiness in order to ensure urgent supply of the necessary products to the victims.

## Human Resources

After World War II, most of the employees who worked for Customs before the war continued to work in the service. Between 1947 and 1948, the organisation was set up on new blueprints. Young men and women were selected from the youth voluntary work campaigns and partially some members of the Yugoslav National Army and the Ministry of Interior to work at the border, where the working conditions were exceptionally hard. In this period, the structure of employees in terms of education was quite bad. Highly educated personnel were rare. To improve this, in the 60s and until the mid-70s, the structure of staff thoroughly changed to the advantage of officers with university or college education. According to data from 1984, the total number of employees in the Federal Customs Agency was 4,414, while the number of customs officers in the Social Federative Republic of Macedonia was 288, i.e. 6.5% of the total number of employees. In order to ensure that the customs officers keep their professional integrity, the state had to provide high salaries that would be main eliminator of possible misuse of official powers.



*Sign worn by customs officers from 1962 until 1967*

The so-called “moral–political correctness” of the Federal Customs Agency employees, as a condition for employment and career making is evident from the fact that in 1984 over 55% of the employees were members of the Communist Union of Yugoslavia. Zlate Biljanovski was the only Director General of the Federal Customs Agency from the Socialist Republic of Macedonia (1960-1961).



Creation of good working conditions at all border posts and inland organisational units was highly considered in order to safeguard the health of the customs officers. The working hours were organized in shifts of 8 to 12 hours, transport to the offices was organized, housing for the customs officers was provided. Sports and other social activities were organized to enhance the customs officers' integrity and sense of unity. Summer and winter holiday resorts were built, the families of customs officers who suffered loss or illnesses were helped. In other words, great efforts were made to ensure familiarity between the employees, to build mutual trust, and to raise the awareness of loyalty.

The first markings on the uniforms were introduced in 1962. The emblem with dimensions 3x5 cm was placed on the left side of the uniform. There were no rank insignia. The rank was recognizable from the hat. The professional officers' rank was made of golden-like yarn, knitted in a stripe, the supervisors had a platinum-silver like colour. Drivers, couriers and technical personnel had a black leather stripe. There was a five pointed star on the hat.

### Customs system

The customs system of post-war Yugoslavia may be divided into a period of state monopoly (1944-1964) and period of modernization of the customs system (1965-1991). The customs tariff in post-war Yugoslavia changed through several periods – period of administrative management (1945-1952), period of self-government (1952-1959), period of temporary customs tariff (1961-1965) and period of rational customs protection (1965-1991). The first **Customs Law** was adopted on 29<sup>th</sup> September **1948**, laying down the legal grounds for the operation of the customs authorities. This Law proscribed the customs goods, customs territory, customs border line and customs supervision measures. For those who were not registered in the Registry of the Ministry of Foreign Affairs, customs clearance of goods was performed on an application for customs clearance. In **1952, new customs system with import and export coefficients was introduced. Coefficients were specific instrument for calculation and collection of the difference between the price of the goods on the domestic and foreign markets.**

In addition to defining the type and quantity, the determination of the quality of the goods was of particular importance as grounds for determination of the coefficient and calculation and collection of the price difference. The purpose of the coefficients was to reduce the disparity between the price of domestic and imported goods.

The calculation, collection and refund were done by the National Bank of Yugoslavia. **Temporary Customs Tariff** was applied between 1952 until 1957. The term "temporary" was used because certain customs duty rates were not defined, and yet, this customs tariff was used for calculation of import customs duties. This customs tariff was applied for legal entities not registered as importers, as well as for natural entities. From mid 1957 until 1959, a **Regulation on the Customs Tariff applied for goods that the citizens import or receive from abroad.** New **Customs Law**

The term "customs declaration" was first defined in the Customs Law of 1959, which also proscribed the lodgment of customs declarations by authorised freight-forwarders and other persons. The form, content, manner of submission of documents accompanying the declaration, were laid down by the Customs Administration. A Book of Records of import and export declarations was kept in a defined so-called Form no. 7.

Реден број	Датум	Увозник-извозник	Назив на стоките	Колети		Број на листата на прилозите	Забелешка
				број	тежина		

was adopted in **1959**, stipulating for clearance on grounds of presented declaration by a customs agent. This involved switching from application of temporary customs tariff to a so-called pure customs system, i.e. a system where customs duties are payable for the all goods imported by the work organisations (companies). The switch to mandatory payment of customs duties by all importers was also done as a result of the obligations arising from

the **GATT**<sup>1</sup>. To be able to start imposing customs duties on all products, at first a Regulation on **Temporary Customs Tariff** for certain products was passed. The introduction of customs duties was done gradually in order to see how the payment of customs duties would affect the economy. In this period the main purpose of customs tariff was to protect the national production from import, while the fiscal role was secondary. On 15<sup>th</sup> March 1961 a Regulation on Temporary General Customs Tariff was adopted. The adoption of this Regulation definitely abolished the application of system of coefficients. This customs tariff was applicable for import of all products by all importers. Classification of goods in this Customs Tariff was made according to the **Brussels Tariff Nomenclature**<sup>2</sup>. In the meantime, Yugoslavia became a signatory to the **Customs Tariff Nomenclature Convention**. In 1965 the **Customs Tariff Law** was adopted, which marked the start of the period of rational customs protection – protection of the domestic production for which there was justified economic interest. Customs duties were calculated on grounds of the value of the goods, in accordance with the provisions of the Brussels Convention on Customs Valuation.



*Macedonian and Albanian customs Officers at BCP Kafasan 1973*

Within 1966 -1973 the social and political system started changing and the trade exchange with foreign countries increased. Many weaknesses and problems with the 1959 Customs Law were noticed and therefore, in **1973** new **Customs Law** was adopted. Many provisions from the Law on Customs Tariff were transposed into this Law, particularly those referring to the base for calculation of customs duty, customs privileges, customs protection etc. Considering the dynamic economic development and the evolving of the then self-governance system, in **1976** **New Customs Law** was adopted. In addition to the provisions concerning customs procedures,



*Men and women's uniforms worn until 1991*

this Code contained provisions referring to the customs policy instruments such as customs duty relief, customs contingents, re-export, additional customs duties, seasonal customs duties, anti-dumping measures, customs duty base etc. A possibility for obtaining Certificate for classification of goods according to the customs tariff was introduced, thus ensuring correct and uniform application of the Law. This Law precisely and closely defines the term “customs goods” and determines which goods are not considered customs goods. In **1978**, **New Customs Tariff Law** was adopted, increasing of the customs duty rates for agricultural, food, mineral and chemical products, and decreasing the rates for machinery, apparatus and devices, means of transport, instruments, textile articles, raw skins etc. **Of particular importance was the fact that the organisations of associated labour were the ones who proposed the customs duty rates and influenced their final adoption.** Major characteristics of this law were stability of customs duty rates and greater application of contingents, re-export, special measures of protection etc. In **1982** the **Customs Law** was amended by introducing provisions for application of Article VII of the GATT, thus harmonizing the provisions on the customs duty base. The **Customs Tariff Law** was amended once again in 1984. The procedure for classification of parts of machines, apparatus, devices, means of transport and instruments was simplified, and due to the intensive development of the technology, certain

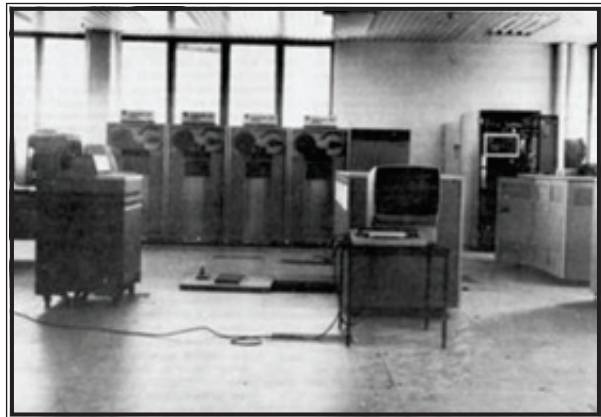
<sup>1</sup> General Agreement on Tariffs and Trade – multilateral Agreement signed between 153 countries in 1947, the purpose of which was substantial reduction of tariffs and other trade barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis

<sup>2</sup> Brussels Tariff Nomenclature (BTN), adopted by the Customs Cooperation Council (WCO) in 1950, predecessor of the Customs Cooperation Council Nomenclature – CCN) and HS

changes were made in line with the Brussels Nomenclature. In this period the World Customs Organisation - WCO adopted **Harmonized Commodity Description and Coding System - HS<sup>3</sup>** identical for the entire world, in order to simplify and unify the classification of goods. In order to provide for uniform application, this system contains over 5,000 groups of products presented with six digits, as well as all necessary definitions and provisions. The system was very successful and in the next four years, it was adopted by over 100 countries, participating in the global trade with over 90%. Yugoslavia started applying the HS system on 1<sup>st</sup> January 1988. In the meantime, all previous amendments to the HS were inserted in the customs tariff. The amendments to the **Customs Law of 1988** refer to the customs clearance procedures in consignment warehouses and include punitive provisions providing for amendment to the amount of fines and introducing imprisonment. In 1989 the requirements for import duty relief on raw materials where the resulting final products are exported were prescribed in detail. Provisions laying down the requirements to be met for import duty relief for equipment being foreign investment were also introduced, as well as provisions for destruction of goods under customs supervision. **The amendments adopted in 1990 closed down the inland duty free shops, except those located on international airports and ports only where there is passport and customs control.**

### Computerization

The computerization of the Customs Service started in 1970, when the Assembly of the SFRY<sup>4</sup> adopted the Law on Financing and Modernization of the Customs Service of 1971 until 1975. This Law stipulated provision of funds for procurement of the first computer and accompanying software. In 1972, the first Electronic (computer) Center was formed as a separate unit in the Federal Customs Agency. This Center was officially opened on 26<sup>th</sup> December 1974. 18 devices for data receipt and transfer were installed in the regional centers (Skopje, Belgrade, Ljubljana, Zagreb, Sarajevo and Split). The first regulation concerning the manner of completion and submission of customs declarations adapted for automatic processing was adopted in this period. Controls of customs declaration data was introduced for the first time. With the computer system, in 1977 Customs introduced system for calculation of duties and accounting recordkeeping. The introduction of automatic processing of customs declaration data created a powerful database on the foreign trade operations. The adoption of the Law on the modernization of the Customs Service for the period 1976-1980 provided grounds for building new facilities for the needs of the computer centres and upgrade of the computer system. In 1981, a unique number for identification of companies (in those times – “organisations of associated labour”) was introduced in the customs declaration enabling monitoring of the import/export foreign trade operations of companies. On grounds of these data, and in line with the Foreign Currency Operations Law, there was an option to withhold part of the foreign currencies made from export by the company in order to procure raw materials.



*Regional computer Centre in Skopje*

<sup>3</sup> Harmonized Commodity Description and Coding System – HS, adopted by the WCO and came in force in 1988

<sup>4</sup> The Socialist Federal Republic of Yugoslavia



Furthermore, the technological development enabled establishment of terminal links between the central system, regional centres, the Customs Offices for clearance of goods and other state institutions, but due to the unreliable and slow connections the realisation of this project failed. **The regional Center in Skopje covered the Customs Houses in Macedonia through centralized input of data.** The data from customs declarations were forwarded to the Computer Center, where they were checked and returned with list of errors. On basis of these lists, the organisational units carried out additional document control, subsequent collection and error correction.

### Customs control

Customs has always been faced with persons trying to avoid their obligations to pay duties for goods transported through the borders. In the period after the establishment of the Customs Service in post-war Yugoslavia, customs offences were detected by officers conducting controls of passenger traffic and trade in goods controls in all types and phases of customs procedures. There were offenders on the small border crossings, road border crossings, ports, airports and in railway traffic. The majority of seized consignments contain trade goods, bound for the black market. Significant quantities of weapons and ammunition, explosives, propaganda material, drugs, national and foreign currencies and well as cultural heritage goods were seized. Later, with the greater liberalisation of the trips abroad, as well as the growth of the tourist and transit traffic, the Customs Service more often started facing forms of classical smuggling and had greater and more extensive tasks to detect and tackle customs and foreign currencies offences. Although the largest number of offences was detected at the border crossing with Italy and Austria, the inland Customs Houses detecting greatest number of offences is that is Skopje. At the same time, Customs worked on prevention of illegal export of objects, mostly old icons, church plastics and old style furniture and ethnographic objects. Classical form of offences in the trade in goods was provision of false data about the imported goods concerning type, quantity, quality and value. There are offences in the temporary import of goods, bringing in/taking out foreign currencies, transit of goods, and very often smuggling of foreign origin cigarettes. The results achieved in the area of prevention and repression of illegal trade in drugs brings international affirmation of the Yugoslav Customs Service. The greatest successes were achieved in 1980 when the Federal Customs Agency seized almost one third of the entire quantity seized in Europe – quantity bigger than the total seized heroin in the USA that year. **One of the two most successful Customs Houses in SFRY in drugs detection was Gevgelija.**



*Customs control in 1973*



*Customs Control in 1974*

# ESTABLISHMENT OF THE CUSTOMS ADMINISTRATION OF THE REPUBLIC OF MACEDONIA

## THE CUSTOMS SERVICE JUST BEFORE THE INDEPENDENCE

Following the first multi-party elections in the Republic of Macedonia, on 25<sup>th</sup> January 1991 the Parliament of the Republic of Macedonia adopted a Declaration on Sovereignty of the Socialist Republic of Macedonia, claiming the right of the Macedonian people to self-determination, including the right to separation. On 7<sup>th</sup> June 1991, with an Amendment to the Constitution, the name of the country was changed from Socialist Republic of Macedonia into Republic of Macedonia. The citizens of the Republic of Macedonia, in the referendum of 8<sup>th</sup> September 1991, freely manifested their will to live in a sovereign and independent state with the right to enter in future Unions of sovereign states of Yugoslavia. On 17<sup>th</sup> November 1991 the Parliament adopted the new Constitution formally constituting the Republic of Macedonia as a sovereign and independent state. In January 1992, with an Amendment to the Constitution, the Republic of Macedonia stopped participating in the work of the Assembly and the Presidency of the SFRY. The Government of the Republic of Macedonia decided to recall all diplomatic consular and cultural representatives of the Republic of Macedonia in the Federal Foreign Affairs Secretariat.

The political and economic independence of the Republic of Macedonia was run by executive power bodies. In December 1991, the Parliament passed a Law on measures that can be taken for prevention and removal of the disruptions of the social reproduction flows in the Republic of Macedonia. Under this Law, the Government of the Republic of Macedonia was authorised to take temporary measures for prevention and removal of the disruptions of the social reproduction flows, in the area of financial relations, foreign currency operations and policy, monetary and credit policy, economic and financial relations with the other SFRY Republics and other foreign countries, collection of certain fees and the criteria for their allocation, the relations with the Federation and other economic and financial issues. Having in mind the economic and financial consequences for the growing amount of unsettled obligations of the Federation towards the Republic of Macedonia, during the entire 1991 the Government passes several measures stopping the money transfer made from the Republic of Macedonia towards the Federation, among others revenues collected as customs duties and other export taxes. The Customs Houses in the Republic of Macedonia were obliged to release imported goods only if presented with evidence that the customs duties for the goods had been paid on a special account of the Republic of Macedonia, and not on the account of the Federation. The Post Offices were instructed to transfer the payments made as federal revenues to revenue account of the Republic of Macedonia. The Banks were instructed not to invoke the guarantees protested by the Federal Customs Agency when the taxpayers from Macedonia have paid customs duties on revenue accounts of the Republic of Macedonia.

**Since the proclamation of independence, the customs operations in the Republic of Macedonia were performed at three Regional Customs Houses –Skopje, Bitola and Gevgelija with small number of staff – a total of 279 by the end of 1991.** In SFRY the Customs Service was strictly centralized service, run directly by the Federal Customs Agency Headquarters in Belgrade. Lacking the relevant legislating and in circumstances without Central Headquarters, the management of the three Customs Houses coordinated the customs matters in the country by forming an informal collegium consisting of the three Heads of the Regional Customs Houses who held meetings in Skopje. At the beginning of 1992, the Head of the Regional Customs House Skopje makes a Decision to designate 4 customs officers to perform in-depth controls at places where appropriate. The purpose of the in-depth control was to ensure measures for customs supervision of products originating from abroad, prevention of illegal import and import of goods, weapons, ammunition, narcotics, poisons and hazardous materials, as well as import of dinars originating from other Yugoslav republics.

## ESTABLISHMENT OF THE CUSTOMS ADMINISTRATION OF THE REPUBLIC OF MACEDONIA - 1992

**On 14<sup>th</sup> April 1992, the Law on the Customs Administration was adopted under which the Customs Administration of the Republic of Macedonia is institutionalized** as independent authority having the capacity of legal entity, directly authorised to enforce laws and other customs related regulations of the Republic of Macedonia.

Pursuant to this Law, the Customs Administration is competent for: customs supervision, clearance of goods, control of goods the import/export of which is specially regulated, control of foreign currencies in international passenger and external border trade, prevention and detection of customs offences and crimes, first-instance and second-instance administrative proceedings and first-instance offence proceedings, processing and monitoring of statistical data concerning import and export etc. The Customs Administration is managed by a Director General appointed and dismissed by the Parliament of the Republic of Macedonia. The Law stipulates that the Customs Administration is founded within 3 months. During the first five years, the Customs Administration carries out its tasks and duties through the three Regional Customs Houses, customs offices, departments sections and specialized units (17 border crossing points, 17 customs offices, 6 customs specialized units)

The real estate, equipment, inventory, archive materials, documentation and operational means used by the state of the Socialist Federal Republic of Yugoslavia – Federal Customs Agency were proclaimed property of the Republic of Macedonia and were taken over by the Customs Administration. Macedonian customs officers who served outside Macedonian borders and who chose to return and serve in Macedonia, within 3 months following the adoption of the Law on the Customs Administration, continued to serve in the Customs Administration of the Republic of Macedonia.

The Law on the Customs Administration determined the uniforms, the official ID card and signs. The official uniforms of the Federal Customs Agency of SFRY were worn until the completion of the procedures for production of the new uniforms. The only difference was the new badge bearing symbols of the Republic of Macedonia.

In the period following the proclamation of independence of the Republic of Macedonia, the Customs Administration was applying the Customs Law and the Customs Tariff Law of the Socialist Federal Republic of Yugoslavia. Major weakness of the Customs Tariff Law was its purpose to protect the economy of former Yugoslavia and the large number of items with customs duty rates that were unfavourable considering the needs and interests of the Macedonian economy. The Government of the Republic of Macedonia tried to overcome this issue with individual decisions, such as a Decision for reduction of the customs duty rates through customs



*BCP Tabanovce, 1992*

The control over the customs territory of the Republic of Macedonia was established at the beginning of 1992 by setting a temporary police-customs control point on the Kumanovo exit road, where customs formalities were done by customs officers of the Customs Office Kumanovo.

The night between 26<sup>th</sup> – 27<sup>th</sup> April 1992, having promptly finalized the civil works, the border crossing point Tabanovce – Motorway located at the border with the Federal Republic of Yugoslavia (FRY) was put in function. Although in improvised conditions, there was a Customs Office there. Soon after, the border crossing points Jazince, Pelince and Railway Stations Tabanovce and Volkovo were established, where customs officers mainly from the Customs Houses Bitola and Gevgelija were temporarily assigned.



Badge on white base with letters the color of gold, used by the customs officers immediately after the proclamation of independence in 1992.



contingents, relief from customs duty for certain goods etc. Besides the import customs duty, special 7.5% tax was chargeable for import duty relief settlement, a 7.5% special tax on imported goods, as well as a 1% tax for registration in the customs records.

**In 1992, the Customs Service of the Republic of Macedonia worked under extremely difficult conditions and circumstances:**

undefined and non-existing border crossing points to the Federal Republic of Yugoslavia (FRY), lack of staff, practically no means of transport, no coordination with the other state authorities, sharp rise in trade in goods, difficulties in the functioning of payment operations, inadequate regulations, non-existence of legislation on certain areas of customs matters, lack of IT support for data processing etc. Additional problem was the non-defined manner of financing and non-defined status of the employees. On the other hand, the workload multiplied several times in circumstances of insufficient competent and qualified customs officers. The size of export and transit greatly increased since trade with the former Yugoslav Republics – which up to then were the biggest trade partners of the Republic of Macedonia started to be treated as international trade. This resulted in greater number of customs duty payers, as well as attempts for customs fraud mainly done through submission of incomplete documentation and purposeful wrong declaration of product prices (undervaluation).



The work of the Macedonian Customs Service was further complicated and made more difficult with the start of the wars on the territories of the former Yugoslav Republics, mainly because of the re-route of the railway and road transport and the increase of air traffic. The situation was additionally complicated with the introduction of economic sanctions against the FRY. The embargo enforcement by the Republic of Macedonia was controlled by UN civil observers within the OSCE<sup>5</sup> mission. The embargo was additional burden to the daily work of the Customs Service, because the quantity of goods under customs supervision increased enormously. The embargo eventually caused reactions from the FRY- occasional blockades of the border crossing causing miles of passenger vehicles and trucks very often. At the same time, the Customs Service put maximum efforts to guard the humanitarian aspect laid down in the UN Resolution, and in a state of embargo – release humanitarian goods to the FRY.

The first group of new 142 customs officers were recruited in July 1992 and started work in December 1992, thus at the end of 1992 the Customs Administration had a total of 411 employees. These customs officers were deployed at the new border crossing points: Tabanovce, Pelince, Blace and Jazince, while part of them took office in the inland offices for clearance of goods in Skopje, Kumanovo and a small number at the Customs Office Štip.

The Parliament of the Republic of Macedonia appointed Dimitar Buzlevski as first Director General of the Customs Administration. He took office on 14<sup>th</sup> April 1993 and served until 20<sup>th</sup> December 1994.

### ORGANISATIONAL SET UP - 1993

On grounds of the legal framework established with the Law on the Customs Administration, in 1993 the Customs Service started setting up business organisation systems, staff recruitment, formation of customs procedure and supervision systems. In April 1993, the first **Law on Customs Duties of the Republic of Macedonia**<sup>6</sup> was adopted, almost identical to the previous, but shorter as a result of the part concerning the international maritime traffic. By adopting a Rulebook on the Documents Necessary for Customs Procedure and the Rulebook on the Single Administrative Document, this year Customs introduced the form of the Single Administrative Document (SAD). This document started to be used in 1997. In December 1993, the Republic of Macedonia became a Contracting Party of the Customs Convention on the International Transport of Goods under cover of TIR carnets (TIR Convention).

<sup>5</sup> Organisation for Security and Co-operation in Europe

<sup>6</sup> "Official Gazette of the RM" no. 20 of 2<sup>nd</sup> April 1993

## Business organisation

At the beginning of 1993, the first Rulebook on the Business Organisation and the first Rulebook on the Systematization of Job Posts at the Customs Administration came into force. The basic organisational units are formed as Sectors, while the internal organisational units include departments, sections, section – customs laboratory, Customs Offices (37) and specialized units. The Sectors were managed by Sector Directors, appointed by the Director General of the Customs Administration and approved by the Government of the Republic of Macedonia. Other staff responsible for operations requiring high expertise, as well as inspections and supervision were also appointed by the Director General. According to this Rulebook on the Business Organisation, the Customs Administration was structured as shown below:

<b>CUSTOMS HOUSES</b>			
<b>Customs House Gevgelija</b>	<b>Customs House Bitola</b>	<b>Customs House Skopje</b>	
Customs Administrative Procedure Section	Customs Administrative Procedure Section	Customs Administrative Procedure Section	Customs Administrative and Offence Procedure Section
Customs Administrative and Offence Procedure Section	Customs Administrative and Offence Procedure Section	Control Matters Section	Financial, Material and General Matters Section
Financial, Material and General Matters Section	Financial, Material and General Matters Section	CO Tabanovce-Motorway	CO for Consignments and Fair
CO <sup>6</sup> Bogorodica	CO Bitola	CO Skopje	CO Jazince
CO Gevgelija	CO Ohrid	CO Railway Station Trubarevo	CO Titov Veles
CO Delčevo	CO Post Office Ohrid	CO Railway Station Volkovo	CO Tetovo
CO Star Dojran	CO Resen	CO Blace	CO Gostivar
CO Berovo	CO Stenje	CO Kumanovo	CO Deve Bair
CO Kavadarci	CO Sveti Naum	Co Airport Skopje	CO Sopot
CO Strumica	CO Blato	CO Railway Station Tabanovce	CO Pelince
CO Railway Station Gevgelija	CO Medzitlija	CO Post Office Skopje	CO Štip
	CO Kafasan		
	CO Prilep		
	CO Airport Ohrid		

<b>CENTRAL ADMINISTRATION</b>	
<b>Sector for Customs and Legal Matters</b>	<b>Sector for Information, Automatic Data Processing, Revenue Collection and Statistics</b>
Department for Customs Administrative and Offence Procedures	Department for Information and Automatic Data Processing
Department for Customs and Legal Matters	Department for Revenue Collection and Statistics
Department for International Cooperation, Projects and EU Integration	<b>Sector for Organisation, Personnel, General and Financial Matters</b>
Department for Customs Tariff, Value and Foreign Trade Issues	Department for personnel, professional education, and general matters
Department for control, analytical and audit matters	Department for financial and material, legal property matters and investments.
Customs Laboratory Section	Accounting Unit

Working Bodies in the Customs Administration and customs houses are Director's Collegium and Customs House Heads Collegium, as advisory councils to discuss and resolve professional issues. For certain complex issues requiring special expertise, 4 expert commissions were formed at Customs Administration level: Customs Tariff Commission, Customs Valuation Commission, Customs Tariff Classification of Goods Commission, International Customs Cooperation Commission, as well as 2 expert commissions at customs house level: Customs Valuation commission and Customs Tariff Commission.

<sup>7</sup> Customs Office

## Human Resources

The Rulebook on the **Systematisation and Job Classification System of the Customs Administration** determined the total number of employees - 784, 85 in the Headquarters and 699 in the customs houses. On 24<sup>th</sup> October **1994**, the total number of employees increased to 811, of which 87 in the Headquarters and 724 in the customs houses. However, the total number of employees in this period was considerably smaller than the number of employees planned in this Rulebook. Having in mind the role of Customs for law enforcement and implementation of policies which are in force, it is essential that in addition to being competent and qualified, the customs officers need to follow high discipline and ethical principles and standards, so that the integrity of the Service remains uncompromised. With this mission, in May 1993 Customs adopted the first Rulebook on disciplinary and material liability of the customs employees. The Rulebook laid down the responsibilities of the customs employees when performing their duties, the disciplinary and material liability in case of violations, as well as the procedure to establish disciplinary liability and impose sanctions.

The Department for personnel, professional education, and general matters was competent for the professional development and training. Until 1995, 250 new recruits passed practical and theoretical training, thus becoming competent for taking-office.

In 1993, the Customs Administration signed the Arusha Declaration, the provisions of which directly imply the necessity for high ethical standards, repression of corruption and enhancement of integrity of the customs services worldwide.

## Computerization

Following the proclamation of independence, the Customs Service was left without a modern IT system and no projects for modernization of its work. The database of Macedonian customs documents from the Federal Customs Agency was transferred in the IT system of the company Rudnici i Zelezarnica Skopje (Mines and Ironmongery Skopje), where Customs continued to input and process data. By the end of 1992, Customs initiated elaboration of a project for introduction of new IT system, which was finalized in February 1993, but considering the fact that in those times there were no funds, it was not realized. The procurement of computer equipment was funded by the US Government and it arrived in 1994. Following its installation, the Customs Administration took over the entire data processing. In April 1993, under the PHARE<sup>8</sup> Eurocustoms programme, funds were provided for the project. Contracts for procurement of hardware and software were signed, a Project Team was formed, pilot locations for system testing were determined. The Project started on 6<sup>th</sup> May 1996, and it was planned to last for 18 months.

This state lasted until the beginning of 1995 when after procuring the relevant technical equipment and recruiting the suitable IT staff, the entire record keeping was taken over by the ADP Sector of the Customs Administration.

## Customs Control

In **1993**, a **Department for Control, Analytical and Audit Matters and Smuggling Repression** was formed within the Customs and Legal Matters Sector. The Department had a Head, two senior advisors – auditors and one senior anti-smuggling advisor. This presents the humble beginnings of the control and investigation matters aimed at smuggling repression.

After proclaiming independence and the establishment of the Macedonian Customs in 1992, the Customs Law of the SFRY was still applied, according to which the offences laid down in the Customs Law and the Law on Foreign Trade Operations were in Customs competence. According to the 1993 Law on Customs Duties of the Republic of Macedonia, the first-instance offence proceedings was led and Decisions on committed offence were passed by the First-Instance Commission on Offences, while second-instance body was the Second-Instance Commission. The Commissions consisted of three members, one of whom was President, appointed by the Director General of the Customs Administration.

The first year following the set up of the state borders with the Federal Republic of Yugoslavia, there was a

<sup>8</sup> PHARE programme, created in 1989, is a pre-accession instrument financed by the EU for countries of Central and Eastern Europe,

sharp rise in the number of customs offences reaching over 1000 offences per year. This was a result of the maladjustment of both natural and legal entities to the fact that trade with Serbia could only be done through the border crossings. Furthermore, this situation was a consequence of the circumstances in the former Yugoslavia, particularly the trade embargo introduced against the FRY by the international community. The most frequent offences committed by natural entities were the illegal traffic of live animals and oil derivatives, as well as driving motor vehicles with foreign license plates. As for the legal entities, most offences concerned failure to write off export and transit declarations.

Until 1984, the Customs Laboratory of the Federal Customs Agency had 12 modern laboratories and several hundred of specialists for correct application of customs tariff. One of the customs laboratories was located at the Customs House Skopje. It was equipped with basic laboratory equipment and instruments for qualitative and

quantitative analysis (using gravimetric, volumetric, physical, and chemical methods). The greatest number included analysis of raw materials and

products of chemical and textile industry, the purpose of which was appropriate classification according to the customs tariff. **In 1993, the Laboratory practically stopped working.**



*Device for determination of ignition point in 1993*



*Thermo spa in 1993*

## THE CUSTOMS ADMINISTRATION WITHIN 1994-1997

Within the period following the proclamation of independence of the Republic of Macedonia, the trade exchange with the neighbouring countries continued, but in more difficult conditions. Immediately after the independence, the northern borders were defined. Macedonian exporters were facing huge problems, because there was practically no trade with the northern neighbours.

