



REPUBLIC OF MACEDONIA  
MINISTRY OF FINANCE  
CUSTOMS ADMINISTRATION

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**REPORT**  
**ON THE PROGRESS MADE**  
**REGARDING CHAPTER 29 - CUSTOMS UNION**  
**FROM OCTOBER 2006 UNTIL MAY 2007**

MAY, 2007

## **I. PROGRESS REVIEW**

1. The period October 2006 – May 2007 was marked, above all, with activities oriented towards achievement of specific results in the fight against corruption in the Customs Administration, prevention of illicit trade, protection of intellectual property rights and protection of environment and society.
2. Under the legal procedures, several cases of abuse of authority were disclosed, which resulted in imposing disciplinary measures (fines and dismissal from work) and imprisonment. Large number of attempts of illicit trade and organized crime were disclosed and processed, and enormous quantities of drugs, cigarettes and other goods were seized. Such results in the eradication of corruption and organized crime, along with measures for reducing the systemic and procedural ambiguities which enable abuse and evasion, were among the main factors for significantly greater collection of revenues from import duties in the first 5 months of this year compared to the same period last year.
3. In the period October 2006 – May 2007, the Customs Administration, in over 130 actions, prevented large number of attempts for violation of intellectual property rights, whereby over 1.27 million items were seized and 31 ton of counterfeited goods.
4. From a systemic aspect, activities in the aforementioned areas were aimed at improvement of organizational setup, establishment and improvement of internal procedures, improvement of institutional capacity and intensification of the development of the ICT system. A number of acts have been adopted in the form of strategies and rulebooks, large number of trainings have been organised, both specialised and general, as well as language and computer trainings, and a number of software applications have been completed or started. With regard to the latter, what is especially important is the launched initiative for accession to the Convention on Common Transit Procedures and procurement of compatible customs software.
5. In this period, the implementation of the new customs regulations, aimed at risk analysis and customs control and surveillance of holders of approvals having economic effect continued. A number of practical technical obstacles and delays have been eliminated, new bylaws were adopted and the existing ones modified so as to facilitate and simplify the previously adopted legal framework, and there is an undergoing procedure for adoption of amendments and modifications to the Customs Law aimed at its harmonisation with the EU novelties in this area (a concept of Authorised Economic Operator).
6. In cooperation with the business community and foreign partners, the Customs Administration in this period started planning and implementing new measures for expediting and facilitating transport and trade, strengthening its own administrative capacity and raising the level of information and telecommunication support.

## II. LEGISLATION

7. To the end of making harmonisation with the most recent modifications to the European Union Customs Code (32005R648), published in the Official Journal of the EU 648/2005 (L 117/13), especially in the part of introducing the concept of Authorised Economic Operator, amendments and modifications to the Customs Law have been drafted. In addition to this, these modifications contain provisions specifying and simplifying the manner and the criteria of adoption, modification and abolishment of decisions by the Customs Administration. A definition of a person with higher (financial) risk is introduced, and the provisions on customs violations have been harmonised with the national Law on Misdemeanours. The amendments and modifications to the Customs Law are expected to be enacted by the Parliament by end-September 2007. In the meantime, the Customs Administration has been working on the drafting of modifications to the bylaws that would result from the adoption of the modifications to the Customs Law.
8. To the end of ensuring implementation of the provisions of the Customs Law, envisaging a possibility to reduce the amount of guarantees that the holders of approvals must submit to the Customs Administration as security for a potential debt, the Decree on implementation of the Customs Law has been modified (Official Gazette of the Republic of Macedonia" no. 40/2007). The Decree envisages transparent criteria (among which financial and tax background of the company, the owners and the management) for reduction of the amount of guarantees (even to 0% of the potential customs debt) proven with relevant statements and documents to be submitted by the holders of approvals for procedures of inward processing and customs warehousing. The procedure of acceptance of the guarantees has been simplified and expedited (the procedure for providing evidence is implemented by the Customs Administration), and the discretionary right of the Customs Administration to determine the level of the bank guarantee in an insufficiently transparent manner has been eliminated (instead of defining the amount of bank guarantee, the amount of potential debt in relation to the accepted bank guarantee has been limited).
9. In addition to the abolishment of the EUR 100 fee for tariff quota request as from July 1, 2006 and the EUR 19 fee for customs services in the customs procedure by customs declaration was abolished as from October 1st, 2006. To the end of ensuring further harmonization with the *acquis communautaire*, the modifications to the Rulebook on the type and the amount of the customs fees for services rendered in the customs procedure are in the adoption phase, envisaging abolishment of the EUR 40 fee for mandatory tariff information and the EUR 65 fee for laboratory testing, (the modifications are expected to be adopted by end of