Another great challenge the Republic of Macedonia faced, that had direct severe implications on the operation of the Customs Administration, was the one-sided trade embargo of the Republic of Greece on the Republic of Macedonia, lasting from February 1994 until October 1995. This embargo, together with the trade embargo on FRY imposed by the UN, meant that for 18 whole months the Republic of Macedonia was completely cut off from the main trading routes of the road and

Director General of the Customs Administration from 1<sup>st</sup> March 1995 until 30<sup>th</sup> November 1998 is Ilija Iloski.

railway Pan-European Corridor 10. The re-routing of the goods transport to the Republic of Bulgaria (through the Port of Burgas on the Black Sea) and the Republic of Albania (the port of Durres) brought serious burden to the Customs Administration of the Republic of Macedonia due to the increased workload of the border crossing points with the Republic of Bulgaria which had poor traffic flow capacity, inadequate infrastructure, lack of staff and organisational set-up, unsuitable for the situation.

**Main characteristics of the 1994 – 1997 period: start of regulation of customs tariff in accordance to the Macedonian economy interests and international standards, conclusion of International Cooperation and Free Trade Agreements and introduction of new customs declaration processing software.**

### CUSTOMS LEGISLATION

#### Customs Code

The amendments to the **Law on Customs Duties** provided for abolition of the privilege given to Macedonian citizens working abroad for a period exceeding two years to import automobiles. The implementation of the Customs Code was monitored by the Ministry of Finance. Until these amendments came into force, the appeals against the Decisions of the Customs Houses concerning administrative procedures were lodged to the Customs Administration. The amendments provided for the possibility to lodge an appeal to the Second-Instance Appeal Commission of the Government of the Republic of Macedonia. The amendments to the Code also provided for leasing duty-free shops to concessionaires and determination of the conditions for their work. **Duty-free shops that were open until the day these amendments came into force were to be closed in two years time.** The fines for customs offences were lowered. **The 1997 Customs Code amendments abolished the duty-free shops at the road border crossing points**, but those operating at the international airports remained.

**In 1994 the Republic of Macedonia started the process of accession to the WTO<sup>9</sup>** by submitting a formal request to the WTO Secretary General, expressing the Republic of Macedonia's intent to access the WTO. Based on the request, the General Council established a Working Party under the presidency of Ambassador Kare Bryn of Norway to examine the accession request. The accession process was retarded due to problems of political nature (the bilateral dispute over the use of the name Macedonia, imposed by the Republic of Greece)

<sup>9</sup> World Trade Organisation

and economic issues (the preparedness of the country to make the necessary reforms in the economic system, meet WTO standards and liberalize the domestic market).

In April 1996, the Republic of Macedonia accessed several Conventions regulating temporary admission of certain types of goods on the customs territory of the Republic of Macedonia. These Conventions regulate the temporary admission of professional equipment, goods intended for exhibitions, fairs, congresses and similar manifestations. The accession to the **Customs Convention on the A.T.A Carnet for the temporary admission of goods (A.T.A Convention)** provided for easier implementation of the previously mentioned Conventions on Temporary Admission.

The **Free Trade Agreement with the Republic of Slovenia** came into force on 1<sup>st</sup> September 1996. This Agreement provided for full liberalisation of industrial goods import to be introduced in 2000, while the import of agricultural products is to be subject to tariff quota. Soon after, on 16<sup>th</sup> October 1996, the **Trade Agreement between the Republic of Macedonia and FR Yugoslavia** came into force, envisaging full liberalisation of import of industrial goods from 1999 and defining the trade in agricultural products with quota. As proof of origin, the countries used the same documents as those from the Agreement with Slovenia. The following year, on 30<sup>th</sup> October 1997 the **Free Trade Agreement with Croatia**. As from the day this Agreement came into force, all import duties on industrial goods were abolished, while the import of agricultural products was also regulated through tariff quota.

To ensure faster economic growth of the Republic of Macedonia, on 1<sup>st</sup> January 1998 **Agreement on cooperation between the Republic of Macedonia and the European Communities** came into force. This Agreement was one-sided, **i.e. import of Macedonian products in the European Union was liberalized, except for certain products subject to quota**. The import of goods originating in the EU was subject to customs duties..

## Customs Tariff

In March 1995, The Republic of Macedonia acceded to the **International Convention on the Harmonized Commodity Description and Coding System**, on grounds of which the national Customs Tariff was prepared. The Nomenclature introduced with this Convention was basic means for keeping statistics (record-keeping) on foreign trade exchange, as well as grounds for collection of customs and other duties for import of goods.

On 27<sup>th</sup> April 1996, the **first Law on Customs Tariff of the Republic of Macedonia** was adopted and it came into force on 15<sup>th</sup> August 1996. The Law consisted of legislative part and customs tariff. The legislative part consisted of 14 Articles closely regulating the use of customs tariff. The 6-digit level customs tariff is harmonized with the HS. The division to over 6 digits is done according to the Combined Common Customs Tariff of the EU<sup>10</sup> and about 85% of the positions are identical with the positions of the EU Customs Tariff. Customs Tariff is basis for application of all foreign trade regulations. The Law on Customs Tariff **abolished all tariff codes for which there was no import within 1994-1996 as well as all codes protecting the economy of former Yugoslavia**, and which were not in the interest of protecting the Macedonian economy. New codes for selective protection of some key sectors of the economy were introduced. The WCO recommendation for introduction of standard unit measures for tariff codes for statistical purposes and new positions in line with the WCO recommendations and international Conventions concerning materials and substances damaging the ozone layer were also introduced. A list of psychotropic substances used for production of synthetic drugs was inserted. More tariff codes for civil aircraft spare parts were introduced relieved from customs duties, in accordance with the International Agreement on Civil Aircrafts. The Customs Tariff has one column for customs duty rates applicable for import of goods originating from countries which the Republic of Macedonia has signed Agreements with, including a provision for most favoured nation. The import of goods originating in other countries was subject to customs duty rate increased by 70%. In line with the WTO recommendations, the new customs tariff abolished the special fee for duty relief settlement, amounting to 7.5% and the special tax on imported products also amounting 7.5%. Instead of these two fees, special duty was chargeable for import of agricultural and food products. The 1% fee for customs recordkeeping was still in force. The highest import duty rate is 60% for agricultural products and that of 35% for industrial products. The import duty rates

<sup>10</sup> Combined Nomenclature, Common Customs Tariff of the European Communities, according to the EU Regulation no. 2658 of 1987



for raw materials not produced in Macedonia were 0-8%, while those for other raw materials were 8-13%. The legislative part of the Law on Customs Tariff regulated the customs contingent procedures, classification of spare parts to be inserted, issuing of certificates for classification, clearance of goods that are imported successively, flat import duty rate for goods imported by natural persons etc.

## INTERNATIONAL COOPERATION

On **1<sup>st</sup> July 1994, the Republic of Macedonia became a member of the WCO.** The WCO is an organisation founded in 1952 in Brussels, Belgium on basis of the Convention Establishing the Customs Co-operation Council. Former Yugoslavia has been a member of this organisation since 1960. **With the membership in the WCO, the Republic of Macedonia acceded to several Conventions under the auspices of WCO, regulating international customs operations and being of exceptional importance for international trade and movement of goods.**

In 1996 John Shaver – Secretary General of the WCO visited Macedonia, taking part in a Seminar on Strategic Development. The Secretary General praised the performance and successful operation of the Customs Administration.

## ORGANISATION

In **May 1994, the Customs Administration adopted a Rulebook on Official Customs Badge and Official Identification Documents**, laying down the form, procedure for issue, validity date and the procedure for record keeping of official identification documents of customs employees. The badge bears the inscription "RM" at the top and the symbol of Macedonian Customs in the middle. Over the symbol it bears the inscription „Customs“, and below it - "Царина" and the ID number of the customs officer. The badge and the identification document are placed in a black leather case.

In April 1994, the Government of the Republic of Macedonia passed a Decision proclaiming 14<sup>th</sup> April as Customs Officers' Day.



In March 1996, the Director General adopted a **Rulebook on the Customs Officers Uniforms**, proscribing the model and design, colour, signs, duration and the manner of using the uniforms. The men's winter uniform consists of: jacket, trousers, hat, cap, long-sleeve shirt, tie, sweater, vest, scarf, coat, raincoat, leather gloves, shoes, and the summer uniform: summer jacket, trousers, short-sleeve shirt, tie, shoes. Women's uniform consisted of the same parts, but it also included skirts in both winter and summer uniforms. All uniform parts were made of the same material and colour. Basic colour of the uniform was dark turquoise, except for the winter shirt (both gender's) which was white, the summer shirt (both gender's) - light turquoise and the shoes were black. According to the Rulebook, winter season starts on 15<sup>th</sup> October and ends on 31<sup>st</sup> March, while the summer season starts on 1<sup>st</sup> April and ends on 14<sup>th</sup> October.



The uniform had official insignia on it. The insignia marking the rank and position of the customs officer was located on the front left side of the jacket, coat, summer jacket, sweater and short-sleeve shirt.

The insignia for high school degree customs officers is golden yellow stripe horizontally placed on 4cm x 4 mm height (picture 1). The insignia for university and college degree customs officers (senior associate, inspector, senior advisor, expert associate for document receipt and inspection of goods, customs administrative procedure etc, was two golden yellow stripes embroidered horizontally with dimensions of 4 cm x 4 mm with 7 mm distance between them (Picture 2). The insignia for heads of organisational units – two golden yellow stripes embroidered horizontally, with 5 mm distance between them, the upper stripe with dimensions of 4 cm x 4 mm and the one below with dimensions 4 cm x 8 mm (Picture 3). The insignia for Assistant Head of Customs House is two golden yellow stripes embroidered horizontally with 5 mm distance between them, each with dimensions 4 cm x 8 mm (Picture 4). For Head of Customs House, the insignia is two golden yellow stripes embroidered horizontally with 5 mm distance between them, each with dimensions 4 cm x 8 mm, placed in a 1 mm wide golden yellow square, embroidered 1 mm from the edges of the insignia (Picture 5).



1



2



3



4



5

## LOGISTIC SUPPORT

### Customs Laboratory

Although it formally existed, the Customs Laboratory Unit as an integral part of the Customs System Sector, started operating in 1995 as basic laboratory, equipped with instruments for physical analysis and quick identification tests. Within 1995 – 1998, the total number of staff is 4. During this period, the received samples, particularly the more complex ones for which the laboratory was not equipped, were analyzed by other government and private laboratories. On grounds of the obtained analysis results, the laboratory employees classified the goods according to the Customs Tariff. In 1997, the US Customs Service donated equipment and instruments for the Customs Laboratory. It mainly consisted of equipment for analysis of oil derivatives: oil distillation device, open and closed flash point container, basic laboratory equipment (furnace, weighing scales, laboratory dryer and spinner), gas chromatograph, tensiometer. The majority of these had no additional equipment.



*Distiller device*

## ICT support

Following the preparations at operational, technical and personnel level, which took several years, in 1996 **started the implementation of the Macedonian Information System – MAKCIS**. The export procedure under the new SAD that replaced the old VS forms was tested in the new ASYCUDA++<sup>11</sup> software between 1<sup>st</sup> July and 31<sup>st</sup> December 1996. During these 6 months testing which was performed at the CO Airport Skopje, the documentation was created in both the old and the new system. This testing was precondition for the Customs Administration, on 1<sup>st</sup> January 1997, to officially start processing export declarations in four Customs Offices: Airport Skopje, Terminal Export Skopje, Bitola and Gevgelija. In addition to the engagement of the ADP staff, experts from UNCTAD<sup>12</sup> and the IMF<sup>13</sup> were involved in the implementation of the software.

Asycuda is a computer programme for customs data processing, developed by the UNCTAD. In our system, Asycuda works on the following environment: Operational System SCO UnixWare 2.1.3 and UnixWare 7.1.0 and Informix 7.22 Database.

During the second half of 1997, the import SAD was tested at the Customs Office Airport Skopje. After the successful testing, Customs introduced import clearance in the Asycuda system on 1<sup>st</sup> January 1998. By the end of 1998, all inland offices were connected to the system. 23 local servers with 400 personal customs computers and 400 freight forwarding agencies computers were connected to the system. A central server is located in the Sector for Automatic Data Processing, which gathers data from local servers on daily basis. The data is later processed and analysed. 300 different reports were defined for the needs of Customs and other government agencies. Monthly reports concerning customs declaration data are sent to the National Bank of the Republic of Macedonia and the State Statistical Office. Several upgrades of the existing software were made during this period.

<sup>11</sup> Automated System for Customs Data – ASYCUDA++

<sup>12</sup> United Nations Conference on Trade and Development - UNCTAD

<sup>13</sup> International Monetary Fund

## THE CUSTOMS ADMINISTRATION WITHIN 1998-2003

**This period is characterized with massive conclusion of free trade agreements and accession to relevant international organisations, reorganisation of the Customs Administration and laying the foundations for customs intelligence, risk-analysis and mobile units, as well as grounds for further enhancement of the customs officers' integrity.**

Within 18<sup>th</sup> February 1999 – 4<sup>th</sup> November 2002, Director General of the Customs Administration is Dragan Daravelski.

### CUSTOMS LEGISLATION

#### Customs Code

In April 1998, the Parliament adopted the **Customs Code**<sup>14</sup>, thus abolishing the Law on Customs Duties<sup>15</sup>, the Law on the Customs Administration<sup>16</sup> and the Law on Free and Customs Zones.<sup>17</sup> This Law regulates the customs procedure, rights and obligations of the participants in the customs procedures, as well as the scope, manner of operation and the organisation of the authorities competent for customs-related matters (Customs Administration). The provisions concerning the scope, manner of operation and organisation of the Customs Administration came into force on 1<sup>st</sup> January 1999, while the other provisions on 1<sup>st</sup> April 2000. Unlike the previous provisions where the term "customs declaration" was defined as solely a paper document, now customs declaration was also an electronically signed computer message. Furthermore, instead of the existing "application for import and transfer of goods", the Law introduced "elementary declaration" and the record-keeping of customs declarations is done in electronic logbook. A significant change is the abolition of the customs document used depending on the means of transport (customs procedure in railway, road and air traffic). In addition to the normal procedure of customs declaration completion, for the first time the Customs Code introduced and defined simplified procedure. The procedures of customs warehousing, import of goods for production intended for export, manufacture under customs surveillance, temporary admission and exportation of goods for processing were defined as procedures with economic impact, the decisions thereof are made by the customs authority and it could request appropriate security instrument

#### Kafasan

The border crossing point Kafasan is located at 1060 metres above sea level, at upland on the border between the Republic Of Macedonia and the Republic of Albania. The history of the place shows interesting data – it was here where the forces of the Alliance passed during World War I, retreating through Albania into Greece fleeing from the Austro-Hungarian and German troops. After World War II, Kafasan functions as border crossing, its beginning as an only border crossing with Albania with built infrastructure dating somewhere in the beginning of the 1970's. This is how a journalist report dating from 1973 describes the conditions of the border crossing point: "Traffic flow is poor. Only few vehicles cross the border crossing on daily basis. The majority of vehicles are diplomatic. A truck rarely passes the border. This is understandable, considering the circumstances in Albania». Since the beginning of the 1990's the traffic frequency at the Kafasan border crossing has considerably increased.

<sup>14</sup> "Official Gazette of the RM" no.21 of 8 May 1998

<sup>15</sup> "Official Gazette of the RM" no 20/93, 63/95 and 15/97

<sup>16</sup> "Official Gazette of the RM" no 25/92

<sup>17</sup> "Official Journal of the RM" no 3/90

for the goods in case they are subject to customs duties. Provisions stipulating customs zones were also included and procedures for clearance of goods in these zones were defined. A definition of customs debt was introduced, as well as procedures for calculation and collection of customs debt.

In 2002, **amendments to the Customs Code** were passed, introducing a possibility for electronic data exchange. The amendments also include provisions concerning the special duties payable for import of agricultural and food products and replacing them with import tariffs, stemming from the agricultural policy, or tariffs arising from specific agreements concerning certain goods resulting from manufacture of agricultural products. The Certificate for classification of goods used up to that moment was replaced by **Binding Tariff Information**. **Binding Origin Information** was introduced for the first time. This type of information is issued by the Customs Administration upon request of an interested party. The definitions of “customs duties” were amended, the term “customs contingent” was abolished, and a term **preferential tariff treatment** was introduced, which became applicable with the accession to the WTO. The methods for determination of the value of goods for customs purposes were amended.

The process of negotiations for accession to WTO continued in this period. While negotiating, the Republic of Macedonia made the necessary reforms for harmonisation with the WTO standards concerning foreign trade regime, customs system, fiscal system and other amendments of the existing and adoption of new legislation. The separate bilateral negotiations of the Republic of Macedonia with separate countries or groups of countries having common interest in trade are of crucial importance in the entire process of negotiations. These negotiations included issues concerning customs duty rates, protection of agricultural products and products of the textile industry, services and protection of intellectual property rights. **On 4<sup>th</sup> April 2003 the Republic of Macedonia officially becomes the 146<sup>th</sup> member of the WTO.** WTO membership signified alignment of the foreign trade policies and the entire economic system with the obligations from the three Agreements, presenting the three pillars of the WTO: the General Agreement on Tariffs and Trade- GATT of 1994, **the General Agreement on Trade in Services- GATS and the Agreement on Trade-Related Aspects of Intellectual Property Rights – TRIPS.**

The accession to the WTO imposed amendments to the customs system and the level of customs protection. The amendments covered the level of liberalisation of trade in agricultural and industrial products from customs protection and other import duties aspect, in accordance with the obligations arising from the undertaken customs concessions and the Agreement on Agriculture, as well as the alignment according to the Agreement on the Customs Value and the Agreement on the Origin of Goods of the 1994 GATT. **The level of customs protection is laid down in the Customs Tariff which, within a 10-years transitional period, i.e. by 2012, must decrease for 58%, i.e. the simple mean customs duty rate of 15.14% must drop to 8.78%, thus achieving great level of market liberalisation.** The obligations related to non-tariff barriers and possibility to apply protective measures, as well as other additional issues, which were included in the 1994 GATT for the first time, were included within the foreign trade exchange. The following Agreements fall in this group: the Agreement on Import Licensing, the Agreement on Technical Barriers to Trade, the Agreement

#### Deve Bair – the Camel Hill

Since ancient times until today, Deve Bair has been a convenient strategic and economically appealing pass, where the Balkans and Europe met the Near East and Asia. During the Ottoman Empire and the Turkish rule of these regions, the road from Skopje to Kriva Palanka – Deve Bair, through Sofia to Tzarigrad (Constantinople) was used by Turkish caravans, emigrant breadwinners, travel writers, army generals and emperors as a short cut. In 1030, King Stefan Dechanski traveled this road, returning from the wars in Velbuzd (present Kustendil). In 1389, here passed the army led by the Turkish Sulan Murat, and on two occasions, the Turkish Vizier Mehmet Pasha. It was then that he realized the great importance and significance of this road and mountain pass. During World War II, through this pass came the German and then the Bulgarian troops. From 1945 until 1948, this crossing functioned as interstate border crossing. The known events of 1948 led to closing of Deve Bair. It was re-opened in 1956, under the name of Kriva Palanka border crossing point. In 1967 it was renamed into Deve Bair. According to folk tales, the name comes from the Turkish words “deva” meaning camel and “bair” meaning hill. Today’s location of the border crossing Deve Bair is situated on 2.5 km south of the original pass, at a location called Ramna Niva at altitude of 1200 metres above sea level.



on Subsidies and Countervailing Measures and the Agreement on Anti-Dumping Measures, the Agreement on Protective Measures and the Agreement on Trade Related Investment Measures.

**The Free Trade Agreement with Bulgaria** came into force in January 2000. It provided for start of full liberalisation of the import of industrial goods in 2005, while the import of agricultural products was regulated with tariff quota. The **Free Trade Agreement with Turkey** started applying in September 2000 and provided for full liberalisation of industrial goods from September 2008, while the import of agricultural products was regulated with tariff quota. The **Free Trade Agreement with Ukraine** came into force in September 2001. Under this Agreement, full liberalisation of import of industrial goods started in 2010, while the import of agricultural products is regulated with tariff quota. The **Free Trade Agreement with Bosnia and Herzegovina** came into force in July 2002. This was the first country with which the Republic of Macedonia had full liberalisation of the import of all goods. This meant inflow of enormous quantities of goods originating in Bosnia and Herzegovina relieved of customs duties. Soon after, in July 2002 the **Free Trade Agreement with Albania** came into force. Pursuant this Agreement, full liberalisation of the import of all industrial products started applying in 2007. Tariff quota was envisaged for agricultural products. The **Free Trade Agreement with the EFTA countries came into force in May 2002**. Full liberalisation of the import of all industrial products started applying in 2011 while tariff quota was envisaged for agricultural products. Bilateral cumulation with the EFTA countries was applied in this period.

In June 2001 came into force the **Interim Agreement on Trade and Trade-Related Matters between the Republic of Macedonia and the European Communities**, as part of the SAA<sup>18</sup>. With the SAA, the Parties started applying bilateral origin of goods and import of goods originating in the EU. Full liberalisation of import of industrial products started applying in 2011. Agricultural products are defined in several lists stipulating abolishment or reduction of import customs duties, and certain goods are subject to quota. At the beginning, bilateral cumulation was applied and the documents serving as proof of origin included movement certificate EUR.1 and invoice declaration. In March 2006, the Republic of Macedonia acceded to the **International Convention on Temporary Admission (Istanbul Convention)**, replacing the previous conventions regulating this issue.

#### Delčevo – “Arnaut’s grave”

The border crossing Delčevo was officially opened in 1956 as provincial border crossing. The first name of the location was “Arnaut’s grave” (arnaut – Turkish word referring to mercenary soldiers of the Turkish army from Albania, Greece, Bulgaria or Serbia), given according to the legend about a murdered arnaut who was buried on this location. The legend was proven true when the new border crossing was being built and the grave was found. The Arnaut was buried in sitting posture with legs crossed. The history of the place indicates that, in the time of WW II here passed one of the main roads through which the German and Bulgarian army troops entered the country. They used this crossing when they retreated at the end of the war. In 1980, the new border crossing point was officially put in function. Soon after, it was named Delčevo. From 1983 until 1986, the border crossing point operated only daily. Even though our customs officers worked 24/7, the border from the Bulgarian side was closed at night.

## Customs Tariff

Amendments to the Law on Customs Tariff were passed in 1998, **excluding the Article on the application of the flat customs duty rate of 15% applied for import of goods by natural entities**. This provision is included in the Customs Code.

The accession to the WTO resulted in adoption of a new Law on Customs Tariff. This Law provided for considerable reduction of the customs duty rates, abolition of the simplified classification of spare parts in tariff codes of ready-made products, introduction of an obligation to harmonize the customs tariff with the obligations of the Protocol on the Accession to the WTO and an obligation to harmonize the customs tariff in accordance with the Law Ratifying the Convention on the Harmonized Commodity Description and Coding System. Pursuant this Protocol, many customs duty rates are gradually decreased. The process of decreasing the customs duty rates ended in 2012.

<sup>18</sup> Stabilization and Association Agreement between the Republic of Macedonia and the European Communities and their Member States



## EU INTEGRATION

Following the conclusion of the SAA in 2001, the Republic of Macedonia started the process for approximation of the national customs system to the one of the EU. In 2002, the **Project for Integrated Border Management PHARE 2000** was realized, when static radiation detectors were installed at eight most-frequent border crossing points and vehicles for the need of the Control and Investigation Sector were procured. Under the CARDS Programme, within 2003-2008 a **Project on Technical Support for Modernization and Development of the Customs Service** was realized through the CAFAO –MAC Mission to the Republic of Macedonia. The Mission provided technical assistance for review of the organisational set-up, development of a Strategic Business Plan and elaboration of customs legislation according to EU standards, enhancement of the Control and Investigation Sector, the Human Resource Sector, as well as establishment and equipping of an internal training centre, provision of IT equipment and customs laboratory. Within 2002-2004, under the CARDS Programme, technical assistance was provided for introduction of **integrated border management**.

Within 1994-1998, the Customs Administration participated in the programme PHARE PCU (Programme Coordination Unit) seated in Ljubljana, Republic of Slovenia, where candidate countries for full EU membership also participated. The Programme's objective was to enhance the operational and institutional capacities of the Customs Administrations for EU membership and it included activities focused on the areas of training, automatic data processing, harmonisation and modernization of procedures etc.

Within 1993-2000, the Customs Administration used technical assistance from the EU through the Eurocustoms organisation, marking the beginning of the approximation of the national legislation to the EU legislation. This is the period when the customs legislation that was adopted in 1998 was prepared, SAD was introduced, several customs procedures were modernized (temporary admission, temporary export, inwards processing etc.), and a period when the area regulating customs value, customs laboratory, origin of goods etc. was harmonized.

## ORGANISATION AND POWERS

### Organisation

The Customs Administration changed its legal status in this period. Pursuant **the Customs Code adopted in April 2008, the Customs Administration changed its status from an independent state administration authority into an authority within the Ministry of Finance with competences of a legal person**, managed by a Director General appointed by the Government of the Republic of Macedonia. Practically this means that the Director General no longer had the power to adopt by-laws and that was transferred to the Minister of Finance.

According to the new Rulebook on Systematisation of the Operations and Activities of the Customs Administration the total number of employees is 1,043, of which 211 in the Customs Administration Headquarters and 832 in the Customs Houses. At the end of 1999, the total number of employees in the Customs Administration was 763.

In April 1999, the Minister of Finance adopted a new **Rulebook on the Business Organisation of the Customs Administration** and a new **Rulebook on Systematization of the Operations and Activities of the Customs Administration**. This Rulebook on the Business Organisation of the Customs Administration introduced a new territorial coverage of the Customs Houses; for the first time the function control and investigation was introduced at sector level, with special Departments and Intelligence Units and Customs Mobile Teams; a special Department for communication with judicial and prosecution authorities was also introduced which provided operational guidelines and instructions for the Customs Houses in detecting criminal acts and offences and their representation before the judicial authorities. To the end of alignment with the **Law on Civil Servants**,<sup>19</sup> in February 2001, a new Rulebook on the Business Organisation of the Customs Administration and a new Rulebook on Systematization of the Operations and Activities of the

<sup>19</sup> "Official Gazette of the Republic of Macedonia" no. 59/2000 of 22 July 2000

Customs Administration were adopted. The operation of the Customs Administration, the Customs Houses and the Sectors was coordinated by a State Advisor appointed by the Government of the Republic of Macedonia and the Sectors were managed by Sector Directors. **In February 2003, a new Rulebook on the Business Organisation was adopted**, and in accordance with it, the organisational structure of the Customs Administration was as follows:

<b>CUSTOMS HOUSES</b>				
<b>Customs House Gevgelija</b>	<b>Customs House Kumanovo</b>	<b>Customs House Štip</b>	<b>Customs House Bitola</b>	<b>Customs House Skopje</b>
CO RS Gevgelija	CO Kumanovo	CO Štip	CO Medzitlija	CO Skopje
CO Bogorodica	CO Tabanovce Highway	CO Delčevo	CO Airport Ohrid	CO Skopje Import Terminal
CO Dojran	CO RS Kumanovo	CO Veles	CO Post Office Bitola	CO Skopje Export Terminal
CO Strumica	CO Pelince		CO Stenje	CO Consignation and Fair
CO Novo Selo	CO Deve Bair		CO Blato	CO Airport Skopje
CO Kavadarci			CO St. Naum	CO Post Office Skopje
CO Free Zone Feni			CO Struga	CO RS Trubarevo
			CO Prilep	CO RS Volkovo
			CO Ohrid	CO Blace
			CO Kafasan	CO Jažince
				CO Stenkovec
				CO Tetovo
				CO Miladinovci

#### **CENTRAL ADMINISTRATION**

##### **Cabinet of the Director**

##### **Coordination and Communication Department**

##### **Sector for Customs Legal Affairs**

Department for Customs and Tax Procedures

Department for Risk Analysis

Department for Offence, Criminal and Administrative Affairs and Representation before Judicial and Other Authorities

Department for Tariff, Value, Origin and Customs Laboratory

Unit for Analytics and Statistics

##### **Control and Investigation Sector**

Intelligence Department

##### **Investigations Department**

Mobile Teams Department

Control and Audit Department

Coordination and Communication Department

Analytics and Statistics Unit

##### **Sector for Professional Responsibility**

Department for Internal Investigations

Department for Internal Inspection

##### **Sector for International, Organisational, Personnel, Financial-material and Property-Legal Affairs**

Department for International Co-operation, Projects and European Integration

Department for Investments, Maintenance and Security Buildings, Equipment, Vehicles Pool and General Technical Operations;

Department for Financial-Material and Property-Legal Relations

Department for Organisational, Personnel and General Matters Department

Department for Professional Training and Information

Department for Revenue Collection, Budget, Guarantees and Analysis

##### **Sector for Information Technology**

Department for Risk Analysis and Statistics

Department for Organisation, Development and Methods

What marks this period is the introduction of a Control and Investigation Sector with Intelligence Department, a Risk Analysis Department and a Mobile Teams Department, Sector for Professional Responsibility with Department for Internal Investigations and Department for Internal Inspection, as well as other new organisational units. Five Customs Houses were established (previously there were three) and new inland Customs Offices were also established.

Following the change of the status of the Customs Administration as legal entity within the Ministry of Finance, in September 2003, a **new Rulebook on the Official Uniform, the Form and Manner of Issuing an Official Identity Document to the Customs Officers** was adopted. The new Rulebook did not introduce big changes in respect of the parts of the official uniform for the customs officers. The colour remained dark turquoise and the winter and summer shirt (for both genders), white. The other parts of the official uniform remained the same. The official insignia were changed. Three new official insignia were introduced: official insignia for the Advisor to the Director General and the Director of Sector, for the Deputy Director General of the Customs Administration and for the Director General of the Customs Administration.



Emblem from 1998



Official insignia for Advisor to the Director General and Assistant (Sector) Director, Deputy Director General and Director General, according to the Rulebook of 2003.

## Powers

Pursuant the Customs Code which was in force until 1998, the Customs Administration had the powers to control goods, persons and vehicles entering, transiting through or leaving the territory of the Republic of Macedonia; to calculate and collect customs duties, protective duty, taxes, excise and other duties determined by law in the external-trade circulation; to conduct an administrative procedure for customs cases; to control foreign currencies in international passenger and cross-border circulation with a foreign country; to prevent and discover customs offences and to initiate procedures for the mentioned at the competent courts; to prepare customs-related matters; to apply foreign-trade operation regulations; to provide export and import data for realisation of statistical research; to organize the customs information system in a manner that allows exchange, monitoring and standardizing data with state institutions inside and outside the country, as well as other operations determined by law. The amendments to the Customs Code of 2000 introduced the right for customs officers to temporarily confiscate effective national and foreign currency, cheques, monetary gold and securities, if above the amounts thereof exceeds the prescribed permitted maximum.

## HUMAN RESOURCES

### The Status of the Employees

The three groups of employees of the Customs Administration were first defined in 2001 in the Rulebook on Systematization of the Operations and the Activities of the Customs Administration in the following manner: workers that do not have the status of civil servants, uniformed customs officers, customs officers with special duties and authorities and civil servants. At the end of 2003, the total number of employees in the Customs Administration was 876.

In order to regulate the rights and obligations of the employees, the Union of the Customs Service employees and the Director General of the Customs Administration signed a Collective Labour Agreement at the beginning of 1999. A Customs Code of Conduct was also signed as part of the Collective Labour Agreement and in accordance with the transparency principle, it is put up in all organisational units within the service. It is expected that if this Code is respected, the work discipline and the ethics of the service will significantly improve, as key indicators in the creating of the overall image.

In 1999, as part of the EU PHARE Programme, **part of the space in the building of the Customs Administration was reconstructed into a mini training centre**. Following the finalization of the reconstruction of this space into training premises in 2000, they were immediately put in use for the purpose of training customs officers.

## Integrity

Five years after the Arusha Declaration was adopted, in 1998 the WCO adopted a Code of Conduct which was to be implemented in all Member States of the WCO. Moreover, disciplinary-ethical conduct standards were adopted which list all the activities of customs officers, considered to be violations of disciplinary-ethical character. They were issued in the **Manual for Work Discipline and Ethics for Education of Customs Officers**, June 1998. In accordance with the recommendations of the WCO, the Customs Administration of the Republic of Macedonia established disciplinary-ethical principles (10 principles) which are publicly put up at the entrance of all Customs Offices.

### CUSTOMS CODE OF CONDUCT

1. The employees shall act in accordance with the legal and sub-legal regulations implemented when carrying out the tasks of a particular work position and the determined general policy of the Customs Administration.
2. The employees shall not be involved in financial interests or transactions, in acts, which according to law, constitute criminal acts perpetrated at the work place or in relation to the work - they shall in particular be immune to giving and receiving bribes, contrary to the interests of the Customs Administration.
3. In their communication with each other and with third parties, the employees shall not abuse the work premises, the equipment and the work assets.
4. When communicating with third parties from the public or the private sector, the employees shall have a standard, uniform approach, they shall be equally correct with everyone and give no priority to anyone.
5. The employees shall refrain from getting organised and engaged politically within the service.
6. The employees shall not perform acts, nor shall they be involved in duties and activities outside the service which are in conflict with their official duties.
7. The employees shall not tolerate, i.e. they shall disclose and report with due diligence, all types of abuse, smuggling, tax evasion, fraud and dangers which can have negative ramifications on the state interests and the public safety.
8. In accordance with their work obligations, the employees shall guard their reputation, the reputation of the managers and the reputation of the Customs Administration.
9. The employees shall not act contrary to the principles of racial, religious, gender or national tolerance.
10. The employees shall take due care of the cultural heritage.



Since the time of St. Matthew until today it has always been said that customs officers know everything, can do everything and have everything! Their personal and professional integrity is a popular issue. The reason is simple. Everyday contact with "talented" people, the goods that pass in front of the eyes of the customs officers, the opportunities that are within their reach if regulations are not complied with, can lead those who are involved in the customs procedure to a temptation to improve their living standard on the account of the state. The fight of man against the evil called corruption has been present since the first communities in which the community leaders imposed primitive penalties to clean the community from this phenomenon. Later, this endeavour is noticed in the organised state system of the antique state, the medieval postulates, but also in the Ten Commandments of the Bible and in today's legal normative in the form of codices, laws or rulebooks for ethical conduct.

Based on the recommendations of DG TAXUD<sup>20</sup> of 1999, in January 2003 the **Professional Responsibility Sector** - PRS<sup>21</sup>, was established. The PRS carries out internal control of all the functions in the Sectors and

<sup>20</sup> Directorate General for Taxation and Customs Union of the EU Commission.

<sup>21</sup> Professional Responsibility Sector



Customs Houses in the Customs Administration, from the aspect of carrying out the operational activities in accordance with relevant laws, prescribed procedures, powers, work tasks, rights and responsibilities, as well as investigating allegations on improper conduct by the employees. The purpose of these activities is to prevent, establish and eliminate bad conduct, fraud, losses, abuse and improper management within all organisational units. The PRS shall be the pillar of the fight against corruption through preventive actions, detection and elimination of unprofessional behaviour, fraud, loss, abuse, corruption and improper management and prevention of deviant behaviour among the employees of the Customs Administration. By establishing the customs open phone line – 197, the PRS started acting in accordance with the classified information, i.e. it prepares official information, official notes and reports based on the objectively gathered facts and evidence to back up the claims that a customs offence has been perpetrated. In carrying out these activities, particular care is taken of the moral integrity of the customs officer's personality and of not violating any human rights.

On 27<sup>th</sup> November 2003, the Customs Administration promoted the open hot line 197, intended for free of charge and anonymous calls by the citizens for any kind of problems related to customs, drug and weapons trafficking, grey economy, bribery and corruption in the Customs. The opening of the phone line is connected to the start of the operation of the **Coordination and Communication Department** – CCD of the Customs Administration, envisaged as a 24-hour service centre for the citizens, which operates within the Control and Investigation Sector. The CCD started working on gathering information from the customs open phone line and the received information was forwarded to the competent organisational units within the Administration, but also to other competent state authorities, such as the Ministry of Interior, the Public Revenue Office, the Financial Police Administration, the Commission for Prevention of Corruption and the State Market Inspectorate.



## LAW ENFORCEMENT CONTROL

### Selectivity

The continuous increase of the volume of traffic of goods and passengers, the need to harmonize customs controls with WCO and EU standards, as well as the limited resources of the Customs Administration, inevitably imposed the need to use appropriate systems and work methods which provide complete protection of the revenue and allow full enforcement of the legal prohibitions, and simultaneously, simplifying and expediting legitimate trade. In accordance with the recommendations of the European Bank for Reconstruction and Development, **in 2001 appropriate preparations and tests were undertaken in relation to implementing selectivity in MAKCIS.** In accordance with the existing customs regulations, there are defined and implemented local, regional and state selectivity criteria in the electronic selectivity system. Selectivity lists are created by tariff code, country of origin, importer, as well as other indicators which can indicate the risk when performing customs procedure. A system of value control of the goods is established as a selectivity parameter. The responsibility of all the participants in the selectivity process is defined. The percentage of random and predefined selectivity is determined. Selection is carried out by establishing a system of colour channels (lines): "red channel" involving compulsory physical examination of the goods before checking the





declaration, «yellow channel» involving compulsory documentary review of the declaration, «blue channel» involving additional control of goods (goods with a lesser risk or perishable goods) and a «green channel» with no examination of low-risk goods. In September 2002, in the Customs Office Kumanovo, a pilot project for introducing risk analysis in customs operation was successfully carried out after which the module was introduced in all inland Customs Offices. During 2003, the carrying out of the customs procedure using the risk-analysis method was made available in six Customs Offices: Kumanovo, Veles, Kavadarci, Ohrid, Struga and Skopje Import Terminal. Since the end of 2004, risk-analysis is carried out in all inland customs offices.

## Customs control

In this period, customs control was focused on preventive control of documents and goods in Customs Offices and in companies, discovering smuggled goods, customs and foreign-currency offences, as well as discovering drugs and precursors with the help of specially trained dogs. The Customs Administration participated in various projects (PHARE – national programme for 2000, SECI, RILO and others), which helped improve the procedures, methodologies and the equipment for detecting smuggled goods, customs and foreign-currency offences at border crossing and inland. This is the period when intelligence activities and mobile customs control started developing.

Ljubomir Mihajlovski is Director General of the Customs Administration in the period from December 2<sup>nd</sup>, 2002 to December 17<sup>th</sup>, 2004

In order to increase the efficiency of the fight against organized crime and illegal trade in drugs, **active co-operation was established with the Section for Combating Organised Crime within the Ministry of Interior and the Intelligence Agency, as well as with other authorities and institutions.**

The Republic of Macedonia is a member of the **Regional SECI Centre for Fighting Cross-Border Crime**<sup>22</sup> based in Bucharest, since its establishment in 1999. The centre started operating in 2000. 13 Member States took part in the operation of the centre: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Hungary, Moldavia, Macedonia, Romania, Serbia, Slovenia, Turkey and Montenegro. 15 states participated as monitors, as well as several international organisations and institutions. The main purpose of the centre is to give support and to improve the fight against all types of cross-border crime via mutual co-operation, with immediate and direct exchange of operational data, information and documents between the customs and police services. From December 2011 the SECI centre was reorganized and renamed to South European Law Enforcement Centre<sup>23</sup>. In 2003 the Customs Administration entered the CEN (Customs Enforcement Network), the database of the WCO, which is used for customs-intelligence purposes. This base contains information submitted by the members of the WCO on all seizures of narcotics, cigarettes, weapons. Connections with RILO (the Regional Intelligence Liaison Office) were established and at the beginning of 2003, contact persons were appointed from the Intelligence Department, which provided quicker exchange of information for the needs of the Customs Service.

In July 1996, the Constitutional Court of the Republic of Macedonia proclaimed Article 307 of the Law on Customs Duties as non-constitutional, because state authority bodies within their authority to immediately and directly enforce and apply laws and to carry out administrative supervision, are not authorised to carry out a penal provision against the citizens and to impose sanctions for the perpetrated punishable acts. Based on this opinion of the Constitutional Court of the Republic of Macedonia, with the Customs Code of 08.05.1998, offences fell under the jurisdiction of the courts, following which the open offence cases were left to the Basic Courts to handle.

## LOGISTIC SUPPORT

### ICT support

During 1999, computer networks at the border crossings with higher volume of traffic, were created

<sup>22</sup> Southeast European Cooperative Initiative – SECI.

<sup>23</sup> South European Law Enforcement Centre – SELEC.

(Tabanovce, Bogorodica, Medzitlija, Deve Bair and Blace) and they are connected to MAKCIS. During 2000 the connecting of border crossings and electronic submitting of transit documents (T1 and TIR) was initiated. For that purpose all forwarding agents at the border crossings were connected. The number of external users increased to about 500 (forwarding agents, airport companies, railways, offices, express delivery services, etc). The customs procedure from the moment of submitting the documents to recording the payments made was completely automated. Computer support was provided (communication with the Payment Procedures Agency) for centralization and control of the payment of customs and other duties.

During 2001, the Public Revenue Office – PRO was included as a governmental control authority in the MAKCIS system. The inspection services of the PRO were provided with remote access to reports and customs declarations. In accordance with the basic agreement between the Republic of Macedonia and NATO/KFOR forces, a procedure was put in place for NATO documentation and electronic records of NATO certificates during transit, import and export.

Towards the end of 2002, the Customs Service started using the customs information system in 31 Customs Offices in the regional and central organisational units. Around 400 customs officers keep records of the most important data from customs documents and customs control books concerning the operation in this system. Direct participants of the system are also the Public Enterprise for Airport Services, Macedonian Railways and the Macedonian Post Office. They electronically submit the data regarding goods that are cleared and can check the customs procedure. The participation of express delivery services (DHL, UPS), is the same. The number of external participants in MAKCIS is around 600. Users of MAKCIS data are the Ministries of Economy, Finance, Agriculture and Health, as well as the National Bank, the Statistics Agency, the Public Revenue Office, the Chamber of Commerce, «Makedonija Soobrakjaj» and others. All direct participants and users have at their disposal a large volume of relevant data for clearance of goods related to the customs tariff, customs regulations, as well as in accordance with the Free Trade Agreements. Towards the end of 2003 the procedure for issuing tariff quotas was automated with the design of software for allocating and recording quotas in accordance with the principle “first come—first served».

## Transparency

Realising the need to issue a specialised magazine in the field of customs operation, the **promotional issue of the newsletter “Цариник” (“Customs Officer”)** was issued in December 2001. According to its character and the main concept of the newspaper, “CARINIK» is a specialized magazine in the field of customs, dealing with issues such as: reforms of the customs system, customs procedures, customs value of the goods, origin of the goods, VAT and excise, customs tariff and classification of goods according to tariff codes, customs laboratory, Free Trade Agreements, customs-administrative and court practice, customs control, investigation and intelligence, contact - interviews with commercial entities and their legal representatives in the customs procedure, questions and answers, important events in the Customs Administration, significant information from the daily communication of customs officers. The first issue of the newsletter came out in January 2002 with a circulation of 3000 copies, on 30 pages.

**In December 2001, a pilot portal was created (in Microsoft Front Page) i.e. the first internet page of the Customs Administration (www.customs.gov.mk) with 40 documents of interest to the public and the business community uploaded on it.**

## THE CUSTOMS ADMINISTRATION WITHIN 2004-2006

The period from 2004 to 2006 was signified by the adoption of a new, modern Customs Code, for the greater part harmonized with the EU customs legislation, together with the accompanying bylaws and regulations, as well as the re-promulgation of the Law on the Customs Administration. Of special significance is the Law on Customs Measures for Protection of Intellectual Property Rights, which created a legal framework for action by the Customs Administration in import and transit of counterfeit goods.

### LEGISLATION

#### Customs Code

New **Customs Code** was passed in **2005**, which harmonized the customs legislation with that of the EU. This Code represents a first step towards creating the prerequisite conditions for introduction of the standards and principles according to which the EU Customs Services operate. This Code develops selectivity and simplified procedures in accordance with the Revised Kyoto Convention<sup>24</sup>. It further defines the role of the representatives in the customs procedure and it introduces the condition for taking an exam to obtain a customs representative license. The procedure for inward processing was liberalized in accordance with the Istanbul Convention<sup>25</sup>. The concept of autonomous measures for reduction or elimination of import duties was introduced. These novelties were intended to allow the Macedonian economic operators the same incentives enjoyed by the companies in the countries of the EU. With this Customs Code, part of the customs regulations were harmonized with the customs regulations of the EU. Namely, the law stipulates introduction of s.c. simplified customs procedures (including **local clearance** where the companies, on the basis of approved authorisations by the Customs Administration, can carry out import or export clearance 24/7 in their premises instead of the customs terminals), **authorised consignee and consigner** (which is favourable for clearance of s.c. summary shipments), as well as regulated **customs procedures with economic impact** (inward and outward processing, customs warehousing), etc. **The Law on Customs Measures for Protection of Intellectual Property Rights** was adopted in this period. According to this Law, the trade mark holders or their representatives register with the Customs Administration requests for customs protection of their products and co-operate with the Customs Administration on the preparation of systems of detection and prevention of import and transit of counterfeit goods and raising the public awareness of the detrimental consequences from the use of counterfeit goods. During this period, the Customs Administration commenced registering such requests and realised the first operations for seizure of counterfeit goods.

The signing and entering into force of Free Trade Agreements continued in this period. The Free Trade Agreement with Romania started being applied in January 2004. Pursuant to this Agreement, full liberalisation of all industrial goods become applicable in 2008. Rates were partially reduced for certain agricultural goods, whereas certain procedures were subject to quotas. On 1<sup>st</sup> April 2004, the Stabilisation and Association Agreement with the **European Communities** came into force. In this Agreement, the number of Member States of the European Union rose from 15 to 25. This Agreement terminated the Free Trade Agreement with

<sup>24</sup> The International Convention on the Simplification and Harmonisation of Customs procedures (Revised Kyoto Convention), adopted by the WCO in 1999, entered into force in 2006

<sup>25</sup> Convention relating to temporary admission (Istanbul Convention), adopted by the WCO in 1990, entered into force in 1993.

Slovenia. Bilateral cumulation continued to apply with this Agreement. The Free Trade Agreement with **Moldova** started being applied in January 2005. Pursuant to this Agreement, full liberalisation of all industrial goods began to be applied in 2010. Tariff quotas were anticipated for agricultural products. The Temporary Free Trade Agreement between the Republic of Macedonia and UNMIK (**Kosovo**) came into force in February 2006 and full liberalisation of import of all goods with origin was introduced on that date.

The Agreement for Accession to the Central European Free Trade Agreement (**CEFTA**) began application on 1<sup>st</sup> July 2006. Signatories of this Agreement at that time were Croatia, Romania and Bulgaria. The Free Trade Agreements with Croatia, Romania and Bulgaria thus expired. At that point of time, diagonal cumulation between the CEFTA countries started to apply for the first time. Furthermore, this Agreement also allowed the possibility to apply diagonal cumulation with the potential partners EU, EFTA and Turkey.

## ORGANISATION AND POWERS

### Powers

In July 2004, new **Law on the Customs Administration** was adopted<sup>26</sup>. This Law terminates certain Articles of the Customs Code regulating the organisation and the scope of work of the Customs Administration. The new Law on Customs Administration regulates the organisation, the scope of work, the manner of performing the work and the management of the Customs Administration, the customs powers, as well as the authorisations and responsibilities for collecting, recording, processing and protecting data in relation to the operations of the Customs Administration. This Law also regulates the particulars pertaining to the rights, obligations and responsibilities of the customs officers in terms of labour relations, the Code of Conduct, awards and recognitions, as well as the financing of the Customs Administration. The Customs Administration performs the affairs from its scope of work via the Central Headquarters and the Customs Houses. The Director General of the Customs Administration makes decisions pertaining to the employment, appointment, suspension, termination of labour relations of the Customs Administration employees, and whilst making the above decisions, he/she is also obligated to ensure legal and appropriate representation of all communities which live in the Republic of Macedonia. For the first time, this Law classifies the posts depending on the official tasks that the incumbents perform, and as such are organised into three groups and titles: managing customs officers, expert customs officers and administrative customs officers. Additionally, for the first time this Law defines the employment conditions of the customs officers, the employment procedure, the manner of implementation of probation work, the text of the pledge that the new customs officers are sworn in by and sign, ensuring the required conditions for safety at work and healthy working environment, the obligations of the customs officers, the appropriate health standards for the performance of the tasks, conflicts of interest, the obligation to keep official, business and other secrets, guaranteed rights of the customs officers, transfer, promotion, office hours, leave and absence, appraisal of the customs officers during their course of work, monthly salary, allowances, awards and bonuses, benefits, monitoring career development, code of conduct, disciplinary and material accountability, awards and acknowledgements, termination of employment, as well as temporary exclusion from the job – suspension.



The Law describes the Customs Administration symbol comprising of a central red stripe contained in a golden yellow frame symbolising the border crossings; three golden yellow stripes are placed both above and below the red stripe, symbolizing the throughput of people and goods over a customs line. Two inscriptions are placed in a circular format: Republic of Macedonia Customs Administration "Царина – Customs" in the lower.

<sup>26</sup> „Official Gazette of the Republic of Macedonia” no. 46/2004 of 12<sup>th</sup> July 2004.

## Organisation

In March 2004, a new **Rulebook on the Organisation and Work of the Customs Administration** and a **Rulebook on the Systematisation of the Work and Tasks of the Customs Administration** were adopted,

thereby introducing several significant changes: creation of the Department for International Cooperation, Projects and European Integration, the Department for Offence, Criminal and Administrative Affairs and Representation before Judicial and Other Authorities, the Sector for Human Resource Management and the Sector for Revenue Collection, Financial, Material and Property Legal Affairs. **A new organisational unit was created in September 2004: the Internal Audit Department.**

At the end of 2004, the number of employees in the Customs Administration was 842.

In December 2005, a new **Rulebook on the Organisation and Work of the Customs Administration** and a new **Rulebook on the Systematisation of the Work and Tasks of the Customs Administration** were adopted. The Communication and Coordination Unit was abolished with this **Rulebook on the Organisation and Work of the Customs Administration**. The Department for Offence, Criminal and Administrative Affairs and Representation before Judicial and Other Authorities was renamed to the Department of Customs-Administrative and Offence Procedures and Representation before the Courts. The Sector for Customs Legal Affairs was renamed to the Customs System Sector. The Analytics and Statistics Unit was abolished, whereas the new Department for Non-Tariff Measures was created (for administering the Law on Customs Measures for Protection of Intellectual Property Rights, among other purposes). Seven Departments and three Units were created within the Sector for Control and Investigation. The Sector for Information Technology was renamed to the Sector for Information and Communication Technologies and three Departments and three Units were created. Special Units for Surveillance of Holders of Authorisations (USHA) were created within the Customs Houses for the purpose of administering the customs procedures with economic impact). The amendments to the Rulebook on the Business Organisation of the Customs Administration abolished the Units for General and Material-Financial Matters within the Customs Houses.

## INTERNATIONAL AND INTER-INSTITUTIONAL COOPERATION

In June 2005, 166 Member States of the WCO, including the Republic of Macedonia, adopted the **WCO Framework of Standards to Secure and Facilitate Global Trade**. It constitutes a single international instrument for a safer trade regime and facilitation of global trade via a new approach to the work and partnership between customs and the business community. It ensures and facilitates the global supply chain and enables additional economic, financial and social benefits.

**The Export Control & Related Border Security Program – EXBS** has been active in the Republic of Macedonia since 2004 as a programme financed and supported by the US Department of State and the Defense Department. The main objective of this program is to provide assistance and support to the Macedonian law-enforcement authorities - the Ministry of Interior and the Customs Administration in the detection, interdiction and countering illicit trafficking of firearms and weapons of mass destruction via specialised training and provision of equipment.

The successfully established cooperation with the **Tax and Customs Administration of the Kingdom of the Netherlands** from 2003 resulted with the implementation of two bilateral technical cooperation agreements between the two institutions, whose implementation started in 2005. During the five-year period (2005-2010), the cooperation between the two administrations contributed to the improvement of the customs procedures, facilitation of trade, the business climate and the collection of taxes. The cooperation was especially significant in the area of improvement of customs procedures for inward processing and establishing a structure of appropriate protection of intellectual property rights. This, together with the campaign for the protection of intellectual property rights, resulted in the realisation of significant amounts of seizures made by the Customs Administration. The support of the activities for establishing the 197 Customs Open Line and the campaign for raising the public awareness contributed to the reduction of corruption, smuggling attempts and organised crime. The achieved



success resulted in the establishment of a second agreement between the two administrations in 2010 aimed at improvement of implementation of the customs procedures with economic impact, communications and management skills, combating counterfeit goods, as well as promoting the work of the customs laboratory.

## HUMAN RESOURCES

### Employee Status

The amendments to the Law on Civil Servants exempts uniformed personnel and personnel with special duties and powers from application of this Law. Therefore, for the very first time, the new Law on the Customs Administration regulates the status of these personnel in a transparent manner in regards to the rights, obligations and responsibilities arising from the labour relations, which specifies the differences in relation to the other authorities and services (tighter conditions in the employment procedure, performance measurement, system of safety at the workplace, preferential duration of years of service, prohibition on performing extracurricular business activities related to the official line of work, a strict Code of Conduct, motivation and awards for successful work, acknowledgements, as well as funding). The Sector for Human Resource Management directly participated in the drafting of this Law. Of the bylaws arising from this Law: **the Operating Instructions on the Matters and Activities that are in Conflict with the Official Duties of the Customs Officers was prepared, the Rulebook on the Form, Content and Manner of Use of the Symbol of the Customs Administration, the Rulebook on Criteria and Manner of Rewarding in the Customs Service** (revised version) were adopted and the Collective Labour Agreement of the Customs Administration was amended.

### Training and Professional Development

Following the positive practices in the European countries and the established need for development of the human resources, the Training Department was established under the newly-formed Sector for Human Resource Management. The Department continues to develop and update the training strategic plan, determining the requirements for development of knowledge and skills of the employees of the service. All the training sessions are conducted by solidly trained trainers who professionally carry out work and operational tasks in the area in which they provide training or they have gained knowledge during the course of their professional career. With a view to the Customs Administration having trainers of the finest calibre who meet the highest standards, who in addition to their gained knowledge, should also have skills and abilities to transfer such knowledge, **29 customs officers have been trained to be trainers.**



Customs and Forwarding curricula was introduced at the Faculty of Tourism and Catering in Ohrid in 1994/95. Master studies on the Modern developmental tendencies in the customs and forwarding started in 2004/05 and also doctoral studies have begun on the said subjects.

## LAW ENFORCEMENT CONTROL

### Customs intelligence

In the period between 2003 and 2005, with the assistance of EU experts and under the guidance of the CAFAO mission, **the basic structure of the customs intelligence was established.** Intensive intelligence training

was carried out and the customs inspectors were introduced to the basic goals of intelligence: the functioning of the intelligence cycle, working with informants, working with information, evaluating information, taking part in intelligence actions, etc. Also, in this period, an intelligence database was established, in which the first entries were all the reports of customs offences and criminal acts discovered by the Customs Administration within the period from 2001 to 2003. The main idea with the database was to secure all relevant operative data and keep it safe and protected. It contains information on people, companies, forwarding agents, transportation companies, transportation vehicles, goods that are suspected or for which it is proven that they violate the customs powers of the Customs Administration, as well as all relevant information from the customs hotline. A new version of the intelligence database was created during 2004, it allowed for various access levels, which improved the system's security.

## Risk Analysis

Electronic selectivity was implemented in 2004 in the Customs Offices for cargo clearance, with the exception of some Customs Offices where it was not feasible at that period of time. Back then, risk profiles were defined in the system and 42 risk criteria were developed on their basis. These criteria, which serve as target parameters for selective examination, were established in the system at the Customs Offices where the selectivity module was introduced. The criteria were regularly analysed and revised, meaning that they were either modified (in relation to the percentage, parameters and elements) or abolished when higher efficiency was achieved.

The computerisation of the control and investigation in the Customs Administration during this period was realised with the technical assistance provided by the CAFAO-MAK Mission in the Republic of Macedonia. Under the framework of this programme, the Sector for Control and Investigation received an entire range of information technology equipment, including desktop and laptop computers, printers and scanners. In addition to the equipment, this programme assisted in the implementation of several databases: The Intelligence database (Intell database), the database for management of cases under the competence of the Investigation Department (Case database), the Management, Intelligence, Statistical and Electronic Reporting System (MISER), the South-East European Messaging System (SEMS), the 197 hotline call management system and the empty trucks flow analysis database.

A **Unit for Analytics and Statistics** was established in 2004 within the Control and Investigation Sector, which is responsible for updating the seizures database, thus allowing provision of statistical data at any time on the total amount of seizures of excise goods on the territory of the Republic of Macedonia.

Director General of the Customs Administration within 20<sup>th</sup> December 2004-21<sup>st</sup> March 2006 is Ilija Iloski

## Control of Trade Companies

At the beginning of 2006, the Audit and Control Department was renamed into **Trade Companies Control Department**. **The responsibilities for auditing customs documents were transferred to the newly created Internal Inspection Department** within the Sector for Professional Responsibility. The control of accounting and financial documentation of the trade companies is taking an increasingly higher participation in the overall control functions of the Customs Administration, wherefore a large number of irregularities are being discovered from a customs perspective, and control is enforced on the inward processing and customs storage authorisation holders. Decisions on subsequent collection for customs and excise debts are made on the basis of the controls and the established irregularities.

## Customs Control

In 2005, **the Regulation on the Use of Forcible Means, as well as Carrying and Use of Firearms by the Customs Officers, and the Rulebook on the Types of Documents and Data Classified as Official, Business and Other Secret, the Manner of their Keeping and Protection** were adopted.

During this period, as a result of the customs controls, seizures were made of various types of undeclared or smuggled goods with the intention of evading payment of import duties, narcotics, items of artistic

value, weapons, foreign currencies in cash and other items. Some of the more interesting seizures are the following:



*Seizure of Hashish , BCP Kafasan 2004*



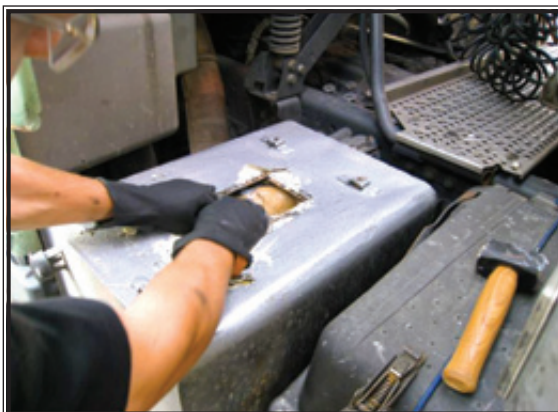
*Seizure of Foreign Currencies , BCP Blace 2004*



*Seizure of Foreign Currencies found in shoes BCP Deve Bair 2004*



*Seizure of Marijuana , BCP Kafasan 2004*



*Heroin concealed in hand-made bunker in a truck fuel tank, BCP Deve Bair*



*Seizure of Marijuana , BCP Bogorodica 2005*



## LOGISTICS

### ICT Support

The communication network and the remaining equipment were modernised continuously with the introduction and the upgrading of the application software.

In the first quarter of 2005, the Information Technology Sector equipment and employees from were moved from the old location in the Skopje Customs House into the new administrative building of the Customs Administration. The new premises (server room and office space) for the equipment and the employees were built according to the most modern standards within the framework of the TTFSE Project financed by the World Bank.

Since the existing system did not have the capability to connect the transactions of the treasury system with the Customs Declaration Processing System, new **Revenue Collection System** started being introduced. This system allowed for central records keeping and control of collected duties, as well as monitoring the bank guarantees of the customs debtors. The project was completed in 2007 with the automatic accounting of the payments made with the declarations, thus terminating the requirement to provide payment slips/transfer orders to the Customs Office.



New Server Room

### New Administrative Building

The new Customs Administration building under the Skopje Fortress was official put into use on the Customs Day in April 2005. The building consists of a stone cube-like structure (service area) and a glass covered structure (working area). The stone walls of the building connect with the stone walls of the Fortress, whereas the glass reflects the water flowing along the Vardar River. The stone cube is layered with granite tiles in various colours and textures, which corresponds to the colour of the Fortress stone wall. The glass cube is rendered from a wall-curtain, a glass structure with a grey-blue nuance that is linked to the river and the sky.



This part is interrupted by a veranda (chardak) – detail taken from tradition, but rendered in a modern pretext. The communication core is on the northern end, the Fortress end, whereas the working area faces the Stone Bridge, Vodno Mountain and the City Park. The entrance is emphasised by a specifically designed awning connecting the stone remains of the mediaeval entrance gate, thus symbolically making another connection between the old and the new. The remains are in fact from an entry gate of the mediaeval Lower City (Dolen Grad). In the Middle Ages, Skopje was divided into the Upper City (the current Skopje Fortress) and Lower Town (the fortress along the riverbank of the river Vardar, which encompassed the area on which the buildings of the Customs Administration located. The Upper City was where the military and governing elite resided, whereas the Lower City was the place where the civil population lived.

The customs uniform was introduced at the end of 2006 and the beginning of 2007, which is still in use to this day.





## THE CUSTOMS ADMINISTRATION WITHIN 2007-2012

### LEGISLATION FRAMEWORK

The period from 2007 to the present day was marked by massive measures for the elimination of import and other duties, simplification of the customs procedures and an extensive application of ICT<sup>27</sup>, intensification of the European integration process and modernization of the Customs Administration.

Director of the Customs Administration since October 2006 has been Mr. Vanco Kargov.

This period is also distinguished by the commencement of a period of intensive implementation of the Customs Code and the bylaws arising thereof and adopted at the end of 2005 and the beginning of 2006. At the same time, on the basis of their practical application, the needs for facilitation and acceleration of the trade and strengthening of the customs controls, as well as the needs for harmonisation with the EU customs legislation, many significant amendments were adopted in the Macedonian customs legislation.

### Customs Legislation

**In January 2008, amendments and supplements were made to the Customs Law.** These amendments and supplements provided a legal framework for the introduction of the **Authorised Economic Operator concept**, which was in accordance with the amendments to the EU Customs Code 648/2005. Criteria were established for persons of higher risks, conditions for withdrawal of granted customs licenses, authorisations for representation, adoption and annulment or termination of decisions from the area of customs. The Law was also harmonized with the Law on Offences, upon which the Customs Administration started imposing on the spot fines for customs offences in January 2008.

**In April 2010**, amendments were yet again made to the Customs Code introducing a legal framework for a **compulsory electronic customs declaration** and for **electronic supply of pre-arrival and pre-departure information related to the notices on departure and arrival of goods** from and to the customs territory of the Republic of Macedonia, as a condition for the functioning of the new CDPS<sup>28</sup> and for the promotion of the customs control systems based on risk analysis.

Among other things, the amendments to the Customs Code of April 2010 enabled joint clearance with the neighbouring customs authorities), abolished the concept of "person with a higher probability of risk" and transferred the provisions related to the flat import duty rate from the Customs Code to the Law on Customs Tariff.

**In this manner, the legislation was harmonized with the Customs Code of the EU.** The amendments to the Customs Code from December 2010 revised the conditions for passing the professional exam for licensed representatives and introduced offence sanctions and criteria for suspensions of the authorization and the license. The authorisations and licenses for customs representation are issued by the Customs Administration. **In April 2011**, amendments were made to the Customs Code which determine the conditions for deferred payment of customs debt and acceptance of a comprehensive guarantee, collection of customs debt and accounting records. The Customs Code was harmonized with the LGAP<sup>29</sup> and the Law on

<sup>27</sup> Information and Communication Technologies

<sup>28</sup> Customs Declaration Processing System

<sup>29</sup> Law on General Administrative Procedure

Administrative Inspection, in terms of the deadlines for making decisions. The amendments to the Customs Code from the beginning of **2012** introduced the option for exemption from payment of import duties for sports federations for sports equipment and accessories received as a gift by foreign donors. Application of part of the provisions of the Customs Code is delayed whose implementation is linked to the putting into function the new CDPS, as well as the provisions concerning the forms of guarantees and the manner of their use, as well as the manner and procedure of deferment of paying the customs debt.

**Application of the new CEFTA Agreement started in 2007**, thus terminating the validity of the bilateral Free Trade Agreements with Albania, Bosnia and Herzegovina, Kosovo, Moldova, Serbia and Montenegro. The application of diagonal cumulation of origin of goods was extended in the protocol of origin in the new CEFTA Agreement for the new CEFTA Member States (Macedonia, Croatia, Albania, Bosnia and Herzegovina, Kosovo, Moldova, Serbia and Montenegro).

In September 2008, new Law on the Ratification of the SAA was adopted which anticipates accession of the Republic of Bulgaria and the Republic of Romania in the EU and creates conditions for implementation for diagonal cumulation of origin by including the Republic of Turkey. During the course of 2009, the legal framework was completed which allows **the goods produced from raw materials and intermediate goods from Turkey to be exempt of customs duties when imported into the EU member states**, thereby increasing the competitiveness of the Macedonian products in the EU and the attractiveness of foreign direct investments in the Republic of Macedonia.

In 2009, the **Republic of Macedonia acceded to the** International Convention on the Simplification and Harmonisation of Customs Procedures (**Revised Kyoto Convention**). The Revised Kyoto Convention constitutes one of the most significant WCO instruments for the implementation of uniform customs procedures by all Contracting Parties for trade facilitation, implementation of transparent simplified customs procedures, use of information technology and risk management, as well as partnership with the business community.

## Customs Tariff

The obligations towards the SAA were fully fulfilled during the period in terms of the customs rates of the imported goods originating in the EU, where customs rates were fully eliminated for 653 tariff items. The customs rates (in accordance with the SAA) were reduced, but still remain in place, only for agricultural and food products (the average customs rate is 4.97%). During this period, the obligations arising from the Protocols of accession for membership in the WTO<sup>30</sup> were fully satisfied, where the customs rates for 29 tariff codes were reduced. Furthermore, the Free Trade Agreements entered into full force and are applied during this period, especially the areas concerning the exemption from payment of customs duties for imported goods originating from Turkey, Ukraine and the CEFTA Member States. In addition to the above, with a view to stimulating production and imports, the customs rates for over 300 customs items were either reduced or fully eliminated. As a result of the above measures, the average customs rate fell from 9.29% at the end of 2006, to 8.75% at the end of 2011, while the weighted effective customs rate was reduced from 2.76% at the end of 2006 to 1.24% at the end of 2011. **The reduction and elimination of the customs rates in this period contributed to a significant reduction in the import duties and stimulation of production and imports, but also a significant reduction in the revenues collected from customs duties.** Namely, in the period, the revenues from customs duties decreased from approximately 5.6 billion denars in 2006 to approximately 3.8 billion denars in 2011 (at the same time, the collected import VAT recorded significant growth from approximately 27 billion denars in 2006 to approximately 41 billion denars in 2011).

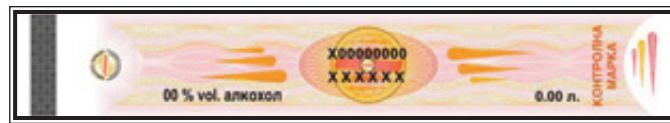
In March 2010, the Government adopted a packet of measures which significantly reduced the costs for importation of passenger vehicles, thereby leveling (reducing) the customs rates for used with new vehicles, the operating volume as the basis for calculation of excise for motor vehicles was replaced by the value of the vehicle. Therefore, the excise duty for passenger vehicles with a customs value of €3,000 is zero. The required technical standard that the vehicles must satisfy is EURO1 and the attesting for homologation was removed as a condition for import clearance of the vehicles.

<sup>30</sup> World Trade Organisation

The amendments to the Law on Customs Tariff in 2010 reintroduced the flat import duty rate of 15% that applies for natural entities, which was included in the Customs Code until that point of time. Of special importance is the introduction of the **legal framework for the establishment of an Integrated Customs Tariff – TARIM** (a type of national TARIC which is used in the EU) which integrates all tariff and non—tariff measures, pursuant to the applicable regulations of the Republic of Macedonia. **The Customs Administration was appointed as the administrator of TARIM.**

## Excise

In August 2009, amendments were adopted for the Law on Excise according to which the **overall competency for administrating and control of collection of excise duties was transferred from the Public Revenue Office to the Customs Administration** (prior to that the Customs Administration was authorised only to administer and control excise duties from imports. In relation to these changes, the amendments to the Rulebook for Implementing the Law on Excise, in 2010, **introduced new excise stamps bearing the markings of the Customs Administration** (revised in 2012). Furthermore, the amendments brought on simplification of the procedure for administering the excise documents upon importation and exportation, they introduced payment for the excise stamps upon lodging an application for planned quantities of excise stamps and enable weekly withdrawal of the excise stamps.



*Control stamp for marking alcoholic beverages*



*Control stamp for marking tobacco goods*

In February 2011, amendments were made to the Law on Excise which regulate the conditions and procedures of control, marking and use of marked mineral oils. Amendments were also introduced with regards to offence provisions and supplements were made to the sections relating to sanctions for abuse upon inappropriate use of mineral oils, especially the part applying to the use of the so-called “red-oil”.

## Protection of Intellectual Property Rights

In October 2011, amendments and supplements were made to the Law on Customs Measures for Protection of Intellectual Property Rights, redefining the rights and obligations of the rights holders, the Customs Administration, the State Administrative Inspectorate and the Administrative Court. The Customs Administration has the option of terminating the decision for accepting the request for taking customs actions if the rights holder does not proceed according to the Law.

Amendments were made to the Rulebook on Implementation of the Law on Customs Measures for Protection of Intellectual Property Rights in June 2011, which terminated the processing fee of 5,000 denars for the request for taking customs measures for protection of Intellectual Property Rights and the processing fee of 2,000 denars for request for extending the request for taking customs actions.

## Other Measures

With a view to reduce the unnecessary burden to the economic operators with costs and administrative procedures, as well as to reach harmonisation with the EU Acquis Communautaire, several facilitation measures were adopted during this period related to international passenger and goods traffic and a large number of administrative fees and payments were either reduced or totally eliminated.

From mid-2008, the domestic passengers returning from abroad were exempt from paying customs duties for items of non-commercial nature up to the value of €175, instead of €45, which was the allowance until then. In 2010, the

Based on intelligence data, risk analysis and control of trade companies, the Customs Administration is targeting and controlling the illicit transfer of effective foreign currencies and securities connected to illicit trade and money laundering. Only in 2008, approximately one million euros were seized in 43 actions.

allowance was raised from €175 to €350, thereby complying with the standards of the EU member states. In 2008, the minimum amount of effective foreign currencies and securities that was allowed for importing and exporting to/from the Republic of Macedonia without an obligation to declare them to the customs authorities was increased from €2,000 to €10,000 and was made equal for both domestic and foreign nationals. These changes contributed to avoiding a large number of foreign currency offences committed due to insufficient knowledge of the Law.

The amendments to the Law on Administrative Taxes made in 2007 eliminated or greatly reduced to a symbolic amount the administrative fees required for obtaining 12 types of permits and authorisations from the Customs Administration (from 60,000 denars to 300 to 500 denars). In 2010, the administrative fees for submitting customs declarations (150 denars), for requests for issuing EUR.1 Movement Certificates (200 denars) and for certificates for entry and exit of goods to and from a Free Zone or Customs Free Warehouse (50 denars) were abolished.

The amendments to the Rulebook on the Type and Amount of Customs Fees for Services Rendered in the Customs Procedure in 2007 abolished the fee of €40 for issuing Binding Tariff Information and a fee of €65 for laboratory examination. Furthermore, in 2008, the fees for customs escort (600 denars per hour per customs officer), for storage in a customs authority warehouse (5% to 20% of the value of the goods), as well as for the use of the Customs Information System (1,500 denars monthly per 50 declarations and 30 denars for each declaration over 50 declarations) were abolished. By taking over the competence for management of the premises at the BCPs for land traffic by the Customs Administration, at the end of 2008 the weighing fee of 600 denars for vehicles was abolished, whereas the fee for use of a customs terminal was reduced to 1,000 denars (previously, the PEMRBP<sup>31</sup> charged approximately 1,600 for a 72 hour stayover at the customs terminals and weighing). In 2011, this fee was fully abolished for the duration of the customs procedure.

The amendments to the Law on Trade in 2008 allowed for the elimination of the pre-clearance attesting procedure by the Standardization Institute for goods it was anticipated for, as well as the report by the State Market Inspectorate for possession of a declaration and user instructions on the original packaging for goods intended for retail sale. In other words, the control of the latter was transferred for control in the internal trade and market.

## International and Inter-Institutional Cooperation

With the aim of promoting the capacity for implementation of the legal authorisations and obligations and detection of illicit trafficking and economic crime, as well as exchange of knowledge and experiences on trade and transport facilitation, during this period the Customs Administration is continuing its activities for promotion of customs cooperation.

The Agreement for Cooperation in Customs Matters with Ukraine was signed in 2007. The Agreement with the Government of the Republic of Slovakia on Cooperation and Mutual Assistance in Customs Matters was ratified in August 2008. The Agreement with the Government of the Republic of Kosovo on Cooperation and Mutual Assistance in Customs Matters was signed in August 2011. The Memorandum on Cooperation in the Fight against Customs Fraud and Development of Partnership Relations with the Customs Service of Poland was signed in June 2011. A Memorandum of Cooperation with the WCO and the Customs Administration of Mauritius was signed in June 2010, according to which the Customs Administration of the Republic of Macedonia shall provide expert assistance for the establishment and development of the single-window system in Mauritius. At the same time, an Agreement for Cooperation was signed with the State Customs Committee of Azerbaijan which stipulates establishment of cooperation of an RTC<sup>32</sup> of the WCO in Skopje and Baku and strengthening the bilateral cooperation between the two customs services. Activities are currently underway for signing bilateral agreements for customs cooperation with the customs services of Hungary, Montenegro and China.

<sup>31</sup> Public Enterprise for Management of Residential and Business Premises

<sup>32</sup> Regional Training Centre

In March 2010, the **WCO European Region Head of Customs Annual Conference** was held under the co-presidency of the customs service of Luxembourg. Forty-five delegations from Customs Services (from a total of 51 Member States), the European Commission, the WCO and RILO<sup>33</sup> participated in the conference. The main topics of discussion were strengthening the fight against counterfeit goods and piracy, implementation of the WCO standards for the support of legitimate trade and strengthening the security and safety, coordinated border management and development of a single window one-stop shop system.



Since its creation in 1999, the **Republic of Macedonia** has been a **member of the SECI<sup>34</sup> with headquarters in Bucharest**. Since December 2011, the SECI centre has been reorganised and renamed to the South European Law Enforcement Centre – SELEC.

In March 2010, the Customs Administration of the Republic of Macedonia and the Customs and Tax Administration of the Netherlands **promoted a new Cooperation Agreement for the period of 2010-2014** in the area of supervision of trade companies, customs procedures with economic impact and Authorised Economic Operators, protection of Intellectual Property Rights, customs laboratory, advancement of the Human Resource Management System, introduction of a system of competencies and changing the working culture and strengthening communication and management skills. During this period an Agreement for Technical Cooperation with the Customs Service of Slovenia was signed especially applying to the area of excise, laboratory and development of EU accession negotiation capacities.

With the aim of strengthening the inter-institutional co-operation in the fight against corruption, at the end of 2007, the Customs Administration signed a Memorandum of Co-operation with the State Commission for Prevention of Corruption, the State Public Prosecution Office, the PRO, the State Audit Office, the Judicial Council, the Financial Police, the Office for Prevention of Money Laundering and the Mol.

With a view to ensuring inter-institutional support in the activities related to prevention of illicit trafficking, in 2007, the Customs Administration established and promoted the co-operation via signing memoranda and protocols with the Financial Police Office, the PRO, the Office for Prevention of Money Laundering, the Public Prosecution Office of the Republic of Macedonia, the Ministry of Environment and Physical Planning, the Food and Veterinary Agency, the Radiation Safety Directorate, the Ministry of Agriculture, Forestry and Water Economy, the Medicine Agency, the Mol-Public Security Bureau, the Intelligence Agency and other organisations. In 2008, the Coordinating Body for Protection of Intellectual Property Rights was created, whereas the Coordinating body for Supervision of the Market was formed in 2010. The Customs Administration is a participating agency on the basis of the appropriate laws and signed memoranda of co-operation. In 2008, the Customs Administration signed a Memorandum of Cooperation with the Ministry of Culture, the Music Copyright Protection Association, the Chamber of Commerce and the Union of Chambers of Commerce on cooperation for realisation of customs measures for protection of copyrights and the related rights. With the goal of operationalisation of the Integrated Border Management, the Government of the Republic of Macedonia in 2008 created the **National Coordination Border Management Centre** in which the Customs Administration has its own permanent representative – in the form of a liaisons officer.

Pursuant to the standards of the Revised Kyoto Convention for strengthening of the cooperation with the business community, in January 2009, the Customs Administration, the Chamber of Commerce of

<sup>33</sup> Regional Intelligence Liaison Offices – RILLO

<sup>34</sup> Southeast European Cooperative Initiative



Macedonia, the Macedonian Union of Chambers of Commerce, the Chamber of Commerce for Northwest Macedonia, MAKAMTRANS - The Association of Independent Unions of Truck Transporters, SIZ "Makedonija soobrakaj" A.M.E.R.I.T and the Group of International Freight Forwarders and Logistics Operators signed a Memorandum for Establishing Advisory Communication and Cooperation and a **Memorandum for Creating an Advisory Council**. In May 2011, three new members joined the Advisory Council (the Textile Makers Association – the Textile Cluster, the Leather Processing Industry Association and the Chamber of Commerce for Information and Communication Technologies – MASIT) and the American Chamber of Commerce in Macedonia. The Advisory Council has its own Rules of Procedure and holds meetings at least once monthly for which minutes and a regularly updated list of conclusions and their realisation are maintained. The main items on the agenda of the Advisory Council's meetings are reviewing open issues, plans, projects and opportunities for facilitation and acceleration of the customs procedures. In cooperation with the Advisory Council, workshops are organized throughout the cities of the Republic of Macedonia with the business community on current topics related to customs operations. **At the beginning of 2012, the Chamber of Commerce of Macedonia granted the Customs Administration a certificate of recognition for best collaborator with the business community from all the authorities of the state administration.**

On the occasion of 26<sup>th</sup> January - WCO International Customs Day, in February 2010 the Chamber of Commerce of the Republic of Macedonia, the Macedonian Union of Chambers of Commerce, SIZ "Makedonija soobrakaj" – AMERIT, the Association of Independent Unions of Truck Transporters – MAKAMTRANS and six customs officers were granted certificates of gratitude by the WCO exceptional contribution to the implementation, improvement and strengthening of the customs - business partnership, pursuant to the recommendations of the WCO.

With a view to promote cooperation with scientific and educational institutions, the Customs Administration during this period signed memoranda of cooperation and provision of practical work for students and pupils with the Faculty of Tourism and Hospitality from Ohrid, the Faculty of Economics and the Faculty of Law of the University of Sts. Cyril and Methodius from Skopje, the Faculty of Security of the University of Saint Clement of Ohrid from Bitola – subject course in security and financial control, the Faculty of Tourism and Management from Skopje, the Smilevski Business Academy – Skopje and the Secondary Electro-Technical School of the City of Skopje "Mihajlo Pupin" and other organisations.

## EU INTEGRATION

The general conditions that the Republic of Macedonia needs to achieve in order to start a procedure for accession towards the common transit system and EU membership are harmonisation of the national customs legislation with that of the EU and interconnection with the customs information technology systems of the EU.

### Harmonisation of the Customs Legislation

In addition to the amendments to the Customs Code, the Law on Customs Tariff, the decisions for regular compliance with the integrated tariff system of the EU, as well as other laws, bylaws and international agreements, many other activities were accomplished during this period aimed at achieving harmonisation with the EU customs legislation.

In 2007, the Government of the Republic of Macedonia passed a Regulation on Application of the European Commission Regulations on classification of certain goods to the Combined Nomenclature (revised in 2008), enabling direct transposition of the European regulations and further harmonisation of the Macedonian legislation with the legislation of the EU in this area. In July 2008, Macedonia adopted the Law on Ratification of the Recommendations of the Council on Customs Cooperation of the WCO with which the request for membership of the European Communities in the WCO. At the end of 2008, the Law on Ratification of the Protocol for the Amendments to the International Convention on the Simplification and Harmonisation of the Customs Procedures, Revised Kyoto Convention was adopted, thus representing harmonisation with the EU Acquis Communautaire and acceptance of the WTO instruments in terms of

ensuring an appropriate balance between control and revenue collection, on the one hand, and trade facilitation, on the other.

On the basis of the submitted initiative for accession to the Convention on the Common Transit Procedure between the European Economic Community and EFTA States and the Convention on Simplification of the Formalities in Transport of Goods<sup>35</sup>, in December 2007, the Republic of Macedonia obtained the status of observer to the European Committee working committee related to this area. Since the beginning of 2008, the Customs Administration started participating in the meetings of the working committees.

With a view to achieve harmonisation of the customs legislation and implementation of the interconnectivity and interoperability with the EU customs information systems, the European Commission approved the Customs Administration use of pre-accession funds (IPA), including):

- The Customs Reform Project financed by the IPA 2007 funds (€3 million) featuring the components: further harmonisation of the customs regulations, strengthening of the border control and promotion of the customs ICT systems. The project was successfully completed in 2011 which resulted in the preparation and adoption of amendments to the laws and bylaws in the area of customs, as well as several international instructions, promotion of the capacity of the Customs Administration for control of the borders, preparation of technical specifications for the implementation of the NCTS, CCN&CSI, ITE, EMCS<sup>36</sup>, as well as the necessary ICT documents and strategies for fulfillment of the conditions for EU membership;
- The project, financed by IPA 2008 funds (€3.5 million), for support of the process for fulfilling the conditions for EU accession relating to the accession to the Common Transit Convention, including preparation of the NCTS and CCN/CSI;
- The project, financed by IPA 2009 funds (€3.3 million), for implementation of the compatibility and interoperability with the EU customs ICT systems in the area of ITE, EU Binding Tariff Information - BTI, EU customs quotas, supervision and European list of chemical substances.

## Connection with the Customs Information Technology Systems of the EU

The EU constitutes a single customs union with a common regulation in the area of customs and transit. In addition to ensuring compatibility of the national legislation with that of the EU in this area, for EU membership, as well as for accession to the common transit conventions, interconnectivity and interoperability needs to be ensured of the national customs information technology systems with those of the EU (which above all applies to the New Computerized Transit System of the EU – NCTS, the EU Common Communication Network & Common System Interface – CCN&CSI, the single tariff environment - ITE<sup>37</sup>, the Export Control System - ECS, the Import Control System ICS, etc.), which above all requires a compatible national CDPS.

At the invitation of the Customs Administration, in May 2007, experts from the Directorate General on Taxation and Customs of the European Commission – DG TAXUD performed an IT awareness mission with a goal to determine the capacity of the Customs Administration in the field of ICT. It concluded that the existing national CDPS, the so-called ASYCUDA did not allow support to the nationally configured customs operations with full acceptance of the EU legislation and standard, nor was it compatible for connectivity and interoperability with the EU customs information technology systems. In the years proceeding, DG TAXUD regularly carried out IT awareness missions, where it concluded progress by the Customs Administration in this area

Immediately after receiving the report by the DG TAXUD mission, the Customs Administration started carrying out activities for procurement of a new CDPS. The technical specifications were prepared by EU experts financed by the EAR in the Republic of Macedonia.

<sup>35</sup> Convention between the European Economic Community, the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on the Common Transit Procedure and the Convention between the European Economic Community, the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on Simplification of Formalities in Trade of Goods of 20 May 1987.

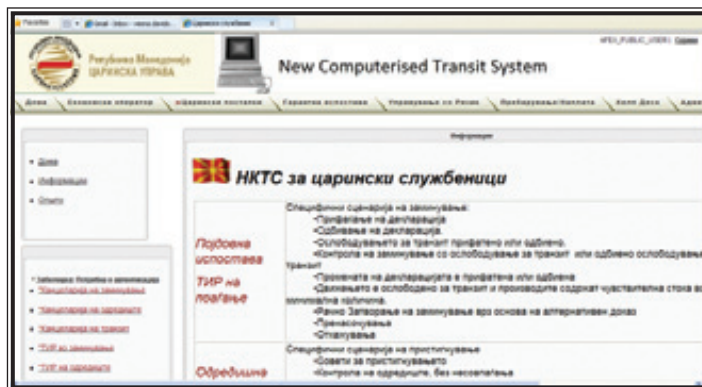
<sup>36</sup> Excise Movement Control System

<sup>37</sup> Integrated Tariff Environment

and provided recommendations for further development of the ICT systems.

With a view to fulfilling the pre-accession requirements related to the Convention on Common Transit and implementation of NCTS, the Government of the Republic of Macedonia adopted a decision in 2009 to designate the Customs Administration as the competent authority for installation and maintenance of a communication node - CCN/CSI with the European Commission and the EU Member States..

By obtaining funds from IPA 2008 funds, the Customs Administration signed an Agreement for software development for accession to the NCTS and for support for the management of the project (the required hardware was procured with funds from the national budget). The project began in March 2011, and it should be completed by September 2012. With the aim of achieving efficient management and coordination of the project, a Steering Committee and working group for the implementation of the project were created. A prototype of the application has already been applied and tested. By the end of 2011, a pilot version of the application was installed, which is currently under a testing phase. The hardware and system software on which the final version of the application shall be installed has been procured. With a view to raise the level of information and the awareness of the economic operators and the public about NCTS as a very important change in the area of customs operations, especially concerning transit, a number of conferences and presentations were made. Furthermore, at the end of 2011, a special segment was published on the Internet portal of the Customs Administration containing information on this system. The final phase of the selection of best bidder began at the beginning of 2012, in relation to the implementation of ITE, the EU Binding Tariff Information - BTI, the EU customs quotas, supervision and European list of chemical substances.



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At the proposal of the Customs Administration, in December 2010, the Government of the Republic of Macedonia adopted a Strategy for the Development of Information and Communication Technologies of the Customs Administration, a Strategy for Implementation of Interoperability for EU accession, a Strategy for Implementation of the Common Transit System of the EU and a National Project Plan for implementation of the NCTS (these documents were revised at the beginning of 2012, in accordance to the recommendations of IT awareness mission of DG TAXUD of November 2011. These are mandatory documents which confirm and project the commitment and dedication of the Government of the Republic of Macedonia for satisfying the EU membership conditions. According to the analyses, the Republic of Macedonia shall be ready to start negotiations for accession to the Common Transit Conventions in the second half of 2013.

### Development of the Administrative Capacity Pursuant to EU Standards

At the invitation of the Customs Administration, in June 2007 and July 2009, WCO experts implemented the first phase of the diagnostic mission for appraisal of the fulfillment of the Framework of Standards to Secure and Facilitate Global Trade. The mission was especially focused on the control based on risk analysis, Integrated Border Management, trade facilitation, employee ethics and integrity, as well as the capability of the Customs Administration to implement reforms and modernization. The capacity of the Customs Administration was favourably assessed and recommendations were given— guidelines for strategic planning and implementation of action plans. Taking into consideration that the EU member-states are also members of the WCO, the activities aimed at fulfilling the standards also represent fulfillment of the standards for membership in the EU.

31<sup>st</sup> December 2007 saw the completion of EU CAFAO-MAK Mission in the Republic of Macedonia which

provided technical assistance to the Customs Administration towards modernization and promotion of customs operations in accordance to European standards. Due to the completion and leaving of the CAFAO-MAK mission, on 19 December 2007 an Agreement for Transfer of Equipment and Vehicles was signed. The Customs Administration was the recipient of IT equipment, furniture and passenger vehicles.

**In the third quarter of 2008, with the aim of accomplishing compliance with the standards set in the revised European Commission Customs Blueprints, the Customs Administration conducted a gap analysis** in respect to key indicators, upon which the 2009 Action Plan was prepared. In 2011, the Customs Administration actively participated in the project of the European Commission for a gap analysis from the Customs Blueprints in Macedonia, Bosnia and Herzegovina, Kosovo, Serbia, Turkey, Montenegro and Iceland. The Customs Administration prepared a plan for further compliance with the European Commission Customs Blueprints on the basis of the findings and recommendations.

In July 2009, in co-operation with DG TAXUD, the Customs Administration prepared **e-learning module for implementation of the Economic Operators Registration and Identification - EORI**. This system started being implemented on 1<sup>st</sup> July 2009, where all economic operators dealing with customs activities related to importation and exportation from and to the EU, need to be registered according to the EORI. The EORI number is a common number used for the performance of customs activities on the entire territory of the EU, but which is unique for each economic operator. The EORI numbers represent part of the improved security measures relating to the importation and exportation of goods to and from the EU, thus facilitating legitimate trade and at the same time reducing the security risks. The EORI electronic module, which is of informative nature, was created within the Customs 2013 programme and is part of the Strategy on e-Learning Training. It is available to external persons via the Customs Administration website.

In August 2009, the Republic of Macedonia officially joined the EU CUSTOMS 2013 Programme. The aim of the CUSTOMS 2013 Programme is to improve and harmonize the customs procedures of the EU Member States and the membership candidate countries, especially in the area of safety and security of the external borders, the fight against fraud and protection of the financial and economic interests of the EU, the Member States and membership candidate states, as well as increasing the competitiveness of the companies by expediting the customs procedures and creation of a paperless electronic customs environment.

In 2010, the European Commission passed the decision according to which the competence for management of the first component of the IPA Programme would be transferred from the European Commission to the Republic of Macedonia. This decision confirms the preparedness of the national structure (including the Customs Administration) for independent management of EU funds from the IPA funds for further development of the administrative and operational capacities.

## POWERS AND ORGANISATION OF THE CUSTOMS ADMINISTRATION

In addition to the previously confirmed powers and obligations of the Customs Administration for the protection of the fiscal interests of the state, detection and tackling illicit trafficking, protection of the health and lives of the people and protection of the environment, as well as creation and maintaining a competitive economic atmosphere, during this period the Customs Administration was assigned new obligations and powers, which are reflected in its organisation and the status of the employees.

### New Powers of the Customs Administration

**Pursuant to the Law on Offences and the amendments made to the Law on the Customs Administration on its basis, in October 2007 the Customs Administration<sup>38</sup> took over the competences of the courts for dealing with offence procedures**, imposing offence sanctions and special offence measures for a committed customs offence. The aim of this measure is more efficient resolution of offence procedures with a view to reduce customs offences. In the direction of operationalisation of the new powers, the following regulations were passed: The Rulebook on the Manner and Procedure of the Customs

<sup>38</sup> Pursuant to amendment XX of the Constitution of the Republic of Macedonia of 2005, with a view to more efficient and faster resolution of offence cases and alleviating the courts from the floods of offence cases, certain offences specified by law can be sanctioned by an authority of the state or organisation or other authority carrying out public authorizations.

Authorities in Cases of Detection of Customs Offences and the Rulebook on Issuing a Summons for Paying a Fine and Payment Order, as well as the Rulebook on the form and contents of the Customs Offence Report, the Summons for Payment of a Fine and Payment Order. In August 2008, the Customs Administration became competent for making decisions pertaining to cases anticipated with the Law on Foreign Exchange Operations, and in January 2010, it has also been made competent for cases anticipated by the Law on Excise. At the same time, for less serious offences, i.e. for offences for which the measure of seizing goods subject to the offence does not apply, the Customs Administration started applying a settlement and mediation procedure. To this end, the Commission for Making Decisions on Offences was created within the Offence Department (in Skopje and Bitola), which became operational on 1<sup>st</sup> October 2007. Rooms have been made available for questioning of the parties and translation/interpretation from a foreign language into Macedonian.

**In September 2008, the Customs Administration took over the competence from the PEMRBP for management and maintenance of the buildings at the border crossing points for passenger traffic.**

The legal framework was provided by amendments to the Law on the Customs Administration. Appropriate amendments were made to the acts of organisation of the work and Systematization of the Work Posts in the Customs Administration, as well as the schedule of fees, an inventory listing was made of the movable and immovable property being transferred, together with the entire documentation. The Customs Administration took the responsibility from the PEMRBP for over 50,000 m<sup>2</sup> of business premises, land, customs terminals and 204 employees. Thus the reform of the PEMRBP started, but at the same time it also allows for the reduction of costs and provision of more favourable conditions for the economic operators and the passengers.

With the adoption of the Law Amending the Law on Excise and the Law Amending the Law on the Customs Administration, **from 1<sup>st</sup> January 2010 the Customs Administration has been made competent for the implementation of the Law on Excise on the entire territory of the Republic of Macedonia (both in domestic and foreign trade and production).** The newly undertaken responsibilities by the Customs Administration in the excise area includes: issuing excise permit, issuing excise approvals for non-excise use of excise goods, issuing control stamps (banderols), reception, processing and verification of excise documents, reception of excise requests and establishing excise claims, implementation of control of excise debtors and other duties. In relation to the organisation of the work with excise goods and duties, amendments were made to the following regulations and acts: the Rulebook on Business Organisation, the Rulebook on the Systematization of the Job Posts, as well as a new Instruction on the Application of the Law on Excise in Customs Operations, Instructions on Keeping a Register of Excise Permit Holders and Register of Authorisations for Excise Preferential Use, Instructions on the manner and Procedure for Excise Refund for Used Liquid Petroleum Gas and the Instructions on the Manner and Use for Excise Refund to Special Entities. The new powers imposed the need for provision of electronic application forms for excise permits, ensuring prior information on the movement of the excise goods in the CDPS, preparation of methods of examination of the regulations for production of excise goods, researching new technical means for ensuring collection of excise, introduction of laboratory methods of analysis, promotion of on-field and off-field controls of the holders of excise authorization and other measures.

## Organisation

In 2008, the process of introducing an **internal control system in the Customs Administration** started. In this context, in March 2008, the Customs Administration passed **Guidelines on the Internal Control System** (revised in February 2010 and February 2011) which determines the internal control goals, the manner of identification, analysis and evaluating risks, as well as the internal control procedures and roles of the management and the employees of the Customs Administration. The Customs Administration is actively working on understating and accepting the internal control system by the managers, formal definition of the processes, risks and controls, improvement of risk and control management, with a view to achieve and maintain the ultimate goal of the internal control system – minimisation of risks in the work with appropriate controls and precise, full and timely achievement of the determined objectives and tasks. By the end of 2011, the internal control system was established in 70 organisational units in the Customs Administration, for which 552 working procedures have been drafted.



By the end of 2011, a **new official identity card** was introduced. It was prescribed by the new Rulebook on the Form, Contents and Manner of Issuing and withdrawal of an Official Identity Card.

The official identity card is made out of green coloured 135-gram paper, laminated with 175-micron foil. Its size is 90x55 mm, placed in a two part black leather case of which each part is 75 X 105 mm in size.



The Customs Administration strengthened its strategic planning by adopting several strategic plans for the work of the Customs Administration (which anticipate the existing and the future powers and responsibilities of the Customs Administration, the plans by the Government of the Republic of Macedonia), the activities related to accession to the EU, harmonisation with the Customs Blueprints of the European Commission, harmonisation with the WCO Framework of Standards to Facilitate Trade and customs control, implementation of the revised Kyoto Convention, etc. Furthermore, the Customs Administration introduced multi-year action plans for the realisation of the strategic goals with detailed activities, objectives, responsibilities, deadlines and required resources. In December 2010, a new Rules of Procedure was passed for the work of the Board, regulating the manner of organisation and conduct of the meetings of the top management of the Customs Administration.

The Customs Administration was introduced with new powers with several amendments to the acts for organisation of the work. A Department of Offence Procedures was formed, as well as a Sector for Administrative and Technical Matters and the Accountancy and Finance Department was renamed to the Financial Matters Department. Two units were created within the Operational Matters Department of the Sector for Control and Investigation: the Mobile Teams Unit and the Mobiles Scanners Unit. Furthermore, concerning the needs arising from the operational implementation of the customs powers, several amendments were made as a result of the introduction and the closure of existing Customs Offices - CO<sup>39</sup>, units etc. Pursuant to the amendments to the Rulebook on the Business Organisation of the Customs Administration, appropriate amendments were also made to the Rulebook on the Systematisation of Job Posts in the Customs Administration. Taking into account all the amendments to the Rulebook on Business Organisation, at the outset of 2012, the Customs Administration had the following structure:

At the end of 2011, the total number of employees in the Customs Administration was 1,184.

#### CUSTOMS HOUSES

Customs house Gevgelija	Customs house Kumanovo	Customs house Stip	Customs house Bitola	Customs house Skopje
USHA <sup>40</sup>	USHA	USHA	USHA	USHA
CO Gevgelija	CO Kumanovo	CO Stip	CO Medzitlija	CO Blace
CO Bogorodica	CO Tabanovce Highway	CO Veles	CO Stenje	CO Jazince
CO Railway station Gevgelija	CO Railway station Tabanovce	CO Delcevo	CO Bitola	CO Airport Skopje
CO Dojran	CO Deve Bair		CO Struga	CO Skopje 1
CO Strumica	CO Pelince		CO Kafasan	CO Skopje 2
CO Kavadarci			CO Sveti Naum	CO Skopje 3
CO Novo Selo			CO Airport Ohrid	CO Skopje 4
			CO Prilep	CO Post Office Skopje
			CO Post Office Bitola	CO Skopje Free Zone
			CO Ohrid	CO Tetovo
			CO Blato	

#### CENTRAL ADMINISTRATION

Director's Cabinet	ICT Sector
Internal Audit Department	Department for Development

<sup>39</sup> Customs Office

<sup>40</sup> Unit for Supervision of Holders of Authorisations

<b>Offence Procedure Department</b>	Department for Application Support
<b>Department for International Co-operation Projects and EU Integration</b>	Department for Technical Support
<b>Department for Administration Procedures and representation Before the Courts</b>	<b>Profesional Responsibility Sector</b>
<b>Customs System Sector</b>	Internal Investigations Department
Customs and Tax Procedures Department, Department for Tarif, Customs Laboratory, Validation Origin	Internal Inspection Department
Department for Non-Tariff Measures, Department for Border and Transit Formalities	<b>Human Resources Management Sector</b>
	Personal Department
	Training Department
	Advisory Department
<b>Sector for Control and Investigation</b>	<b>Sector for Administrative and Technical Matters</b>
Intellegence Department	Procurement Department
Risk Analysis Department	BCP Managament Department
Comunication and Co-ordination Unit	Security and Fire Protection Department
Department for Control of Trade Companies	Office and Archive Operation Department
Operational Matters Department	Investment and Maintenance Department
Investigation Department	<b>Sector for Accountancy and Finance</b>
	Finance Department
	Department for Managament and Sebed Property and Warehouses
	Department for Collection of Revenues, Budget Guarantees and Analyses

## ACCELERATION AND SIMPLIFICATION OF CUSTOMS PROCEDURES

Aside from the measures enabled with the Law and bylaws, since 2007, the Customs Administration completed several measures and introduced systems for facilitation and simplification of customs procedures. In March 2011, the need of permanent revision of the customs procedures and customs operations resulted in forming a **Committee for simplification and facilitation of customs procedures**. The Committee is designated to suggest measures for alignment of internationally accepted standards and agreements for facilitation and acceleration of trade and transport. The Committee monitors the implementation of the national legislation and internal acts of the Customs Administration, improves the cooperation with the Advisory Body and will suggest measures for simplification and acceleration of customs procedures.

### Conditions for carrying out customs formalities

In order to manage the operation of the private customs terminals and to award contracts in public, transparent and competitive way, the Customs Administration in December 2007 enacted **Guidelines for Minimal Conditions and Manner of Establishing Work Spaces Where the Goods Carried by Freight Motor Vehicles are Presented and Examined by the Customs Authorities**. In accordance with these Guidelines, and based on the conducted procedures for collection of offers, the Customs Administration in 2008 concluded service contracts for use of space for customs supervision in Customs Office Import Terminal - Skopje, Customs Office Export Terminal - Skopje, Customs Office Veles, Customs Office Stip, Customs Office Bitola, Customs Office Tetovo and Customs Office Strumica, and in 2009, with Customs Office Kavadarci, Customs Office Kumanovo, Customs Office Prilep and Customs Office Ohrid.

**Since the beginning of 2007, the Customs Administration has been intensively promoting simplified customs procedures (24/7 import and export customs clearance in the facilities of economic operators, and authorised consignor and authorised consignee), as well as customs clearance at the border crossing points, where the conditions allow it.** In March 2007 the Customs Administration transferred the import clearance from the private customs terminal in Gevgelija to the state customs terminal at the BCP Bogorodica, located at the border with the Republic of Greece, which was not fully utilised. In 2007, the Customs Administration opened a customs office in the newly established economic zone

in Bunardzik near Skopje. At the same time, because of the significantly reduced scope of operation, and in order to ensure more efficient use of the existing Customs Offices and the legal possibilities for the application of simplified customs procedures (local clearance), the inland customs terminals in Ohrid, Miladinovci and Feni (Kavadarci) ceased to operate.

Starting from 2008, the Customs Administration introduced 24/7 import and export clearance at the BCP Bogorodica and BCP Medzitlija (Greek-Macedonian Border), BCP Novo Selo, BCP Delcevo and BCP Deve Bair (Bulgarian-Macedonian Border), and BCP Blace (Kosovo-Macedonian Border). The gains for the economic operators are the following: eliminated costs for transit customs declaration and bank guarantee, eliminated double payment of administrative taxes and double stay and payment of terminal services, as well as improvement of the business cycle planning conditions. In 2008, the Customs Office Volkovo was closed and its powers were transferred to Customs Office Trubarevo.

In June 2010 construction of new facilities at BCP Blace started - passengers part at the Macedonian - Kosovo border. The project is financed with a loan from the World Bank within the Second Project for Facilitation of Transport and Trade. The new facilities which will enable faster flow of vehicles and passengers should be finished by April 2012.

In January 2012 at the BCP Tabanovce (Republic of Serbia) a section for export clearance started operating which practically opened new possibilities for the export oriented businesses. Until now **only transit formalities and passenger traffic was done** at this BCP. **Introduction of export clearance which is carried out 24/7 including holidays and without collection of terminal fees terminal, will enable a number of benefits for the economic operators.** In the middle of February 2012, the Customs Office Skopje 4 (so called Tovarna - Cargo) became operational. This office **conducts customs procedures in the railway cargo traffic.** Previously, these customs procedures were carried out at the railway station in Trubarevo village, where aside from the significant distance from the city, there was no appropriate infrastructure for conducting customs procedures and customs surveillance. The new CO Skopje 4 is located in the approximate vicinity of Customs House Skopje and has the working facilities and infrastructure that are necessary for quick and efficient closure of customs procedures. It is envisaged that the new CO will be designated for combined customs supervision, which means conducting import/export procedures as well as transit operations in the railway and road transport of goods, with infrastructure solutions of customs terminal.

In the second half of 2011, in accordance with the decision of the Government of the Republic of Macedonia, **Food and Veterinary Agency, State Sanitary and Health Inspectorate and State Inspectorate for agriculture started fully implementing their inspection powers at the border crossing points** (until then they were exercising almost all of their inspection powers only at the inland customs offices). This meant introduction of more efficient common controls and acceleration of customs formalities at the border crossing points and at the same time improving the control of safety and quality of products. This measure contributed to increased number of declarations processed in simplified customs procedure upon import for 30%.

In 2012, the Customs Administration is planning to introduce criteria and manner of measuring and presenting the duration of customs procedures at all levels within the Customs Administration, harmonised with EU Standards, as well as their publishing on the website on regular basis.

### Simplification and facilitation of customs procedures

In 2007, the Customs Administration amended the **Guidelines on the Customs Debt and eliminated the obligatory lodgment of the original paper form (PP50) together with the customs declaration as a proof of payment of customs and other duties.** Importers, therefore, no longer spend time and money to produce and present documents in writing as evidence for the payment of import duties.

In the first half of 2007 changes and amendments were made to the Customs Code Implementing Regulation and **transparent criteria were established (including financial and tax history of the company, owners and management) to reduce the amount of bank guarantees securing the customs debt (and up to 0%).** Simplification and acceleration of the procedure for accepting guarantees (the proof

procedure is carried out by the Customs Administration itself) is also provided, and the discretionary right of the Customs Administration to non-transparently establish the amount of the bank guarantee was abolished. In order to operationalise the Implementing Regulation, Customs Administration, in April 2007, enacted Guidelines for Assessment of the Criteria for the Amount of the Comprehensive Guarantee (revised in February 2009).

In July 2009 the **Guidelines on Preferential Agreements** were amended in order to provide the importers with a right to appeal to the conclusions in the record of the Customs Administration related to the verification made on the proof of origin by request of a foreign customs authority (if they do not agree with the said). In August 2009 **Guidelines on Customs Procedure Upon Temporary Import of Goods for Hunting Tourism**, which regulate the manner and conditions for authorizing temporary import of goods for the needs of the hunting tourism (personal belongings, sport goods, hunting equipment and hunting animals for animal hunting).

In 2010 the **legal possibility for oral customs declaration for commercial consignments with low value** started its application. The oral declaration is especially practical for the clearance of small consignments arriving by post, plane or at border crossing point, which significantly accelerates the customs procedure and reduces the costs of the importers (for instance: freight forwarding costs, warehousing costs, transport services costs and similar). The same year **implementation started for simplified procedures on the clearance of summary consignments** by logistic centres which are authorised by the Customs Administration for simplification in transit (consignee and consignor authorisations). Simplified procedures enable the conducting of customs procedures in the company's facilities, clearance is possible 24/7 and they do not depend on the working hours of the customs offices; there is no obligation to enter a customs terminal which eliminates the costs for the use of the customs terminals and the costs for freight forwarding services are also reduced.

In 2011 the Customs Administration regulated and simplified a number of customs procedures, and enacted several internal acts, such as:

- **Guidelines on the Manner of Managing Shipments of Pets on Transit and Import**, as well as electronic record keeping system for such consignments, the operation of which is regulated with the Manual for Use of the Application for Import and Transit of Shipments of Pets;
- **Guidelines on the Implementation of the Law on Veterinary Health;**
- **Guidelines on the Implementation of the Law on Medicines and Medical Aids;**
- **Guidelines on the Verification of Proof of Origin** which regulate the procedure for verification of proofs for preferential origin of the goods issued in accordance with the Free Trade Agreements which Republic of Macedonia has concluded with member countries of EU, EFTA and CEFTA, as well as with Turkey and Ukraine;
- **Guidelines on the transit procedure** has been amended and supplemented, and the manner and the procedure for establishing longer deadlines for the ending of transit procedures has been made more precise in order to align them with the provisions of the Law on Working Hours, mandatory resting time for the mobile workers and drivers in the road traffic and the devices for recording in the road traffic;
- **Guidelines on the Electronic Issuing of TIR certificates**, which regulate the competency and responsibility of Committees for Operation with the Module for Issuing TIR certificates, which functions within the Management Information System (MIS).
- **New Guidelines on the Manner and Procedure for the Approval of Custom Debt Deferred Payment.**
- **Guidelines on the Manner of Calculation of Compensatory Duty, Compensatory Interest and Penalty Interest.**

In 2011, **the practice for putting an official stamp and the stamp «cleared» on the accompanying documents to the customs declaration** (invoice, CMR, etc.) **was eliminated**, as there was no legal basis for it. This move reduced in half the number of copies of documents enclosed with the customs declaration, and at the same time it accelerated the processing time of customs declarations for approximately 5 minutes per customs declaration. In

In 2011, Customs Administration of Republic of Macedonia in cooperation with SIZ Makedonija Road Traffic AMERIT, prepared the Manual for TIR - Customs Convention for International Transport of Goods with TIR Carnets. This Manual is the ninth revised issue which contains all changes of the TIR Convention which have been in force until today.



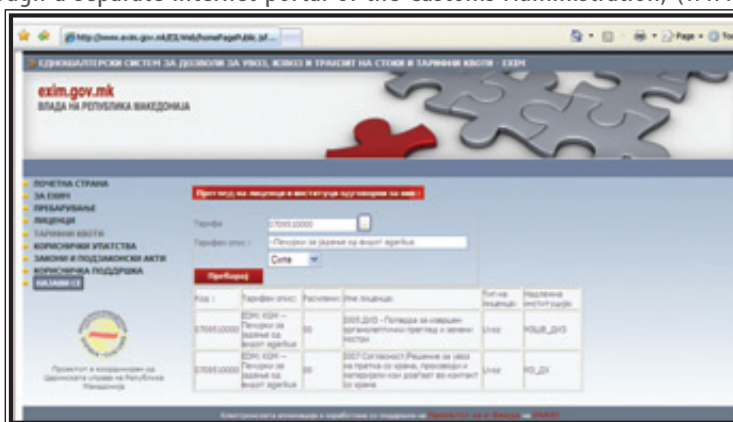
addition, **the practice for mandatory escort of goods with higher fraud risk has been eliminated**, which has significantly increased and facilitated the transit of this type of goods. This year, **the Customs Administration transferred the competency for supply of forms for origin of goods EUR.1 to the private sector**. The Customs Administration enacted **Guidelines on the Manner and Procedure for Authorising Printing Houses for Printing and Distribution of EUR.1 Forms**. Based on this Instruction the Customs Administration now transparently advertises, collects offers and authorises private printing houses and distributors. Hence, EUR.1 forms became immediate available to all Customs Offices (previously they were available only in Skopje).

Use of **pre-arrival information** known to the customs representatives was made possible around the end of 2011 and beginning of 2012 at the BCP Bogorodica, BCP Kafasan, BCP Tabanovce, BCP Blace and BCP Deve Bair. This measure enables lodgment and processing of customs declarations for transit before the arrival of the goods at the border crossing points. Once the truck has arrived at the border crossing point, the declarations have been processed and risk analysis has been made, then examination is done based on the risk analysis and it shall be immediately released in transit procedure. At the same time change was made to the sequence of inspection controls, in a way that it now enables complete processing of customs declarations in the customs system, and the goods are released upon approval by the competent inspection.

In 2011, **the Customs Administration enacted Guidelines for the manner and procedure for issuing authorisations for authorised importers in accordance with arrangements/agreements for free trade and Instruction for issuing authorization using the method for accounting separation**, which regulate the manner and the procedure for issuing of these authorisations in accordance with the provisions in the Customs Code Implementing Regulation of the Customs Code and Protocols on Origin

**In November 2008, the Government of Republic of Macedonia introduced the electronic Single Window System for issuing import and export certificates and tariff quotas (Single Window/One Stop Shop) – so called EXIM**. Through a separate internet portal of the Customs Administration, ([www.exim.gov.mk](http://www.exim.gov.mk)), economic operators

can, without paying any fees, from their own computers from anywhere in the country (they need a digital certificate), request and receive about 60 import and export certificates and tariff quotas from 15 state institutions. In November 2008, the Government of Republic of Macedonia enacted the **Implementing Regulation for Introduction and Manner of Using Single Window**



**Information System for import, export and transit**. The Customs Administration established helpdesk for assistance to economic operators, and in January 2009 it enacted the **Guidelines on the Use of EXIM**. This system has significantly reduced the times needed for providing these certificates and tariff quotas. The use of EXIM has rapidly increased and tens of thousands of import certificates were issued. About 600 users from the private sector are registered with the EXIM; those are primarily companies authorised for customs representation which represent thousands of clients in the EXIM system.

In 2009, some 29 thousand different certificates were issued through EXIM, 52 thousand certificates issued in 2010, and 67 thousand certificates in 2011. Largest number of issued certificates are related to veterinary import documents for products of animal origin, certificates for organoleptic examination and samples taken, approval for clearance of general use items, authorization for import of medicines, etc.

**In December 2009, EXIM was recommended by UNECE as a model for development of Single Window System in the region**. As a result of the progress of Republic of

The experts' Commission of the Macedonian ICT Chamber of Commerce awarded EXIM with first prize for 2009 - best public sector ICT solution .

Macedonia in this area, the European Commission included Republic of Macedonia in the „Single Window“ working group. The working group had a task to develop functional specification defining relevant common standards of the EU. In cooperation with the WCO, EXIM has been internationally presented as part of the WTO's Program «Help for trade» (development of the software is financed by the USAID Project e-Government).

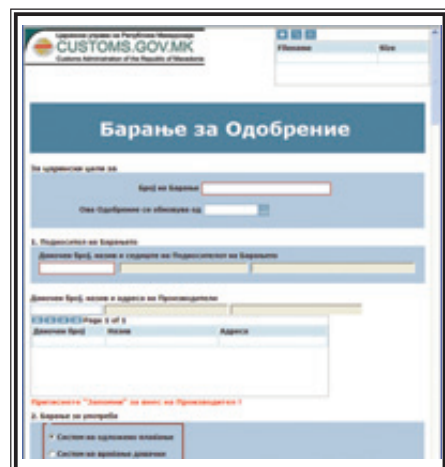
Since 2010, **the Customs Administration enabled companies and other users to use the internet portal EDMS<sup>41</sup> for electronic lodgment of applications to the Customs Administration.** In this way, companies, aside from the paper form, can also apply electronically to the competent customs authorities from their business facilities, thus making the procedure for receiving authorisations by the Customs



Administration much more efficient. Until the enactment of the appropriate legal basis for electronic lodgment of documents and for the use of the digital signature, it remains obligatory that the applications are submitted also in paper form. Working with electronic requests is regulated with several internal acts of the Customs Administration (User Manual for electronic lodgment of applications to the Customs Administration which regulates the manner in which legal and physical persons can submit several types of applications via the internet portal of the Customs Administration, within EDMS - April 2010, User Manual for archive processing of electronic applications, which regulates the way of processing of applications received from parties via the external portal of the Customs Administration within EDMS – April 2010, **Regulations and conditions for registration in the portal for electronic communication with the Customs Administration, Application for registration in the portal for electronic communication with the Customs Administration, User Manual for lodgment of documents to the users via the internet portal, as well as Administrator Manual for working with the portal for electronic communication** - May 2010). In 2011, upgrade of the Portal for electronic exchange of documentation for digital signing of the electronic documentation sent by the economic operators was implemented. This change will enable that the documentation be sent only electronically, without the lodgment of paper copies. This upgrade will be available to the economic operators once the legal provisions for digital signing of the types of customs documentation sent in this way have been regulated.

Via the internet portal of EDMS of the Customs Administration 70 standardized applications can be searched and submitted (ex.: simplified application for authorization for temporary import, application for incomplete declaration, Application for binding tariff information etc.). During 2010 and 2011, via the Portal for electronic exchange of documents in EDMS, over 5 thousand individual applications were received, and in the first 2 months in 2012 approximately 2.5 thousand applications were processed.

Inward processing represents a large economic activity in the Republic of Macedonia. Because of the nature of the operation, often requiring quick adjustment to the orders from the foreign partners, the delivery and processing time, and issuing of this type of authorisations is very important. The Customs Administration each year issues hundreds of new authorisations and changes of already issued authorisations for the inward processing procedure. At the beginning of 2010, the Customs Administration introduced a **web application for electronic lodgment of**



<sup>41</sup> Electronic Document Management System

**applications for inward processing license.** With this application, aside from the paper form, economic operators can submit their applications via the web site of the Customs Administration, which significantly reduces the time for their administration and processing and increases the transparency and the monitoring. Nevertheless, the paper form is still mandatory until legal changes are done which will enable legitimacy of the electronic documentation. The application is now in a process of upgrade with digital signature, electronic registration of the import and introduction of the possibility for electronic application and receiving authorisations for other types of customs procedures with economic impact (customs warehouse, simplified procedures, etc.). In May 2010, the Customs Administration enacted the **User Manual for operating the web application for processing of applications for inward processing authorisations**, describing the manner of operation with the WEB application for the lodgment of applications for inward processing authorisations, the data input in the application for inward processing authorisations and the required external accompanying documents as well as the documents which are continually sent for monitoring and control of the use of the authorization.

Having in mind the findings of DG TAXUD's IT Awareness Mission on the incompatibility of the national CDPS for interconnectivity and interoperability with the EU customs information systems, as well as the inability to handle the increased scope of work and the new needs for conducting customs procedures and customs control, at the beginning of 2009 the Customs Administration concluded a procurement contract for the new CDPS. The software was not delivered within the deadline specified in the contract, because of which, in May 2011 the contract was terminated. In the following period in 2011 a new CDPS procurement procedure started. The new CDPS will be developed in accordance with the latest EU standards and will enable further adoption and implementation of the EU Customs Legislation, as well as introduction of higher standards in the automatic processing of customs documents, management of excise and activities for protection of intellectual property rights.

## Excise

In order to simplify administrative procedures on excises, in the period following the complete takeover of the powers for administration and collection of excise, the Customs Administration brought several internal acts, such as the following:

- **Guidelines on the manner and procedure for excise refund for used liquid oil gas** in production process which regulate the decision making manner and procedure upon requests for refund of excise paid for used liquid oil gas in a production process;
- **Guidelines on the manner and the procedure for issuance of excise license**, regulating the manner and the procedure at the Customs Administration Units on the processing and decision making related to excise license applications;
- **Guidelines on the issuance of authorisations for excise preferential use** which regulates the manner and the procedure carried out by the Customs Administration on the decision making related to applications for issuing authorisations for excise preferential use;
- **Guidelines on the external controls of holders of excise licenses, authorisations or users of excise goods**, which regulates the planning, preparation and manner of conducting external controls of holders of excise licenses, authorisations or users of excise goods in the Customs Administration, as well as preparation of control reports and actions upon such reports.
- **User Manual on the operations of the information system «DANIS»** for examination, processing and record keeping of data for issued excise licenses and authorisations for excise preferential use, excise returns and excise payments made.

**Workload**

The campaign and measures reducing administrative barriers resulted in significant improvement of statistical data quality and rapid increase in the application of simplified customs procedures. Namely, at the end of 2011, approximately 30% of the export and around 20% of the export was processed in simplified customs procedures. The number of authorisations for representation activities in the customs procedures was increased for 72, and the number of licenses of physical persons for representation in customs procedures increased for more than 240. Of all customs procedures with economic impact, authorisations for inward processing were dominant (around 240) mainly in the textile industry, but also in the shoe industry, metal industry, etc.

Type of customs declaration	Number of processed declarations (in thousand)					Total
	2007	2008	2009	2010	2011	
<b>Transit</b>	444	443	362	418	438	2,105
<b>Import</b>	270	301	296	368	386	1,621
Regular procedure	253	265	265	313	301	1,397
Simplified procedure	17	36	31	55	85	224
<b>Export</b>	213	220	192	207	213	1,045
Regular procedure	173	173	143	137	136	762
Simplified procedure	40	47	49	70	77	283
<b>Total</b>	927	964	850	993	1,037	4,771

Use of simplified procedures grew, especially the so-called local clearance (approximately 120 authorisations were issued), as well as authorised consignee and authorised consignor, and also use of BTI and excise licenses was increased.

Type of authorisation	Issued authorisations per years				
	2007	2008	2009	2010	2011
<b>Authorisation for customs representation</b>	250	271	290	310	321
<b>Customs Representation licenses</b>	570	570	750	883	913
<b>Customs procedures with economic impact</b>	302	346	337	329	326
Authorisation for Inward Processing	225	260	249	237	234
Authorisation for Outward Processing	3	10	15	12	13
Authorisation for customs warehousing	73	76	73	80	78
Other authorizations/approvals	1				1
<b>Simplified customs procedures</b>	51	45	102	164	200
Approval for local customs clearance	11	11	24	40	46
Approval for local export clearance	26	21	44	55	76
Approval for authorised consignee in transit	13	12	26	50	55
Approval for authorised consignor	1	1	8	19	23
<b>Excise</b>	0	0	0	359	393
Excise licenses				89	95
Excise preferential use permit				270	298
<b>Total</b>	1,173	1,232	1,479	2,045	2,153

**LAW ENFORCEMENT CONTROL**

Basic task of the Customs Administration is to conduct customs control on the implementation of the laws in respect of the collection of budget revenues, to prevent illegal trade and disloyal competition, to prevent trade with forbidden goods and financing terrorism, to protect human life and health, and to protect the environment and cultural heritage. In this period Customs Administration intensively worked on promoting the institutional and administrative capacity in this area, above all by introducing and institutionalizing sustainable systems for customs control based on risk analysis, customs intelligence, trade companies control, special units activities, as well as by permanent and dynamic development of information and communication support and introduction of modern technologies, means and devices.

In order to increase the administrative capacity of the Customs Administration, at the end of 2007 the Ministry of Finance concluded a two-year contract with an internationally acknowledged consulting agency and engagement the services of EU customs experts. During the two year period these customs experts worked together with the customs officers of the Customs Administration in introducing control systems and procedures based on risk as primary foundations for conducting customs activities, development of investigation and intelligence functions, identification and detection of irregularities, illegal trade, smuggling and economic crime, development and improvement of effective interagency cooperation in the country and abroad, and development and implementation of Anticorruption Strategy.

For more successful risk management while exercising its powers, at the end of 2010 the Customs Administration enacted its first **Risk Management Strategy** which aims at improvement of the systematic approach for risk identification and control. At the beginning of 2011, a **Risk Management Committee** was established, whose modus operandi and the rights and obligations of the coordinator and the members were regulated with the **Risk Management Committee Work Agenda**. At the end of 2010 the Customs Administration also brought its first **Strategy for Protection of Intellectual Property Rights** (operationalised with annual Action Plans) which aims at improvement of organisational set up and technical equipment of the Customs Administration for protection of intellectual property rights, raising the awareness for detrimental consequences from counterfeited goods and protection of competitiveness of domestic and foreign manufacturers of trademark goods. In April 2011, the Customs Administration established a **Control and Safety Committee**, which aims at supporting systematic development of the Customs Administration capacity to conduct customs control, pre-investigative and investigative measures, as well as intelligence activities for detecting offences and crimes. The Committee analyzes the applied methods, means and the legal framework for conducting customs controls and suggests directions for their development.

## Customs Intelligence

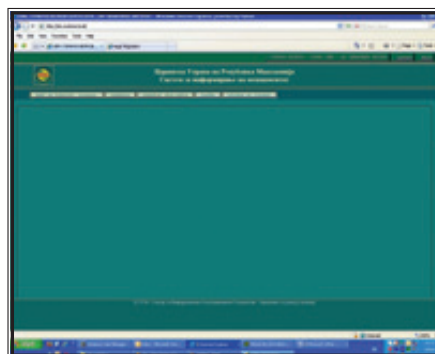
In 2007 the Customs Administration started developing the **System for exchange of intelligence messages for internal use (SEMS<sup>42</sup>)**, which became fully operational in June 2009. SEMS is used for exchange of pre-arrival information on passengers, goods and vehicles/watercrafts/aircrafts in road/river and air traffic, as well as collection and analysis of information for intelligence and risk analysis purposes. In October 2010, the Customs Administration enacted the **SEMS Operation Manual** which regulates the modus operandi and the standard procedures of the application, and in February 2011 the **Guidelines for SEMS Operations** were enacted. The same year the Customs Administration introduced the **News RSS** which enables the gathering of all relevant information published in domestic and foreign media, in real time. In May 2008, the Customs Administration **regulated the modus operandi with human information sources (informants) for the needs of the customs intelligence**, as well as their protection, standard approach upon their identification, their preparation and management in order to secure the constant flow of quality information, the procedures for information gathering and keeping and the conditions for compensation. Informant handling is regulated under the **Informant Handling Guidelines** enacted in May 2008 (revised in December 2011). In March 2009 the Customs Administration enacted **Guidelines on the Operation of the Intelligence Unit** (revised in January 2012), regulating the information and data collection process important for the prevention or the detection of customs offences and criminal offences, their assessment, analysis, storing and sharing with other organisational units in the Customs Administration or with competent external subjects.



## Risk Based Selective Customs Controls

In conditions of permanent and rapid increase of the international trade and the number of transactions, the risk based customs control becomes a basic tool for selection of control targets. Risk management aims at efficient and effective selection of customs shipments when there is higher risk that they are not in accordance with legal regulations and directing of available resources to these shipments, and to enable free flow with minimal delay of the risk-free trade.

In 2007, the Customs Administration introduced the electronic Management Information System - MIS<sup>43</sup>, which serves for collection and analysis of data for the activities and throughput at



<sup>42</sup> South-East European Messaging System

<sup>43</sup> Management Information System



the border crossing points (vehicles, passengers, controls and results, etc.) In December 2008 the User Manual for MIS Operations was enacted, which regulates the manner of updating, administration and use of information from the application.

**In 2008, the Customs Administration institutionalized risk based customs controls by enacting the Guidelines for Conducting Selective Customs Controls.** These Guidelines regulate the risk based selective approach to customs controls. At the same time, the Customs Administration also enacted the **Guidelines for Specifying and Monitoring Minimal Quantitative Targets for Illegal Trade Prevention and Trade Facilitation (revised in August 2011).** Based on the Guidelines, quantitative targets have been specified each year for each customs office, divided in quarters and months, with an obligation for progress reporting. Targeted areas are goods clearance (undeclared goods, documents for proving customs value as a basis for calculation and payment of import duties, validity of certificates for preferential origin of goods as a proof for unpaid import customs, tariff classification, infringements of the intellectual property rights, physical and documentary inspection, etc.), as well as customs control at border crossing points (number of seizures of goods, customs offences, foreign currency offences, infringement of intellectual property rights, etc.).

21.5 million EUR of import duties were collected from risk based controls in 2010 only.

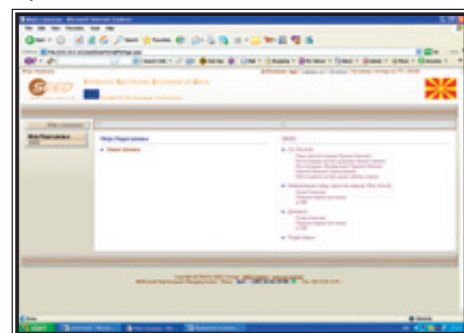
In 2008, the Customs Administration introduced the electronic **Application for Record Keeping of Trade with Foreign Currencies, Securities and Precious Metals**, and a direct access was provided to the **Agency for Money Laundering Prevention.** In December 2008, the Customs Administration enacted the **Operating Manual for the Electronic Application for Record Keeping of Foreign Currencies**, as well as the **Guidelines on the Application of the Law on Money Laundering Prevention and Other Revenues from Punitive Act and Financing Terrorism.** At the same time, the Customs Administration introduced **detailed electronic data base for criminal charges** which the Customs Administration is raising before the Public Prosecution.



**In 2009 the Customs Administration established a Central List of Suspect - CLS**, an electronic data base of physical and legal persons and vehicles for which there were justified reasons for special attention to be paid upon any customs control. In March 2009, the Customs Administration **List of** enacted its **Guidelines on the Central Suspects** (revised in December 2011) which regulates the manner of preparation and use of CLS, powers and responsibilities of organisational units within Customs Administration and customs officers in the preparation and use of the CLS. **In June 2009, the Customs Administration introduced the national electronic value data base** (collection, processing and distribution of data related to goods' value, as an indicator of the reality of the declared prices). Administration and use of the database are regulated with the **Instruction on the use of the national value data base**, enacted in June 2009.



November 2010 saw the start of the implementation of the second phase of the Project «Systematic Electronic Exchange of Data (SEED<sup>44</sup>) in the countries of Western Balkans», financed



<sup>44</sup> Systematic Electronic Exchange of Data

by the EU. SEED shall provide electronic exchange of data and discharge of transit between Western Balkan Countries, which will in turn provide for higher level of customs controls and reduction of customs crimes and corruption, as well as elimination of the existing manual discharging of the transit.

To ensure operational use of the existing version of the application, **SEED Operation Manual** was enacted in October 2010, as well as the **Guidelines for Operation with the Application for Systematic Exchange of Data – SEED** which regulate the modus operandi and the standard procedures in data exchange. The Instruction was delivered to the customs authorities of the neighbouring countries for their information and further use. In September and December 2010, the Customs Administration of Republic of Macedonia signed bilateral **Protocols for Electronic Exchange of Data via SEED** with the Customs Administrations of Albania and Serbia. The system is still not fully operational.

**In 2009, the Customs Administration introduced electronic base of stamps of all foreign customs authorities, as well as an electronic data base for chemical substances with dual use.**

In order to achieve a systematic approach in the risk management at the border customs offices and risk based controls to be provided, an **Electronic system for risk management at the border crossing points** was introduced in 2010 which also encompasses non-commercial (passengers) traffic. The system's operation is regulated with the **amendments to the Guidelines on conducting selective customs controls and the User Manual on the use of the risk management module at the border Customs Offices, enacted in November 2010**. The system provides for systematic input and analysis of results from controls conducted and it also ensures development of different risk profiles.

In cooperation with the US Government, in 2008, the Customs Administration introduced an **electronic system for licensing, recordkeeping and risk analysis of goods with dual use, so called TPACKER**. The data in the system are updated by the Ministry of Defense and the Ministry of Economy. In September 2011, the Customs Administration enacted **Guidelines on the operation of the application for control of goods and technologies with dual use**, which regulate the modus operandi and the application's standard operating procedures.



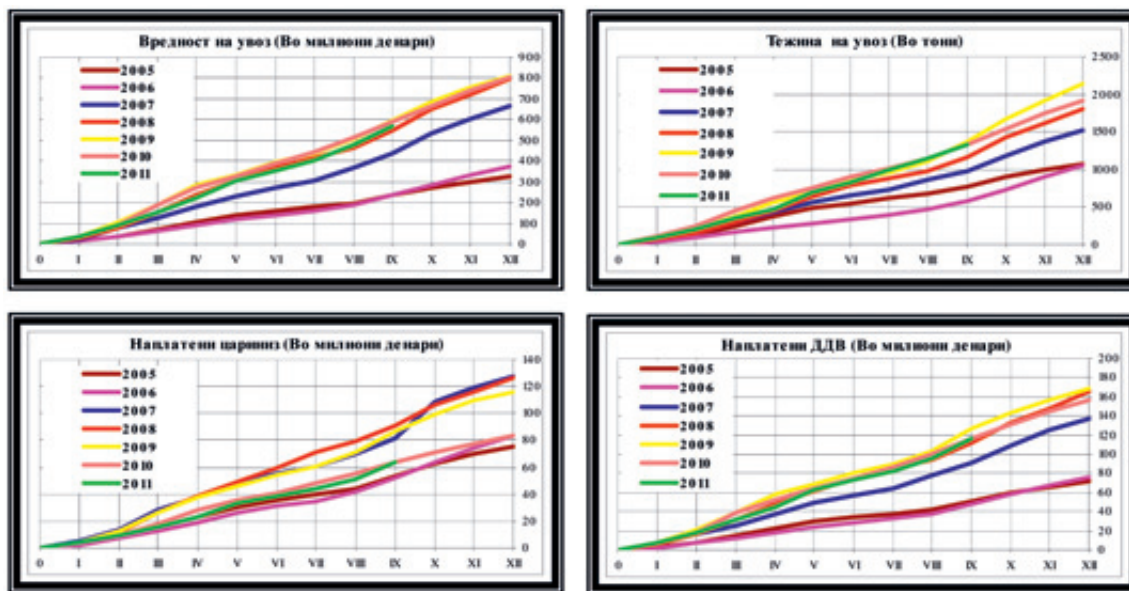
In 2010, the Government of the Republic of Macedonia enacted the Elaborate establishing a **Single Integrated Risk Management Electronic System - SAR** where all institutions which conduct inspection at import and transit of goods will be included. SAR will enable electronic processing of criteria for risk analysis of all inspection authorities simultaneously, at the first input of data for entrance and transit of goods in the electronic system for processing of customs declarations. At the same time, SAR shall accelerate the procedure for conducting necessary formalities at border crossing points and shall create conditions for conducting of the so-called «One Stop Shop» control by all institutions, which conduct inspection surveillance. Exchange of necessary information between competent authorities at the right time will provide for increased efficiency on selecting of real targets. The technical specification has been prepared and the procedure for providing funding for the development of the software is under way.

The Customs Administration actively participated in the EU Project «Risk Assessment for the Customs Administrations in Western Balkan» – **RACWeB**, which ended in October 2010. The Project's purpose was to increase efficiency and transparency of the Western Balkan states in the risk assessment by providing support in the identification of risks by data base search techniques, both at national and regional level.

In 2010, the Customs Administration introduced the system for **analysis of quantitative data for import and export** (value, quantity, collected import duties) as a basis for profiling customs control on finished customs procedures. The appropriate written methodologies are currently being produced.

In May 2011, the Customs Administration introduced an electronic Stop List for suspected vehicles for which it was reasonably doubted that deserve special attention in the processing of the customs controls. The same month an **Guidelines on the Use of the Stop Lists upon Exit from Republic of Macedonia** was enacted, regulating the competency and responsibility of the organisational units within the Customs Administration and the customs officers in the preparation and use of such stop lists.

The Customs Administration drafted an **Guidelines on the Operation of the Risk Analysis Department**, which regulate in details the manner of analysis and identification of risks, the risk analysis criteria, the application thereof, revocation and measuring of results from risk based customs controls. In the regional customs houses the risk analysis function is being introduced, and standard types of risk are prepared depending on the type and the way of transport (cargo and passengers road traffic, cargo and passenger railway traffic, cargo and traveler airway traffic, postal traffic, express mail, etc.).



Example: Analysis of Chapter 61 : Clothes and clothes' accessories, knitted or crocheted

## Customs investigation

In order to provide organized and systematic support to customs investigation activities, in February 2001, the Customs Administration enacted the **Guidelines on the Operations of the Investigation Department** regulating its operation, as well as the operations of the Unit for Fight Against Organised Crime and the Anti-Smuggling Unit within the Investigation Department.

In July 2009, the Customs Administration enacted **Guidelines on the manner and procedure for apprehension, custody and interviewing of natural persons** which regulate the manner and procedure for apprehension of suspects and custody of suspects as measures for providing their presence to ensure successful criminal proceedings, as well as the manner of interviewing the crime suspects. In August 2010, the Customs Administration enacted **Guidelines on supplementary check of documents for determination customs value** (revised in February 2011), which regulate the manner and procedure for additional checks of documents relevant for the identification of customs value of the goods, as well as the responsibilities of the competent organisational units for recordkeeping and delivery of information related to companies for which a procedure for additional check of documents for identification of customs value started. In January 2010, the Customs Administration translated the **Customs Valuation Compendium and the WCO's 2007 Commentary on the harmonized system in Macedonian language**. These publications comprise basic information and practical examples for identification of customs value and practical application of the Harmonized System and represent functional tools for facilitation of everyday operation for customs officers and proper application of laws. In January 2011, the Customs Administration enacted the **Guidelines on verification of proof of origin** which regulates the procedure for verification of preferential origin of the goods issued in accordance with the free trade agreements which the Republic of Macedonia has concluded with the EU, EFTA and CEFTA Member States, as well as with Turkey and Ukraine. In June 2011, the Customs Administration enacted the **Guidelines on the Procedure Upon Detecting Double Invoicing**, regulating actions to be taken upon detecting double invoices during the control of goods, postal consignments and cargo motor vehicles. In March 2011, the Customs Administration enacted **Guidelines on the preparation**

**and raising of criminal charges** which regulates the manner of preparation, drafting and submitting criminal charge for crimes in the area of organized crime and corruption. In December 2011, the Customs Administration enacted Guidelines on **the photo-documentation and photo-archiving**, which regulates standard procedures of photographic documentation and manner of photographic archiving of detected offences, crimes and other types of illegal activities in the customs area, as well as specifying the necessary equipment for photographing. In 2011, the Government of the Republic of Macedonia established a Market Monitoring Coordination Body. In this context, in June 2011, the Customs Administration enacted **Guidelines on the Application of the Market Monitoring Law** (revised in July, August, September and November 2011), regulating the subject, competencies and procedures of the customs control in accordance with the Market Monitoring Law, related to quality and safety of products entering the market in Republic of Macedonia.

In this period, the Customs Administration intensively worked on providing **equipment for detecting illegal entrance and transit of radioactive materials**. At the border crossing points for road and railway traffic, as well as at the Airport Alexander the Great in Skopje, **portal detectors for detecting radioactive radiation** were mounted. The Customs Administration provided several types of **mobile instruments for detecting radioactive sources which are used at border crossing points**. Upon detection of a radioactive source, in cooperation with competent institutions, a detailed examination and spectroscopic analysis of the source is conducted and all necessary security procedures are done.



In April 2009, the Customs Administration enacted the **Guidelines on the operation and procedures in case of detected increased level of ionized radiation**, regulating the manner of detecting ionized radiation, the procedures in case of detecting a radioactive source and the protection of customs officers. In June 2010, a **Commission on Radioactive Control** was established which has tasks related to processing of cases detecting increased levels of ionized radiation, to conduct controls of instruments for detection of ionized radiation, control of sources of ionized radiation, to communicate with national and international authorities responsible for nuclear and radioactive issues and for the proliferation of nuclear and radiological weapons.



In 2008, Customs Administration placed into function an internal radio communication system, and in April 2009 enacted the **Guidelines on the operation of the radio communications system** defining the equipment, locations, manner of use and maintenance responsibilities. In September 2008, **with the assistance of the US Government, new technical equipment for conducting customs control was provided** (buster - instrument for measuring density of material with which surface hidden goods can be found in cavities in the vehicles, **fiberscope** - instrument that can search vehicle cavities (ledges, tanks, etc.), **laser distance-measuring instrument, radiation detection pagers** and other sophisticated equipment for detection of concealed goods).



In 2008, the Customs Administration introduced modern personal armory for protection of customs officers. In February 2009, **Guidelines on the safeguarding and use of fire arms in the Customs Administration** was enacted, laying down the manner and conditions of issuing and safeguarding weapons, as well as their use and return, especially the ammunition.



The Customs Administration bought 7 new dogs in 2008 and 2009. In May 2009, in order to systemically ensure handling, training and use, the Customs Administration adopted **Guidelines on handling, training and use of customs canines for detection of drugs, psychotropic substances and precursors. The customs canines are selected based on their obedience, urge to play, easy handling, adaptation to weather conditions, as well as the ease of interaction between the canine and the handler.**



**Four mobile X-ray scanners for large vehicles and containers were put in function in January 2008. This has helped to establish international standards of enhancement and facilitation of the trade in goods, quick and high quality control of freight vehicles in terms of the contents contained therein and the transported goods, detection of illicit trade and smuggling or detections of any types of undeclared goods. In 2008, the Customs Administration adopted Guidelines on the Activities of the Mobile Scanner Unit, an Operations Manual and a radiation Protection Manual.**



In the mid 2008, the Customs Administration introduced two patrol boats to monitor the borders at the Prespa Lake and Ohrid Lake and to detect smuggling. In August 2009, **Guidelines on the use of Mobile Unit Speed Boats was adopted (revised in November 2011), as well as the Manual on the Use of Speed Boats**, regulating the safe speed boat handling procedures, their harboring and anchorage and the control procedure relating to other vessels.



In order to organize the work, deployment and to ensure efficient use and maintenance of the personal luggage mobile scanners, in 2010 the Customs Administration adopted **Guidelines on the scanning of personal effects of passengers by means of mobile scanners and user manual on the Use of Mobile Scanners**, the latter providing information to all system operators of the LS207 Autovan system, ensuring correct, safe and efficient use of the system.



Aiming to ensure better safety of consignments and to deploy the appropriate customs surveillance measures, in January 2009, the Customs Administration introduced a new type of customs safety seals bearing single serial numbers and electronic records on the manner in which they are issued, used and discharged. These customs seals replace the old seals (lead seals applied on a wire by customs press leaving a mark) which did not ensure any records on the issue and use thereof and were easy to tamper with. The use of the new seals will increase the safety of the goods consignments all procedures (transit, export and import) and will eliminate customs risks emanating from the old sealing system based on presses and lead seals. In order to regulate the procedure of procurement, storage, issuing and use of the new customs seals, the Customs Administration in April 2009 adopted **Guidelines on the handling of customs seals.**





Within the Project on the further development of the Customs Administration, funded by the EU under the IPA 2007 Programme, the Customs Administration obtained **special detectors for narcotics and explosives**. In December 2011, the Customs Administration adopted **Guidelines on the Use of the electronic narcotics and explosives detectors**, regulating the operation, deployment, use and maintenance of the electronic narcotics and explosives detectors.

The Customs Administration brought **Guidelines on the Operations of the Coordination and Communication Department (CCD)** in 2008. These Guidelines regulate for the first time the operation of this Department. It operates 24 hours a day (24/7). Its basic task is to collect information, run initial analysis, assessment and processing, provide logistic support to customs officers in the field and the customs offices, to manage the **CCTV**<sup>45</sup>, **ANPR**<sup>46</sup>, the system for monitoring of the Customs Administration's fleet (GPS), administer the crime and corruption hotline 197, as well as to coordinate the risk analysis and risk assessment systems in the periods after the normal opening hours. In February 2011 the **Electronic Daily Log of the CCD – EDL** was introduced. It is regulated by means of amendments to the Guidelines on the Operations of the CCD (and is fully aligned with the Personal Data Protection Law). The 197 hotline became fully automated by the end of 2006 and the beginning of 2007 when telephone reports recording was introduced. Several databases have been implemented, which now ensure quick verification and logistic support to customs officers in the field. Promo material has also been published in several languages (Macedonian, Albanian, English, Turkish and French) such as posters, leaflets, bulletin boards, as well as videos aired on the Macedonian National Television. The Customs Administration in April 2009 adopted **Guidelines on the collection, gathering and processing of calls over the 197 hotline**, regulating system administration powers. The received calls are classed by the CCD in three classes: 1) information demanding urgent action, 2) information demanding additional research and 3) information forwarded to SPR<sup>47</sup> relating to complaints or reports of corrupt and non-professional conduct by customs officers.



**In September 2008, the Customs Administration established a centrally controlled video surveillance system - CCTV.** CCTV ensures real time video surveillance, recording and photographing in the areas in which the Customs Administration is performing its functions. The CCTV provides support to the Customs Administration's activities related to detection and prevention of illicit trade and smuggling in goods, protection of the wellbeing of people and the environment, countering misuse of official powers and improper conduct of official duties, trade and transport facilitation and efficient response to delays, as well as security for the staff and the assets of the Customs Administration. The system comprises of 44 high speed vault cameras enabling enlargement x 576, 51 fixed cameras with wide dynamic range and 132 high resolution infra red cameras for number plate recognition, all administered by the CCD. Monitoring is mandatory and monitoring targets are selected based on risk analysis and intelligence and other information, while the cameras operate 24 hours and recordings are kept for few months. The Customs Administration's representative to the National Integrated Border Management Coordination Center has direct access. In January 2009, the Customs Administration adopted **Guidelines on the operation of the CCTV** (revised in April 2009 and March 2010) regulating the modus operandi, the risk based selective surveillance, the powers and the access into the system, as well as the procedure for publishing and using the recorded materials.



<sup>45</sup> Closed Circuit Television

<sup>46</sup> Automated Number Plates Recognition

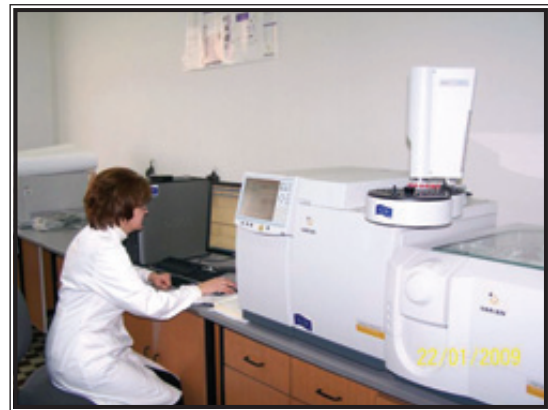
<sup>47</sup> Sector for Professional Responsibility

In September 2008, the Customs Administration established an **Automated Number Plates Recognition system** on 132 carriers at the border and inland customs stations. Its primary purpose is to control the throughput of vehicles, to control and prevent illicit trade and smuggling of goods. Electronic database containing the captured number plates and a transit closure monitoring software have also been established. In order to ensure systemic and organized utilization of the ANPR the Custom Administration in April 2009 adopted **Guidelines on the Operation of the System for Automated Number Plate Recognition**, regulating the system administration powers and proceedings.



### Customs laboratory

In 2007, the Customs Administration received from the European Commission a **reader access authorization to ILLIADe** (subgroup of the Group of European Customs Laboratories), as one of the conditions necessary for promotion and facilitation of the standardized analytical methods used for customs purpose analyses.



In May 2008, the Customs Administration adopted **Guidelines on sampling and sample analysis**, which regulates the manner in which samples are taken and sent for analysis, the testing, the actions upon analysis and the determination of analysis costs. The purpose of the Guidelines is to ensure proper classification and full collection of import duties.

Upon the approval by the Government of Republic of Macedonia, in August 2008, the **Customs Administration and the Chemistry Institute of the Faculty of Mathematics and Natural Sciences, signed a Business and Technical Cooperation Agreement**, under which the Customs Laboratory can operate from the facilities of the Chemistry Institute. The analytic methods were jointly established by an expert team composed of scientists and researches of the Chemistry Institute and the staff of the Customs Administration Laboratory Unit. Laboratory equipment purchased with funds from the CARDS 2005 program (along with existing laboratory equipment of the Customs Administration) is installed at the Institute of Chemistry. In order to introduce quality system in accordance with ISO 17025 standard, all the necessary procedures, guidelines and forms are drafted, with the assistance of competent consulting firms.



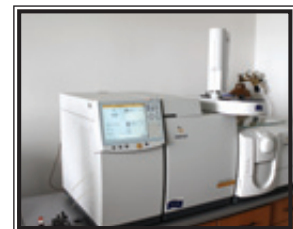
*HPLC- liquid chromatography for analysis of sugars*



*Kjeldahl analyser – for analysis of proteins*



*WDXRF- for analysis of sulphure in the oil derivatives*



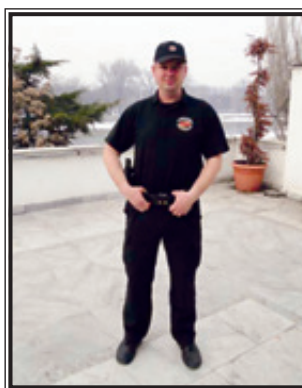
*GC/MS- gas chromatography for analysis of fats and oils from vegetable and animal origin*

In 2010, the Customs laboratory introduced methods for analysis of petroleum derivatives and oil markers for mineral oils for household use with liquid chromatography method for determining the colorant and

markers in the fuel with UV spectrometric method, method for the analysis of iodate in salt and method for determination of the salt content in meat and meat products. In March 2011, the Customs Administration adopted **Guidelines on the receipt, use and control of measurement and technical equipment used in the customs laboratory**, prepared in accordance with the requirements of ISO 17025 standard. These Guidelines regulate the manner of operation, maintenance and accuracy of the instruments used in the Customs laboratory. In April 2011, the Customs Administration adopted **Guidelines on the Customs Laboratory Working Premises, the Maintenance thereof and the Access to Official and External Parties**, regulating responsibilities for maintenance of laboratory equipment and working facilities hygiene, as well as the controlled access to external parties into the laboratory, thus ensuring safety of the system of business confidentiality, reliability and security. In July 2011, the Customs Administration adopted **Guidelines on Sampling of Oil and Oil Derivatives**, prescribing the manner of safe representative sampling of oil and oil derivatives, as well as the appropriate toolkit and packaging used for sampling and storing. In August 2011, **Guidelines on Sampling and Laboratory Examination Proceedings** was adopted. They regulate the sampling procedure for samples to be examined in a customs laboratory. The **Procedure for Customs Laboratory Examinations** was also adopted, prescribing the manner and order in which existing examinations are done by identifying the responsibilities of all parties involved in each activity. Again in August 2011, the Customs Administration adopted **Procedure on the Provision of Accommodation Facilities and Working Environment in the Customs Laboratory**, regulating the manner in which the conditions necessary for the activities and the duties done within the laboratory are secured.

### Special (mobile) units

The main function of the special (mobile) units of the Customs Administration (Operational Matters Department) is the suppression of smuggling of various goods throughout the customs territory of the Republic of Macedonia by border and in-depth controls. The special units provide support to customs officers at border crossings and customs terminals, by executing expert searches and actions. The special units members are specially trained for checks of passenger cars, trucks, buses, cars, carriages, passengers, passenger luggage and premises. Examinations are performed upon specific information, plans, programs, risk analysis, and upon the request of other state bodies. Notwithstanding the foregoing, in coordination with the CCD, the special units conduct customs supervision of the holders of authorisations for local clearance after regular business hours.



Summer uniform of mobile units



Winter uniform of mobile units

The independent operation of the special units in support to other organizational units of the Customs Administration is governed by the **Guidelines on the Operation of the Mobile Unit** adopted in November 2010. In order to increase the capacity to detect and prevent smuggling and trafficking attempts, the special units in 2008 were enabled wireless access to ICT systems of the Customs Administration. In September 2008, **the new customs uniforms of the special units** were promoted.

### TRADE COMPANIES CONTROL

The Customs Administration is continuously committed to ensure capacity for control and surveillance over trade companies in respect of regular customs work, the authorizations for customs procedures with economic

Type of Control	Number of controls per year					Total
	2007	2008	2009	2010	2011	
Trade company controls	145	223	167	60	57	652
Controls of holders of customs authorisations	280	402	382	357	464	1,885
Controls of holders of excise permits	0	0	0	67	38	105
Controls of holders of freight-forwarding licenses	0	4	7	1	0	12
Controls of holders of other authorisations	7	9	10	2	1	29
<b>Total</b>	<b>432</b>	<b>638</b>	<b>566</b>	<b>487</b>	<b>560</b>	<b>2,683</b>



impact, the excise licenses and the authorizations and licenses for representation in customs procedures.

In April 2009, the planning and implementation of on-site control of the trade companies was regulated with the adoption of Guidelines for conducting **on-site control of trade companies** (revised in December 2011). **Guidelines for field control of holders of authorizations** for customs procedures with economic impact were adopted as well as **Guidelines for field supervision of the holders of excise authorisations**. There is an ongoing project for institutionalization of out of field control. During this period, over 650 controls of companies, over 1,800 audits of holders of authorisations and over 150 other types of controls were conducted. The Customs Administration has already set standards acknowledging the integrity of its clients as: companies which want to, know how to and do organize themselves to apply control facilitation standards; companies which want to, but need assistance to organize themselves to apply control facilitation standards; and companies which are not yet intending to comply with the regulations.

## Customs control

When carrying out customs supervision, the customs officers are authorized to press offense and criminal charges on reasonable grounds of suspicion of crimes (customs fraud, smuggling, tax evasion, illegal production and trade in excise goods, narcotics, weapons, forging documents, etc.). In daily operation, depending on the type of customs control, different technical equipment is used together with official vehicles equipped with light and sound signaling. Equipment for field operation consists of: firearms, handcuffs, baton, telescopic batons, armor vest, tactical vest, tactical jacket, mobile phone, voice recorder, laptop, mobile printer, digital camera, video camera, a magnifying glass to detect counterfeiting, forensics kit, booster (instrument for measuring the density of material that can not be found as concealed goods in the surface cavities of the vehicle), fiberscope (instrument with which you can enter the cavities of the vehicle - steps, tanks) testers for drugs, devices for forcibly stopping of the vehicles and other equipment.

Most criminal charges brought by the Customs Administration are related to customs fraud and smuggling, for which the courts may pronounce imprisonment, fine, deportation and seizure of goods subject to the criminal offense, confiscation of items by which the offense was committed, as well as seizure of motor vehicles in which smuggled goods were transported. According to the Criminal Procedure Law, the persons authorized by the Customs Administration to work on the detection of crimes fall within the category of judicial police, who undertake measures and activities upon order or guidance of the public prosecutor.

The Customs Administration has the powers to conduct searches of homes and other premises by order of an investigating judge. During such searches the customs inspectors have found psychotropic substances, branded goods, portable computers and devices for navigation. The most common goods subject to customs fraud are: food and textile products, beverages, construction materials and excise goods. In the area of economic crime, many cases of counterfeited documents, customs fraud and tax evasion have been detected. Certificates for the movement of goods, the TIR Carnet and other documents are also counterfeited

There are many cases where the customs officials are presented with false invoices showing much lower values than the actual, in order to avoid the actual amounts of import duties. The Customs Administration, based on bilateral agreements for mutual assistance with other countries, submits requests to foreign customs



*Customs control in 1973*



*Control of customs warehouse - 2012*

administrations for additional verification of the invoices and documents for goods imported in the Republic of Macedonia. Based on the received negative replies, criminal charges are raised for customs fraud and tax evasion.

«Contemporary» trends in smuggling continue in this period: narcotics, currencies, migrants, but also increasingly realized seizures on grounds of infringement of intellectual property rights. Large quantities of various textile and cosmetic products, shoes, sunglasses, watches and other products with fake labels of brands have been seized.



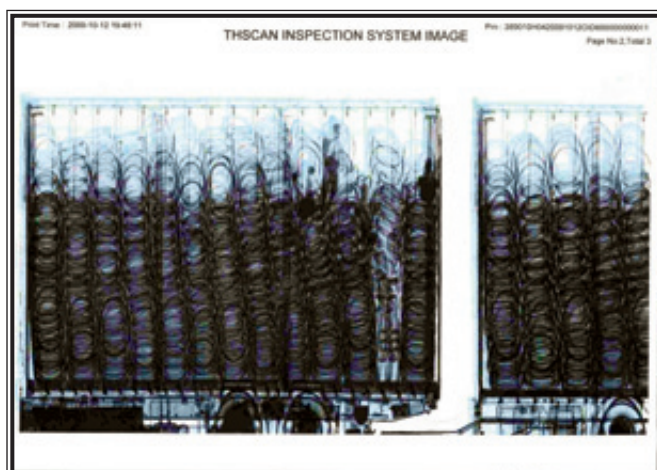
Control of the special mobile units



On 7<sup>th</sup> January 2007 at the Border Crossing Blace, Customs seized over 486 kg of cocaine. This was done with an X-ray van. The cocaine was concealed in a truck loaded with paint buckets



Attempt for smuggling for great quantity of foreign currencies, concealed around the body of suspect



Illegal immigrants discovered at the Border Crossing Bogorodica in 2009 with the assistance of a mobile scanner for control of large vehicles and containers





During a home search, in 2008 Customs found psychotropic substances such as marijuana, LSD, PCP, ecstasy



After searches in private homes, Customs found large quantities of various designer goods, sold in illegal "boutiques"



Counterfeit certificates of approval of the TIR Carnet, made by scanning the customs seal and facsimile and their application on certificates discovered in 2009



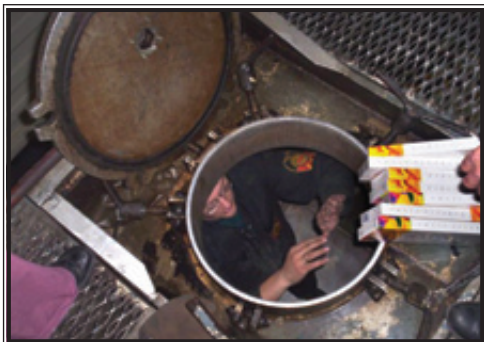
150 thousand counterfeit tax stamps discovered at the Border Crossing Jazinec in 2009



Heroin found in 2010, concealed in the straps of a children's rucksack



Counterfeit pills Viagra, Cialis, Kamagra and Levitra, found in 2012 in a passenger vehicle



Millions of pieces hidden in tank container, discovered in 2007

Radiation over the permitted level, detected in 2008 and 2009





Foreign yachts, discovered in 2008, illegally staying in Macedonia



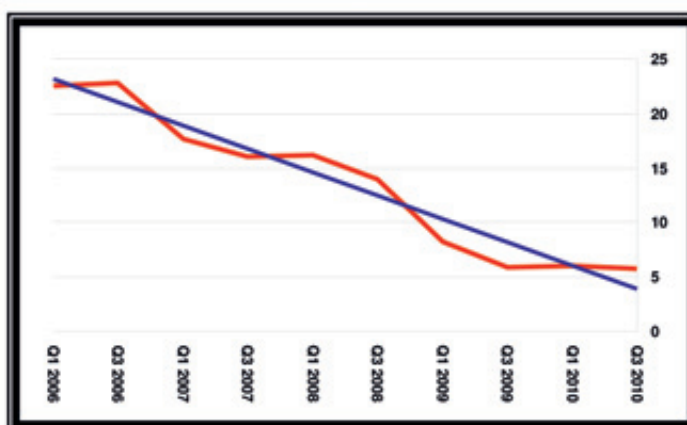
Unauthorised use of extra light oil as fuel, seized in 2011 and 2012

As a result of the systematic measures enhancing customs controls and repressing misuse of official powers, according to estimates of manufacturers and importers of tobacco products, the market share of cigarettes without paid taxes in the total consumption of cigarettes in the Republic of Macedonia has noted a significant and permanent trend of decrease by about 25% in early 2006 to around 5% at the end of 2011.

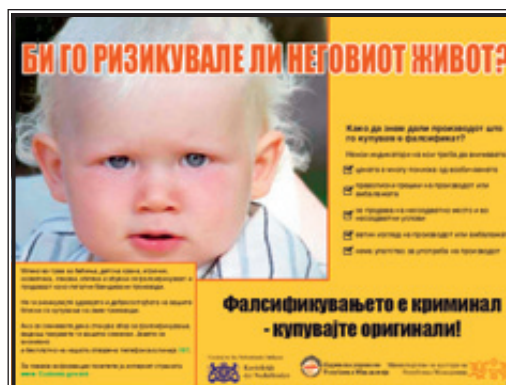
In 2007-2012, the Customs Administration raised criminal charges in over 630 cases, most of them related to customs fraud (over 240), smuggling (over 120), illegal trade in excise goods (130) etc. At the same time, more than charges were raised in 8,100 cases for offenses related to foreign exchange and excise, resulting in 5.300 offense decisions and fines in amount of MKD 300 million, in addition to the seizure of the goods subject to the offense.

There were 7 thousand shortened procedures (fines) for committed customs offences, where MKD 85 million was collected as fines.

**Protection of intellectual property** in this period has become a regular activity of the Customs Administration, both independently and in collaboration with other competent authorities in the country and abroad. The Customs Administration worked directly to promote cooperation with producers of protected branded goods and their representatives, increasing public awareness of the damage from the use of counterfeit goods, as well as strengthening its capacity in preventing the production



Crime	Cases of charges through per years					Total
	2007	2008	2009	2010	2011	
Customs Fraud	52	51	42	60	39	244
Smuggling	34	38	26	17	13	128
Tax evasion	10	5	0	0	0	15
Illegal trade in excise goods	57	38	33	2	7	137
Illegal trade in narcotics	3	2	4	8	7	24
Counterfeiting documents	7	21	5	2	6	41
Other crimes	4	10	12	12	5	43
<b>Total</b>	<b>167</b>	<b>165</b>	<b>122</b>	<b>101</b>	<b>77</b>	<b>632</b>





and trade in counterfeit goods. The number of registered requests by companies for undertaking customs measures for protection of intellectual property rights has permanently increased and reached a number of 300 trademarks at the end of 2011. In addition to the system solutions for the protection of intellectual property rights adopted in 2006, the Customs Administration in 2007 introduced new criteria for the risk for internal customs offices - INTEL which applies to goods that infringe intellectual property rights. Importing companies whose goods infringe the intellectual property rights were identified and the goods were confiscated and destroyed.

Companies and tariff codes are entered in the IPR list in selectivity module CDPS - ASYCUDA. A programming code had been established and testing was performed in terms of targeting of customs declarations to the test server. After approval for implementation of the criteria, the lists and criteria were entered in the module of selectivity in all inland customs offices. In 2007, the Customs Administration conducted 325 actions resulting in seizure of over 1.7 million pieces of counterfeit goods. This pace continued with hundreds of actions in 2008 and 2009, with about one million pieces of counterfeit goods seized annually. The intensity of actions and seizures in these 3 years have contributed to significant reduction of the attempts to import and transit counterfeit goods, thus lowering the presence of counterfeit goods in the Republic of Macedonia. According to the regulations, the Customs Administration in this period provided assistance to holders of brands of hundreds of thousands of pieces of counterfeited goods.

At its annual meeting held on 26<sup>th</sup>-27<sup>th</sup> June 2009 in Brussels, the WCO Council awarded the Customs Administration of the Republic of Macedonia its annual award - **Yolanda Benitez Trophy 2009 - Combating Counterfeiting and Piracy** for best achievements in the protection of intellectual property rights, specifically for the seized counterfeit goods that can harm human health and safety.



## HUMAN RESOURCES

The employees of the Customs Administration are the most important factor in fulfilling the mission and vision of the Customs Administration. Only professional, efficient, competent employees can contribute to the mission of the Customs authorities to act timely and lawfully in the procedures that are being carried out and to simplify and expedite the customs procedures. In this context, the Customs Administration shall constantly enhance its capacity for human resources management, the recruitment system and internal redeployment, training system and professional development, reward systems and career development, as well as the mechanisms for performance measurement, and mechanisms for professional responsibility of employees.

The Customs Administration in 2012 shall determine criteria and key indicators for performance and results measurement of the reforms in all spheres in all customs areas (in line with the EU standards for performance measurement).

### Basic framework

In April 2011 the Customs Administration established a **Committee for Institutional and Administrative Capacity development of the Customs Administration**, which aims to continuously analyse the administrative and organisational structure of the Administration and to propose actions for its improvement. It should contribute to

In 2012, the Customs Administration shall develop a plan for implementation of the WCO Human Resources Compendium and shall obtain ISO standard for investing in people.

improve the way of carrying out the responsibilities of the Customs Administration defined in the legislation and implementation of the strategic priorities and planned activities. In September 2011, the Customs Administration adopted a **2011-2014 Human Resources Management Strategy**, establishing the goal of human resource management, the basic principles of management, management policies and strategic activities, aiming to ensure development, sustainability and professional development of employees.

### Recruitment and personnel administration

In February 2007, the Customs Administration adopted the **Operating Instruction on the Competence Check and the Employment Procedures Following Public Vacant Job Post Announcements**. This led to fulfillment of the criteria of the Conventions and Recommendations of the International Labour Organization (ILO), Arusha Declaration of Customs Cooperation Council of the WCO and the Law on the Customs Administration and Law on Prevention of Corruption in the area of recruitment. The choice and the selection is made based on predetermined criteria and standards, by checking the work capabilities depending on specific conditions of work, carried out by separately established commission. This Operational Instruction has been transposed into the new **Collective Labour Agreement of the Customs Administration** from July 2010, which fully complies with the Labour Law and the General Collective Labour Agreement for the public sector in the Republic of Macedonia. As part of the Collective Labour Agreement, in August 2010, a **new Code of Conduct for customs officers** was adopted, regulating the ethical conduct of customs officers during the execution of their work, their obligation to respect the laws, bylaws, international treaties, acts of the employer and the manner of proceeding in certain situations. In January 2012, **Guidelines on the Preparation of Tests in the Process of Selection and Recruitment Following Public Vacant Job Post Announcements** were adopted, which regulates the procedure for selection and recruitment of customs officers after public vacant job post announcements, as well as the selection of committee members for tests preparations and their competence, method of preparation of test questions and their submission to the Selection Commission.

The Customs Administration has implemented full IT coverage of records and processes associated with management of human resources within the Integrated Information System - IIS (detailed personnel records, recruitment, evaluation of the work performance and covers the business processes which are associated with the management of human resources and exchange of data with other employees - users of the system). In addition to the previously adopted internal acts, in 2010 the following regulations governing the operation of this system were adopted:

- In March 2010, **User Manual for the use of the employees' performance measurement software** was adopted, in order to automate the processes regulated by Operational Instruction for the system of assessment of customs officers;
- In April 2010, **Manual for operation of personal electronic records within the IIS** was enacted;
- In May 2010, **Guidelines on the access to the electronic system for personal records** was adopted, which determines data and records in the electronic system of personnel records of the employees, the manner of updating the data, the approval for access to personal records and preparation of data and reports;
- In August 2010, a **User Manual for the recruitment and employment software** was adopted. This software provides unique database of candidates who apply to public vacant job post announcements for recruitment and automatic transfer of selected candidates in the database of employees;
- In February 2012 **User Manual for the recordkeeping of disciplinary procedures against employees and lawsuits lodged by employees** in eDMS was enacted.

### Training and professional development

One of the strategic objectives of creating a highly professional and well trained staff is done through training and professional development of the customs officers. Apart from the basic training required for the newly recruited customs officers, the Customs Administration takes care for the improvement of the knowledge of customs officials by organizing specialised training in specific areas of the customs work.

In this context, in March 2007 the Customs Administration adopted a **Strategy for Training and Professional Development of Customs Officers**. The Strategy established the basic principles of the policy of training and

professional development and provides new ways and methods for conducting training, such as e-learning and training for appropriate groups of participants using interactive methods of training. Based on the Strategy, in April 2007, the Customs Administration adopted **e-learning Programme**. In early 2011, the Customs Administration adopted **2011-2013 Strategy for Training and Professional Development of Customs Officers**, which aims to establish sustainable, stable and comprehensive system of training and development of the customs officers and contribute to achieve the strategic objectives of the Customs Administration. Based on the Strategy, the Customs Administration adopts annual **Training and Professional Development Programme**, with detailed information about the type and purpose of training, target groups, time and duration of training, and information for the trainers. Training for newly recruited customs officers are carried out on the basis on Basic Training Programme. Preparation and implementation of the training is performed by the **Training Department**, in collaboration with other organizational units and employees within the Customs Administration.

With funds from the CARDS Programme 2005, in **2008 equipment for simultaneous translation**, and IT equipment was procured and put in function. The equipment is intended to increase the efficiency of the implementation of training and other professional development of the customs officers.

**In 2008, a special WCO Mission installed the WCO platform for electronic learning (e-learning)**. An employee training for its use has been delivered and a plan for installing modules and systems was developed in line with the Strategy for Training and Professional Development of Customs Officers, the Action Plan and the Annual Training Programme. The modules for border controls, integrity, SAFE Programme and the amendments to the Harmonized System have been translated into Macedonian. In March 2009, the Customs Administration adopted **Guidelines for the use of the e-learning programme**.

**In March 2008, a Customs Library was established.**

Resources and space have been provided and inventory of all collected written and video materials was made, with systematic classification and recording according to the area which they refer to with provisions for updating the library list. The list of books, publications, video and audio material is published on the intranet portal of the Customs Administration and is available for use by all employees. In 2011, the Customs Administration introduced **Electronic Document Centre** which allows each employee to monitor trends and practices in customs work. In March 2011, **Guidelines for the Document Centre of the Customs Administration** has been adopted, regulating the establishment and maintenance of the Document Centre and the use of its contents by the employees. Moreover, the progress of information technologies, e-encyclopedia was placed on the website of the Customs Administration through which all customs officers have access to materials from all training courses, classified by areas.

In June 2009, on its intranet site the Customs Administration set up a **Forum which aims to allow customs officers electronic access** to the competent organizational units in Central Headquarters and to submit questions related to the classification of goods by tariff, customs value or origin. The administration and use are governed by **Instruction for using the application for the national forum (FAQ)**.

The Document Centre contains print and electronic publications, tone media, sound and image media (audio and video cassettes, compact discs, CD-ROMs.) and other reproduced publications (books, pamphlets, newspapers, journals, doctoral dissertations, master's papers, scripts, manuscripts, catalogues, brochures, posters, programs, postcards, calendars, photographs and other works made in the related technique of photography) software, microfiche, diapositives, microfilms, information materials produced by reproduction techniques





Based on the initiative of the Faculty of Economics and the Customs Administration in 2007, supported by the Government of Republic of Macedonia in May 2009 in Bergen, Norway, the Heads of Customs Administrations of the WCO<sup>48</sup> European Region, unanimously accepted the proposal for establishment of WCO Regional Training Center (RTC) located in the Republic of Macedonia. In this context, the Director General of the Customs Administration and the Dean of Faculty of Economics, University Ss. Cyril and Methodius in Skopje on 16<sup>th</sup> July 2009 signed a Memorandum of Co-operation. On **28<sup>th</sup> September 2009 in Skopje, a Memorandum of Cooperation between the WCO, the Customs Administration of the Republic of Macedonia and the Faculty of Economics within University «Ss. Cyril and Methodius» in Skopje was signed for the establishment of WCO Regional Training Centre in the Republic of Macedonia.** Through continuous training, the RTC aims to contribute to building the



administrative capacity of Customs Services in the region (Macedonia, Serbia, Kosovo, Albania, Montenegro, Bosnia and Herzegovina, Turkey, Moldova) in order to increase the quality and acceleration of customs procedures, bearing in mind the goal of establishment of the WCO as an International Organization for global harmonization of customs operations. In April 2011, the Customs Administration adopted a 2011-2013 Strategy for the Operation of RTC. At the end of 2011, a special portal to the RTC was introduced on the website of the Customs Administration, and in early 2012 a Training Programme of the RTC, was adopted.

Through the European Commission's Customs 2013 Programme, in 2010 the Customs Administration introduced e-learning courses on current topics of customs work elaborated by the European Commission. The e-learning courses are intended not only for customs officials, but also for the business community and all stakeholders in the customs procedure - forwarders, importers and exporters. This new approach to training and professional development provides continuous coverage over areas of mutual interest to participants in customs procedures.



The e-learning courses have been translated and placed on the Internet or Intranet site of the Customs Administration, in order to be easily accessible to both business associates and customs officers. Their use is free of charge. In May 2011, the Customs Administration adopted **Guidelines for e-management system for e-learning courses - Dokeos<sup>49</sup>**, which regulates the establishment, maintenance



<sup>48</sup> World Customs Organization

<sup>49</sup> Dokeos - a software license for free use without permission for its amendment. Dokeos is a system for electronic management training - Learning management system (LMS)

and operation of e-system for managing e-learning courses, and the procedures for registry and use of the systems by the employees in the Customs Administration.

In 2010, the existing system for video conference was upgraded with new devices that create an opportunity to include users of personal computers without any need for specialized devices. Despite the existing video links of the customs houses with the Central Headquarters, an opportunity for inclusion of customs offices in the system was created, which allows training courses at their workplace without any traveling. At the same time, this system shall form a collection of training available to every employee. In December 2011, **Guidelines for video conference learning**, was adopted, regulating the procedure for conducting training via the videoconference system.

In July 2011, **Programme of physical training and martial arts for customs officers** was adopted which aims to increase the security of the customs officers in carrying out customs duties, where there is danger in their performance by improving physical fitness and acquiring defensive techniques.

The Customs Administration has established successful collaboration in the area of training throughout all these years with other institutions and organizations in the country and abroad, such as the Customs Services of the Netherlands, USA, Slovenia, the Czech Republic, Poland, France, Great Britain, Azerbaijan, as well as with the embassies of USA, UK, France, Slovenia, Turkey. All training opportunities were used, such as Eurocustoms through the program PHARE, CAFAO MAC, SECI, TTFSE, TEMPUS, USAID, CARDS, TAIEX, Customs 2013 and others. In 2010, the **European Commission TAIEX instrument** started to be used. Training on the following was provided: customs tariff, customs value (Germany), EORI - concept of registration and identification of economic operators (Czech Republic), application of methods in Customs Laboratory (Finland), Coding System of measures in TARIC (Belgium), protection of intellectual property rights (the Netherlands), pre-arrival and pre-departure information of shipments, Convention on a Common Transit Procedure, claims of customs, tax and excise duty, introduction of the EU Modernized Customs Code, control of excise goods (Great Britain), rules of origin and market surveillance.

During all these years, the Customs Administration has developed and continuously maintained cooperation with educational institutions in the Republic of Macedonia through the organization of regular summer practice for students. Practices are conducted in the organizational units of the Customs Administration - inland customs offices, border crossings, and the Headquarters. Students are practically acquainted with customs procedures, mentored by experienced customs officers. In March 2011, the Customs Administration adopted **Guidelines for internships in the Customs Administration**, which regulates the procedure of organizing practice in the Administration.

In 2010, the Customs Administration was approved 15 TAIEX missions by the European Commission, and 9 in 2011.

### Performance measurement, rewards and career development

In order to check and improve the professional knowledge, in December 2007 the Customs Administration adopted Operating Instructions for the customs officers work performance system regulating the purpose of the assessment, the period of assessment, criteria for monitoring and evaluating the work of customs officers, methods and procedures for performance measurement of the customs officers, proceedings upon completed evaluation and the forms for the reporting period and the evaluation of customs officers. In August 2008, the Customs Administration adopted **Rules and Criteria for selection of best border and inland customs office** by quarters. The selection is published on the Internet and Intranet site of the Customs Administration. By the end of 2008, the staff at the selected best customs offices was rewarded with bonuses in the amount of one salary. In March 2011, **Guidelines on the assignment and replacement of the ranks of customs officers**, was introduced, according to the level of qualifications and duties of the customs officer.

In August 2011 the Customs Administration adopted **Guidelines on measuring the success of criminal charges brought**, which prescribe the criteria and procedures for their measurement by the competent organisational units of the Customs Administration. The same month, **Guidelines for measuring the success of the requirements for initiating offence proceedings** were adopted, providing criteria and procedures for measuring their success, together with **Guidelines for measuring the success of**

**disciplinary procedures**, establishing criteria, method and procedure for measuring their success and **Guidelines for measuring performance of administrative procedures**, with criteria, manner and procedure for their measurement. In November 2011, **Guidelines for measuring success in representation before the courts** was enacted, which determine the criteria and procedure for measuring performance in order to get a realistic picture of the accuracy, effectiveness and efficiency of the process of representation before the courts.

In May 2007, the Customs Administration adopted **Operating Instruction for conducting internal announcement to fill vacant job posts in the Customs Administration**. This manner of filling vacancies provides equal opportunities for career advancement to all customs officers who qualify for the relevant posts. The procedure is led by specially set Commission. At the end of May 2007, the first internal vacant job post announcement under the new rules was published. In November 2011, the Minister of Finance adopted the **Rulebook on promotion of customs officers**, which further increases the transparency of procedures for the promotion of the customs officers, based on professional qualifications and activities of customs officers, their working ability, attended training and performance measurement, regardless of gender, race, color, political or religious beliefs. In December 2011, the Minister of Finance adopted the **Regulation on apartment lease and lease fee stipulating the criteria for determining the fee for lease of an apartment in the work place**, in case of transfers of customs officer during the employment period, at a work station that is over 100 kilometers away from the place of residence.

Customs Administration in 2012 shall adopt Guidelines for procedure, manner and form of the self-assessment and measurement of job satisfaction

## Integrity

In order to effectively implement the strategic goals for preventing and combating corruption, in the second half of 2007, the Customs Administration **adopted the Revised Arusha Declaration** (printed brochure, distributed and presented to the employees) and a **Integrity and Fight against Corruption Strategy** in line with the spirit and purpose of the Arusha Declaration, as well as an **Action Plan for implementation of the objectives of the Strategy**. At the end of 2010, the Customs Administration prepared the **2011-2014 Integrity and Fight against Corruption Strategy** of the Customs Administration. The strategy aims to establish a proactive approach in fighting corruption, where the emphasis will be placed on prevention rather than repression.

In October 2007, the Customs Administration and the Labour Union signed the **Customs Administration Code of Conduct**. The Code sets out basic principles of behavior and performance in carrying out tasks: personal responsibility, respect of law, fairness, relationships with clients, gifts, prizes and other type of benefit, avoiding conflicts of interests, political activities, conduct in operations involving money, confidentiality and use of official information, use of work assets, identification, work environment, conduct in private life and disciplinary liability. In July 2010, a **new Collective Labour Agreement** of the Customs Administration, fully aligned with the Labour Law and the General Collective Labour Agreement for the public sector in the Republic of Macedonia was signed. As part of the Collective Labour Agreement, in August 2010, a **new Code of Conduct for Customs Officers** was adopted, that determines the ethical conduct of customs officers during the execution of works, their obligation to respect the laws, by-laws, international treaties, acts the employer and the manner of proceeding in certain situations.

At the end of 2007, the salaries of the customs officers were increased by 10%. Furthermore, **in August 2008 the legal opportunity to increase the salary of the customs officers by 30% was realized and in September 2008**, within the general pay increase for budget users, the salaries of customs officers were increased by additional 10%. **Cumulatively, during the period of one year the salaries of customs officers were increased for over 55%**. In the second half of 2009, the legal possibility for beneficial years of service for customs officers was introduced. Depending on the specific set of difficult and hazardous conditions of certain jobs, additional pay for 2 to 4 months of insurance contributions is paid for each 12 months of service.

In November 2008, for the first time after the adoption of the Law on the Customs Administration in 2004, 32 customs officers who were employed in 2007, after successfully passing the probation and training period, took an oath, pledging to respect the Constitution and laws of the Republic of Macedonia, the proper application of customs regulations, respecting the provisions of the Code of Conduct and the rules of order and discipline of the Customs Administration, as well as professional, skilled, honest, responsible performance of their duties.



In November 2011, the Guidelines on the conduct of employees in the Customs Administration in case when a gift or other benefit is given, promised or offered in order to influence their work within the service, was adopted, which regulates the manner of their behavior and actions to be taken in such cases.

Within the activities for systemic set up of the fight against corruption, in 2007 the Customs Administration established **records of criminal cases against former employees and customs officials and records of investigations and disciplinary proceedings against customs officers**. At the same time, the practice of examining the overall performance of employees was introduced, providing for possibility of bringing criminal charges against employees who abused their official duties and damaged the budget, bringing claims for compensation by prohibiting disposal of assets against employees who damaged the budget, reporting to the State Anti-Corruption Commission about employees who need to submit an asset declaration, notification to the Public Revenue Office of suspicions related to origin of assets of employees and publishing the names of employees against whom executive punitive measures are imposed, and also the ones who were awarded for their achievements.

In 2008, the Customs Administration adopted **Order and Disciplinary Rules prescribing the order and discipline in the Customs Administration**. The Customs employees are obliged to be aware of, apply and respect the provisions of these Rules. **In August 2010, new Order and Disciplinary Rules were adopted**, regulating the manner of conduct of the employees during their work, their obligations towards the employer, the obligation of adhering to the rules and the responsibilities in the case of violation of the Rules. In September 2011, **amendments were made to the Order and Disciplinary Rules in the Customs Administration**. They introduced two new rules related to the conduct of the customs officers during telephone and other type of communication with parties and clients.

In May 2008, **Guidelines on carrying out Disciplinary Procedures at the Customs Administration** was adopted, regulating the initiation of the procedure to establish disciplinary liability, the modus operandi of the Disciplinary Commissions, the determination of the factual situation.

**The Sector for Professional Responsibility (SPR) was fully equipped in 2007**. The Internal Inspection Department carries out permanent inspections concerning the execution of customs procedures in all organizational units of the Customs Administration, while the Internal Inspection Department controls individual cases where there are justified reasons to believe that a Customs Administration's employee has committed disciplinary infringement. In December 2008, **Guidelines regulating the operation of the Sector for Professional Responsibility inspectors** concerning:

- detection and determination of events and cases involving unlawful actions by customs officers in performing their duties and tasks,
- the powers of the officers when performing special duties and tasks,
- controls of the observance of the regulations and the quality of job performance,
- record-keeping, special protection and the responsibility of the employees of the SPR in doing their duties and tasks.



Within this period, the SPR led over 750 internal investigations in the regional customs houses and the Headquarters, which resulted in reports and procedures for determining the existence or non-existence of disciplinary responsibility.

At the same time, the SPR intensively inspected the performance of customs procedures with total of 270 internal inspections which resulted in raising the awareness of the employees in the importance of detailed compliance to the regulations for implementation of the customs procedures. A Department for Internal Audit was also fully staffed in this period, which by the end of 2011, carried out 102 internal audits of the work processes and gave 382 recommendations for improvement. Records of the processes, procedures and risks for all organizational units of the Customs Administration have been introduced in the Internal Audit Department. For 70 organisational units of the Customs Administration there are 582 prescribed operational procedures containing risk assessment matrices

Organisational unit	Number of investigations				
	2007	2008	2009	2010	2011
Headquarters		20	44	65	40
Customs House Skopje	65	33	24	18	15
Customs House Kumanovo	29	22	24	15	10
Customs House Štip	57	18	11	3	8
Customs House Gevgelija	62	22	12	6	8
Customs House Bitola	27	25	12	5	12
Total	240	140	127	112	93

Organisational unit	Number of inspections				
	2007	2008	2009	2010	2011
Headquarters	2	17	35	53	3
Customs House Skopje	10	9	8	14	20
Customs House Kumanovo	1	2	4	5	4
Customs House Štip	9	8	4	3	4
Customs House Gevgelija	6	5	2	10	7
Customs House Bitola	5	5	5	1	7
Total	33	46	58	86	45

In 2008, the Customs Administration took over 812 asset declarations of customs officers from the State Anti-Corruption Commission, and pursuant the Law on Prevention of Corruption, the obligation for gathering, recordkeeping and safeguard officers' asset declarations is transferred to the authority where the officer is employed. Within the IIS, Customs introduced an electronic system for recordkeeping and administration of asset declarations. In May 2010, **User Manual on the Asset Declarations Recordkeeping Software** was adopted, regulating the procedure, competences and powers for administration and use of the electronic database of asset declarations of the Customs Administration's employees.

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In April 2009, the Customs Administration introduced a system of rotation and transfer of customs officers. **Guidelines on Rotation and Transfer of Customs Officers**, defining the objectives, types and manner of rotation and transfer of customs officers in cycles and individually, with a view of transparent decrease of the exposure to possible misuse of official powers.

In 2012, the Customs Administration plans to introduce Questionnaires on the Employees Satisfaction, Criteria and Manner of Assessment of the Perception on Corruption at all levels of the Customs Administration, performance measurement system, as well as access to the personal electronic records by each employee.

### Union organisation of the employees

In November 2008 in Lommel-Belgium, a team from the Customs Administration of the Republic of Macedonia took part in the 14<sup>th</sup> World Football Tournament for uniformed officials where they came second in a competition of 24 European teams in a category of players over 35 years of age. This tournament is unofficially the World Cup for uniformed officials (Police, Customs, Border Police, Fire Departments etc.). The integrity of the employees in the Customs Administration was significantly promoted by further strengthening the union's organization and work. In 2009, the employees established the Independent Union of the majority of the employees, with which the management of the Customs Administration signed Collective Labour Agreement.



In September 2009, the first Customs Union games were organized. In the spirit of fair play, olympics and friendship, during the two days of competitions there were contests in

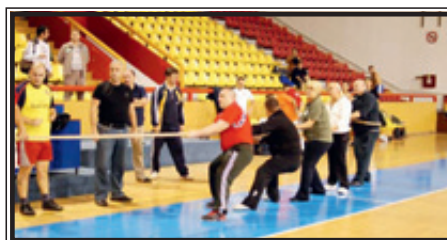


seven disciplines - football, basketball, volleyball, archery, chess, ping-pong and tug of war. 150 customs officers took part in the games. This way of socialization and cooperation of the Customs Administration employees contributes to the improvement of communication and further strengthening of the collaboration and the team work.

The Independent Union of the Customs Administration has been active in many fields. It has set aside social assistance for the employees of the Customs Administration, actively participated in the changes to the Collective Labor Agreement of the Customs Administration, established contacts for future close cooperation with the Customs Union Organizations in Bulgaria and Serbia. In addition to individual activities, on the occasion of the Customs Day – 14<sup>th</sup> of April, the employees in the Customs Administration continuously organize blood donation actions with permanent increase of blood donors and given units of blood.

Independent Union of the Customs Administration has supported and participated within the organisation of all sport activities of the employees of the Customs Administration. The representatives of the Union took part at the “Second annual union of customs motorcyclists” held at Camp Borova, Policka – Czech Republic. At this event beside the customs officers – motorcyclists from Macedonia participated customs officers from Germany, France, England, Slovakia and the Czech Republic.

The Union of customs employees, was also organizing sport events at former federal state level, where representatives of sports teams from all Republics of the Yugoslav Federation met.



## LOGISTICS

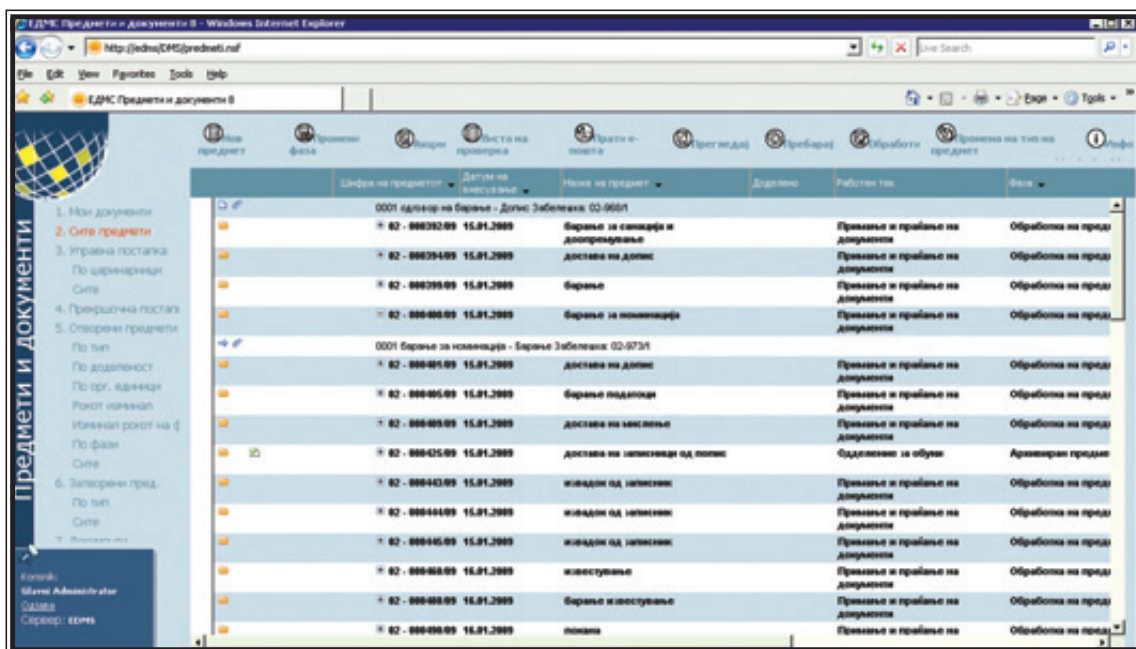
Proper organization of work and related administrative support are the basis for rational use of resources and effective enforcement of the Customs Administration's responsibilities. In this period, the Customs Administration has intensively worked to introduce systems and procedures for managing all types of resources in all areas (beside the human resources). In April 2011 the Customs Administration adopted the **Guidelines on translation activities at the Customs Administration**, which regulates the manner and the procedure of translation, interpretation and proofreading services, as required by the organizational units of the Customs Administration, as well as the outsourcing procedure. In June 2011, the Customs Administration adopted the **Guidelines on Recordkeeping Related to the History of the Customs Administration**, regulating historic recordkeeping procedures and safeguarding, responsibilities for establishing historic records, the handling of newly created and collected materials and items, their exhibition, publication and display in the working premises of the Customs Administration.

Under the Project on Assessment of the the Good Governance Potential in Macedonia, run by the Foundation Open Society Institute Macedonia on 3<sup>rd</sup> July 2008, the Customs Administration was officially awarded a Certificate of Recognition, as best state administration authority. The selection criteria included assessment of the level of professionalism, efficiency, administration skills and training, employment in the administration, rule of law, transparency, accountability, public procurement, financial management and control.

## Administrative procedures

In 2008, the Customs Administration adopted **Guidelines on handling and managing documented material and archive records in administrative and archiving operations**, having as objective the updated, precise and timely delivery of documents, avoiding loss of documents and damages, as well as facilitation of the search within the same.

By the end of 2008, the first phase of the Integrated Information System of the Customs Administration – IIS<sup>50</sup> was completed. The objective was is to establish an Electronic Document Management System (EDMS), material and financial asset management, as well human resources management.



The IIS covers more that 170 identified and described business processes; it determines the maximum time for execution/completion of the business processes, the connection points and relations between the business processes, standard document types and electronic signing of documents. The EDMS includes: archiving and processing of electronic documents and electronic copies of paper documents, circulation of electronic documents and electronic signature, electronic tracing of document status in terms of preparation, distribution, movement, archiving, locating, authenticity, security and history. EDMS enables: centralized acceptance of electronic and paper documents, authentic authorized copies of paper documents, centralized physical and logical archive, authorization and security of documents at a level of single document, organizational unit, user group/functionalities/privileges and work processes, electronic search and tracing of documents, scanning, classification, marking, recording, receipt and sending of incoming and outgoing and internal mail, assigning responsibilities for the documents by designee and organizational unit, phases in the business processes, as well as electronic exchange of documents with external associates. As of **1<sup>st</sup> January 2010, the IIS was officially put in operation and became obligatory for use in the Customs Administration.** The functioning of the EDMS has been regulated with the following internal acts:

- **Guidelines on the Operation with the Electronic Document Management System** regulating the manner of operation and movement of documents within the organizational units of the Customs Administration through the EDMS, submission of original documents to organizational units, as well as obligations and competences of employees;
- **Manual for Internal Communication in EDMS between organizational units**, laying down the communication of electronic documents between organizational units of the Customs administration at horizontal and vertical level;
- **User Manual for electronic signing of documents in EDMS;**

<sup>50</sup> Integrated Information System



- **Rules of procedure of the EDMS Help Desk** that provides technical assistance and advice to end users to overcome existing problems regarding the functioning of the EDMS, as well as guidance and measures for further upgrade of the EDMS;
- **Administrator's Guidelines for setting options for automatic notifications in EDMS** regarding: e-mail notification to employees whenever a file (case) has been assigned to them, e-mail notification to the management when a change of the working status (phase) of a document (case) occurs and an SMS notification to the clients;
- **User Manual for EDMS web client users** (EDMS is a web application);
- **User Manual for changing password on the Customs Administration website**, for the use of EDMS;
- **User Manual for Web Scanning of Documents**, the web scanning tool to scan paper versions of documents by using the EDMS web version, available to all EDMS users;
- **Guidelines for processing of documents such as invoices in EDMS**;
- **User Manual for record-keeping of administrative cases in EDMS** regulating the manner of record keeping in the Register of cases of first instance administrative procedures;
- **Guidelines for searching/browsing through internal acts, international customs terms and definitions in EDMS** describes the manner of searching for internal acts adopted by the Customs Administration, as well as international customs terms;
- **Guidelines on the active, passive and permanent database in EDMS** providing easier and faster mastering of the functionalities and procedures while operating the three databases of the system;
- **User Manual for the use of a special book of records**, regarding the functionalities when processing documents of confidential nature.

In June 2010, the Customs Administration adopted **Guidelines on the preparation of acts at the Customs Administration** (amended in August 2011 and January 2012) regulating the types of acts that are prepared in the Customs Administration, the competence for their drafting, the manner of preparing the acts, the form and technique of preparation, the control of the internal acts, their adjustment, amendments, supplements, revisions and repeal. In October 2010, the Customs Administration adopted **Guidelines on the Customs Administration's official seals and stamps**, defining the form, dimensions and contents, as well as the purchase, registration, manner of keeping, use and destruction of the Macedonian Customs Administration's official seals and stamps. In August 2011, the Customs Administration adopted **Amendments to the Guidelines on the preparation of acts at the Customs Administration**, which stipulates mandatory revision of the acts by a proofreader. **The Guidelines on the depositaries of Regulations at the Customs Administration**, adopted in February 2011, regulating the manner of submission and safekeeping of internal acts drafted by organizational units of the Customs Administration. In May 2011, the Customs Administration passed the **Guidelines on handling classified information**, defining the degree of classification of the documents at the Customs Administration and their protection from unauthorized access or use by unauthorized persons, as well as from unauthorized communication and publication of the information.

In August 2010, the Customs Administration adopted **Guidelines on the manner of collection of administrative taxes by the Customs Administration (revised in January 2011)**, regulating the course of action with the submitted documents that require payment of administrative fees, the types of administrative fees that are collected by the Customs Administration, the control, confirmation of payment, return of overpaid administrative fees, competences and proceedings deadlines. Regarding the third phase of the development of the IIS, in October 2011, a **User manual for recordkeeping of administrative taxes** was adopted in order to regulate the use of EDMS regarding the record-keeping of collected administrative taxes by kind.

## Security and Communication

In May 2008, the Customs Administration adopted **Guidelines on the Procedures for Overtime Work in the Customs Administration**, regulating the manner, reasons and competences to determine the need for doing overtime work. Later in 2008, the Customs Administration introduced Electronic Working Hours Registry and Control System, and in April 2009 it also adopted **Guidelines on the operation and use of the Electronic Working Hours Registry and Control System and access to the Customs Administration**



**premises**, proscribing the manner and procedures for registering the working hours, the layout of the registration card, responsibilities of the employees and managers and authorizations for activities to provide appropriate registering of the working hours, control of the use of the working hours by the employees and control of the access to the premises of the Customs Administration.

In 2008, the Customs Administration introduced a **Video Conference System for Interconnection between the Customs Houses and the Headquarters in Skopje (audio and video)**, to facilitate and improve internal communication between the management, as well as to improve the time management and to reduce expenses. The functioning of the system is regulated by the **Guidelines on Video Conference System, adopted in October 2011**. At the beginning of 2012, the Customs Administration established video conference link with at the Sessions of the Government of the Republic of Macedonia. At the same time, the Customs Administration completed the Project for Interconnection of the other state agencies to the Sessions of the Government of the Republic of Macedonia via video conference.

In April 2009, the Customs Administration adopted **Guidelines on Acting in Cases of Detection of Dangerous and Harmful Substances**, aiming at protection of its employees, other persons and the environment in cases of detected dangerous and harmful substances. In December 2010, the Customs Administration passed **Guidelines on Prevention of Fire and Procedure in Events of Fire**, regulating the prevention activities for protection against fire and the manner of acting in events of fire in the facilities, the greenery, at the border crossings, terminals, warehouses and other working area administrated by the Customs Administration. In August 2011, the Customs Administration adopted the **Guidelines on Management of Waste Commercial and Other Types of Nonharmful Waste**, regulating the management of all types of waste by the employees in the facilities and other public area, managed by the Customs Administration. **Guidelines on the Safeguarding of the Assets and Persons at the Customs Administration**, which regulate the requirements for safeguarding the property and persons at the Customs Administration were adopted in November 2010.

In September 2010 Customs Administration passed **Guidelines on the Admission of Clients**, regulating the procedures on the admission and the identification of persons who are not employed by the Customs Administration or persons whose stay within the premises of the Customs Administration has not been regulated. In November 2011 a **Protocol on admission and meetings with high representatives of domestic and foreign institutions and organizations** was passed, regulating the manner of admission and carrying out of such meetings.

In September 2010, the Customs Administration adopted **Guidelines on the Use of Weighing Scales**, regulating the manner and procedure of weighing vehicles at border crossings and customs terminals. During the same month, the **Guidelines on the Collection of Customs Terminal Fee were passed**, regulating the manner and procedure related to the collection of the fee for the stay at the customs terminals run by the Customs Administration, while in October 2010, the **Guidelines on the Procedure of Discharge of Entry at the Customs Terminals with Alternative Proofs**. In November 2010, **Guidelines on the Proceedings upon Damages caused by Vehicles at Border Crossing Stations or at Customs Terminals** were adopted. These Guidelines regulate the procedure of reporting damages caused by vehicles to facilities and equipment deployed at the border crossing points or at customs terminals owned or used by the Customs Administration.

## Transparency

Within this period the Customs Administration has intensively worked on raising the awareness of its employees about the meaning and importance of the transparency with a view to familiarise the public with the its role, plans and its work, as well as to find out about its clients' troubles. The Customs Administration permanently works to raise the awareness of its employees about the importance of public opinion about the work of the Customs Administration. Systems and procedures have been introduced to increase the quantity and the quality of communication with the public.

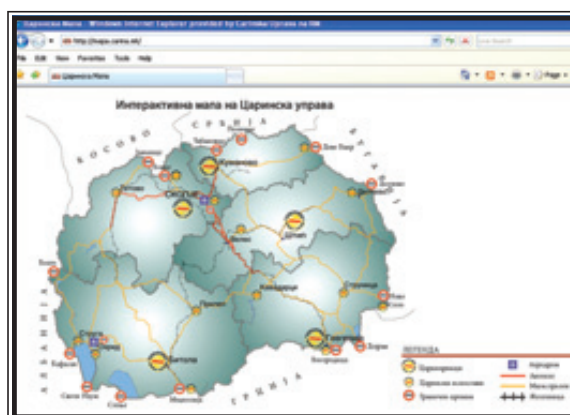
The Customs Administration adopted its **Public Relations Strategy** in December 2011, with a view to pursue EU's best practices in the context of customs public relations and communication. The primary purpose of this Strategy is to ensure timely, accurate and organized delivery of information to all target groups. The activities

will be focusing on the assurance of better understanding of the Customs Administration's role, maintenance of political and public trust, earning support and positive attitude towards the Customs Administration and its staff by ensuring a two way information flow, presenting and promoting customs results and achievements to the society, public awareness raising to understand the crucial importance of the customs officers' work to the wellbeing and safety of the society.

In May 2007, the Customs Administration introduced on its website a section where new instructions and decisions related to the implementation of customs procedures customs formalities are given in draft versions, in order to encourage the broader public to present their own opinions and suggestions prior to their adoption. Within the same month, the Customs Administration introduced and promoted the website in Albanian language. Furthermore, to the end of increasing the internal transparency of its operations, in 2007, an **Intranet portal of the Customs Administration** was introduced and promoted, which includes data and information of internal character. In order to provide for complete, timely and automatic update of the information and data published on the internet and intranet website, in November 2008, the Customs Administration adopted **Guidelines on publishing information, articles, notifications on the internet and intranet website of the Customs Administration** (revised few times in 2010 and 2011), regulating the manner, procedures, areas and competencies regarding the update of the internet and intranet website. In December 2010, the new intranet website [www.carina.mk](http://www.carina.mk) and [www.customs.gov.mk](http://www.customs.gov.mk) was introduced. The website also hosts a **"Frequently Asked Questions" forum** enabling economic operators to post questions and receive answers related to customs-approved treatments or use of goods. It also contains an **"info"** contact e-mail address to which economic operators can write to and inquire about any customs related open issues. In 2008, the website was visited 986 thousand times, 1,193 thousand times in 2009, 1,731 thousand times in 2010 and 1,746 thousand times in 2011.

700 pieces of information were published on the website of the Customs Administration in 2008, 823 in 2009, 750 in 2010 and 1004 in 2011. while 220 pieces of information were published on the intranet portal in 2008, 329 in 2009, 275 in 2010 and 850 in 2011.

In 2008, the internet page was visited by 107 thousand visitors, 129 thousand in 2009, 169 thousand 2010 and 154 thousand visitors in 2011. The most visited tabs are: "News", "Search through the Customs Tariff", "Frequently asked questions" and "Laws and regulations". In November 2011, an **Interactive Map of Customs Houses (regions) and border and inland Customs Offices** was introduced, showing all Customs Houses, border and inland customs offices in the Republic of Macedonia, and providing information about the approved customs procedures, any limitations posed on certain customs procedures and the presence of inspection authorities within each organizational unit of the Customs Administration. The map also contains clear marking of the roads providing access to the Customs Administration's organizational units (regional road, motorway, railroad or airport). Further improvements are under way.



In December 2007, the Customs Administration prepared and published a **Citizen's Service Charter of the Customs Administration of the Republic of Macedonia, defining the services rendered by the Customs Administration to citizens, how to obtain them and all the contact points of the Customs Administration (revised in December 2011)**. It was published on the website of the Customs Administration and that of the Government of the Republic of Macedonia. The placement of the Citizen's Service Charter mailboxes, the handling and processing of the Citizen's Service Charter completed forms, and the Citizen's Service Charter publishing on the Customs Administration's website were regulated in 2008 with the **Guidelines for dealing with the completed Service Charters of the Customs Administration**.

**The Customs Administration of the Republic of Macedonia started publishing a monthly newsletter "Царина - Customs" in July 2008.** The purpose of the "Customs" newsletter (published until 2009) was to enhance the efficiency and transparency of the Customs Administration's work, to inform the business community on the

ongoing and planned activities in the area of customs operations, as well as to publish information of interest to all the employees of the Customs Administration. In 2011, new Programme on publication of the monthly newsletter "Customs" was adopted and the publishing of the newsletter is at preparatory stage.

In August 2010, the Customs Administration adopted **Guidelines on Proceedings upon Complaints and Proposals to the Customs Administration**, regulating the proceedings upon complaints and proposals made to the Customs Administration. It also regulates the protection of the applicants, the exercise of their rights and interests, the public interests as identified with the laws and the launching of other initiatives of public interest. In this period, a total of 19 complaints were received, upon which the appropriate proceedings were pursued. A total of 67 requests for information were received in this period in relation to the Law on Free Access to Public Information.

## ICT support

Besides the permanent provision of additional and modern ICT equipment, within the period 2007-2012 the Customs Administration has been committed to the effective and efficient functioning of its ICT systems. All software applications have been recorded as non-material asset in the balance of the Customs Administration. For each software application, no matter at which stage of functioning it is, there is a manager (business and IT), appointed by a Decision of the Director General, responsible to follow its development and functioning, to inform and propose their upgrade.

In August 2008, the Customs Administration passed **Guidelines for the manner and procedures for access to the ICT system of the Customs Administration**, regulating the manner, procedures, authorizations and responsibilities for allowing/denying user access to internal or external entities to the ICT system, as well as the level of privileges in the MAKCIS - ICT system of the Customs Administration, the use of the system, the accuracy and confidentiality of the information available..

In order to ensure optimal use and management of information technology, data protection, effective, efficient and safe operation of ICT systems and technical infrastructure they support, in June 2010, the Customs Administration adopted the **Guidelines on the operation with the ICT systems in terms of ICT security**.

In June 2011, the Customs Administration adopted **Guidelines on Applications and ICT Systems Life Cycle**, establishing a methodology of Life Cycle Management on Applications and ICT Systems aiming to assure appropriate management and control of ICT system related projects. In September 2011, the Customs Administration passed **Guidelines on recordkeeping of software applications and ICT equipment of the Customs Administration**, regulating the manner, procedure and the competences for registry and recordkeeping of software applications, system software and licenses and other ICT equipment, as well as the entire related documentation.

**Guidelines on the provision of uninterrupted operation of the ICT systems outside the working hours**, adopted in November 2011, having the objective to ensure uninterrupted operation of the Customs Administration after the regular working hours, through provision of support to the critical ICT systems which need to be operational at all times. At the same time, the adopted **Programme for assuring uninterrupted function of the ICT systems** includes categorization of critical systems to ensure uninterrupted business processes of Customs through standardized procedures, regular monitoring of the ICT systems and their constant upgrade. In November 2011, **Guidelines on project management** were adopted, regulating the planning, implementation and control of ICT projects, thus facilitating project management and assuring success.

In order to update the communication network, a major intervention took place in 2010, as part of the Project to introduce System on expanding the SDH<sup>51</sup>. Equipment was placed and installed at selected locations. A "western ring" to the already existing



*Radio equipment Antennas, part of the SDH network*

<sup>51</sup> Synchronous Digital Hierarchy

SDH ring was added, providing interconnectivity of the new location in the western part of the Republic of Macedonia, with the already existing ones. This has provided establishment of a single SDH infrastructure that provides reliability of data and the traffic within the communication network.

## Budgeting and procurement

In 2008, the Customs Administration established a **System for planning and execution of the Budget of the Customs Administration, the procurement and investments**. In August 2008, the Customs Administration adopted **Guidelines for the preparation and execution of the Financial Plan, the Investment Plan and the Procurement Plan of the Customs Administration**, which regulate the organization, competences, procedures, documents and information for preparation of the financial, investment and procurement plans of the Customs Administration, their layout, contents and manner of monitoring their realization, in order to provide conditions for timely and adequate provision of funds and material assets to carry out the functions of the Customs Administration. In August 2008, the Customs Administration adopted **Guidelines on the manner of carrying out procurement procedures**, which lays down the manner and procedures for conducting procedures for procurement of goods, services and the awards of works contracts, the document flow in relation to procurements, as well as their receipt, archiving, safekeeping and issuance for the needs of the organizational units of the Customs Administration (revised in April 2009).

## Financial Asset Management

In March 2009, the Customs Administration **formed a Commission for management of resources and liabilities of the Customs Administration (CMRL)**. The Commission is responsible for monitoring and ensuring the complete implementation of the Financial Plan, the Procurement Plan, the Investment Plan, Decisions and recommendations from the conducted Inventory, the collection of claims on all grounds, timely and efficient realisation of the offence, administrative cases and legal expenses. To provide complete and uniform recording of the assets and liabilities, in May 2010, **Accountancy Rules on the Record Keeping of Stocks in the Customs Administration** were adopted. They regulate the manner of recordkeeping of stocks in the Customs Administration, i.e. the operations and procedures that are carried out in the electronic system for material and liability recordkeeping. At the same time, the Customs Administration adopted **Accountancy Rules on the recordkeeping of Donations in the Customs Administration**, regulating the manner of recordkeeping of donations of material or financial kind, the operations and procedures of their implementation and receipt and their recordkeeping, as well as the control over their use. In September 2011, the Customs Administration adopted **Basic Accounting Policies of the Customs Administration**, concerning recordkeeping of transactions arising from the execution of its functions. These will be used for accounting and financial report-making.

In August 2008, the Customs Administration adopted **Business Trip Guidelines**, which regulate the manner and procedures for approval of business trips (meetings, seminars, study and working visits, courses, symposia) and reimbursement of travel, accommodation and other costs incurred during business trips.

In September 2008, the Customs Administration adopted **Guidelines for settling financial documents (revised in May 2011)**, which regulate the manner and the competences for settling and handling of financial documents in relation to procurement of goods, services and works within the Customs Administration.

In 2010, the use of the information systems for financial and asset management in all areas was regulated with the following acts:

- **User Manual for operation with the software for enterprise and resource planning – ERP<sup>52</sup>**, regulating the operation, competences and obligations of the organizational units and the employees in the Customs Administration using the ERP;
- **User Manual for the Module Main Ledger**
- **User Manual for the software – Budget Module**, providing electronic support for budget preparation and budget execution;

<sup>52</sup> ERP – Enterprise Resource Planning



- **User Manual for operating the Software for Calculation of Salary** which serves for automated salary processing.
- **User Manual for Resource Planning Software – module for financing operation,**
- **User Manual for Resource Planning Software – Public Procurement Plan Module,** regulating the recordkeeping of the adopted public procurement plan, its amendments, supplements and realization;
- **User Manual for Travel Order Software.**

In April 2010, the Customs Administration adopted **Guidelines on the Use of Budget Funds for Marketing**, regulating the rights and obligations when using funds from the budget of the Customs Administration for that purpose. In May 2010, **Guidelines on the Procedures related to withholding amounts of money from employees' salaries** were adopted, regulating how certain amounts of money are to be withheld from the employees' salaries, on grounds of executive irrevocable acts. **Guidelines on the use of the landline telephone control and limitation system**, was adopted, thus enhancing the control and lowering down the expenses for static telephone services.

### Non-financial Asset Management

In December 2006, the Customs Administration passed an **Operational Instruction on the Conducting of Inventory of Assets and the Balancing of the Accounting with the Factual Situation of the Customs Administration of the Republic of Macedonia.**

In January 2008, the **Guidelines on the Use of Official Motor Vehicles was passed**, regulating the manner of procurement, and use of the vehicles owned by the Customs Administration, their categorization, recordkeeping, their marking, maintenance and repair, as well as the control and responsibility of the employees regarding their use. **The same year, the Customs Administration established Global Positioning System (GPS) for its fleet of vehicles.** GPS is aimed at real-time tracking, analysis and coordination of the movement of vehicles owned by the Customs Administration. A system of dispatchers administering the GPS is established, controlling the justifiability and efficiency of the use of the fleet of vehicles of the Customs Administration.

In July 2009, aiming to achieve a more efficient and more economical use of the material resources, the Customs Administration adopted the **Guidelines for recordkeeping and movement of capital assets**, regulating the procedures for records keeping/registry and movement of the Customs Administration's capital assets during their lifespan and until they become no longer useful and discharged.

In March 2009, the Customs Administration adopted **Guidelines for the manner and procedure for renting/leasing the business premises and the publicity areas at the road Border Crossings Points of the Republic of Macedonia** (revised in August 2011). Whenever business premises are rented, the prime consideration is to provide conditions for efficient formalities for import, export and crossing the borders (payment facilities, exchange of foreign currency, customs representation, provision of documents for import, export and crossing the borders, insurance).

To the end of further enhancement of the utilization and supervision of non-financial resources, the following activities were realized:

- In February 2010, the Customs Administration adopted a **User Manual for the operation with the eDMS software for registration and record keeping of laboratory materials** within the ERP software;
- In February 2010, the Customs Administration adopted **User Manual for the use of the eDMS software for registration and record-keeping of seized goods** within the ERP, regulating the course of action with temporarily seized goods, goods renounced to the benefit of the state and seized goods. In June 2010, the Customs Administration adopted new Guidelines on the handling of seized confiscated goods and goods renounced to the benefit of the state, regulating the procedures of dealing with finally confiscated goods and goods which have been abandoned to the state in an administrative procedure, in accordance with the provisions of the Customs Code, their registry, storage and keeping, hand-over, sale, allocation of money from sale of this type of goods, the competences and responsibilities of the Customs Administration, as well as the procedures of dealing with seized

goods in offence and criminal proceedings or due to infringement of intellectual property rights;

- In May 2010, the Customs Administration adopted a **User Manual on the use of the capital assets inventory software** regulating the administration and utilization of this software. In the same month, the Customs Administration adopted a **User Manual for use of capital assets software** prescribing registration of the capital assets and their indebtedness per employee and per location, as well as **User Manual on recording of disposable assets**;

### Control of Revenue Collection

Within this period, the Customs Administration permanently worked to upgrade the control of revenue collection systems, realizing the following activities:

- In February 2010, the Customs Administration passed the **User Manual for the Operation with the eDMS Software for Issuance of Invoices Related to Leased Premises**, regulating the invoicing of rent/lease for business premises at the road border crossings;
- In March 2008, the **Guidelines on the forceful collection of customs debt**, were adopted, regulating the procedure of forceful collection of import or export duties, taxes and other public fees;
- In May 2008, the Customs Administration adopted **Guidelines on the Proceedings with Temporarily Seized Goods, Confiscated Goods and Goods Abandoned to the State**, regulating the procedure of dealing with seized and finally confiscated goods and goods which have been abandoned to the state, their registry, storage and keeping, hand-over, sale, allocation of money from the sale of this type of goods (revised in April 2009);
- **Guidelines on the Manner of Establishing the Customs Debt**, the terms, recording and the delivery of decisions for subsequent payment of debt and its collection, have been adopted;
- In May 2010, the Customs Administration adopted **Guidelines for the Procedures on Payments Made on the Income Account of the Customs Administration**, regulating the administering of the inflow and the state of payments made for import duties;
- In May 2010, **Guidelines for the Procedures of charging and discharging of the transit bank guaranties** were adopted, regulating the administering of the inflow and the state of the transit bank guarantee securing incurrence of possible customs debt.
- In December 2011, the use of the software "Collection" was regulated (**User Manual for the capital movements module**, regulating the procedures and competences for viewing and searching through automatically generated daily inflow of capital; **User Manual for the guaranties module**, regulating the procedures and competences in recordkeeping of guaranties to secure a debt; **User Manual for the deposits module**, regulating the procedure and competences in recordkeeping of orders for tax refund from a deposit account; **User Manual for refunds module**, regulating the procedure and competences in recordkeeping of executive administrative decisions for tax refund and monitoring of their execution/realization; **User Manual for customs debt post collection module**, **User manual for funds allocation module**, regulating the procedure and competences in generating allocation of funds and electronic file to the Ministry of Finance; **Uses Manual for Module for reports on collected revenues with proof of duty payment**).

## THE CUSTOMS ADMINISTRATION IN THE FUTURE

It is the Customs Administration duty and obligation to safeguard the fiscal interests of the Republic of Macedonia, protect the lives and health of its citizens, to sustain and enhance competitive economic climate and to realize the economic policies of the Government of the Republic of Macedonia. Therefore, the Customs Administration strives to become and remain best service of the citizens, the economic operators and the state, in line with the nationally and internationally recognized best practices. To achieve this, the Customs Administration will particularly engage in investment in its employees, simplification and facilitation of the economic activities, promotion of the capacities for law enforcement control, as well as promotion of its administrative and logistic support.

Employees are the crucial factor for the achievement of the objectives, competences and duties of the Customs Administration. Only expert, efficient and competent personnel can ensure implementation of reforms and promotion of the Customs Service. Therefore, the Customs Administration will permanently enhance its capacities for human resources management, the recruitment and internal deployment system, training and professional development system, rewarding and career making system, the performance measurement mechanisms, as well as the employees' professional liability mechanisms.

The Customs Administration will continue the activities and measures for further facilitation, acceleration and simplification of the customs and excise procedures to the end of reducing the costs and increasing the competitiveness of the Macedonian economy. This, particularly with a view to ensure that, as candidate country for accession to the EU, the Macedonian economy is prepared for the competition and functioning within the EU.

The Customs Administration will persist strengthening its institutional and administrative capacities for revenue collection control, above all through further improvement of the risk-analysis based control, trade companies control, the operation of its special units, customs control and supervision of customs control, as well as through permanent and dynamic development of ICT support. Particular emphasis will be put on future enhancement of the cooperation with national and foreign organizations and agencies, competent in law enforcement and the business community alike.

The Customs Administration will be able to efficiently execute its powers if it has appropriate organizational structure and administrative support. In this context, the Customs Administration will permanently work on institutional and administrative capacity building, determination, revision, prescription and computerisation of the business processes.

The Customs Administration shall continue upgrading its systems for financial and non-financial assets management in order to ensure their rational, purposeful and efficient use for logistic support to the activities for execution of its main responsibilities, its mission and vision.

The Customs Administration shall strive to provide faster and complete fulfillment of the requirements for accession to the EU and the Convention on a Common Transit Procedure.

In its progress and modernization, the Customs Administration will rely on the WCO Framework of Standards to Secure and Facilitate Global Trade, the Common Transit Convention, the Revised Kyoto Convention on the Simplification and Harmonisation of the Customs Procedure and other strategic WCO documents, the EC Customs Blueprints and the Acquis, the Revised Arusha Declaration on Good Governance and Integrity in Customs, the International Convention against Transnational Organised Crime, as well as the best practices of foreign Customs Services.





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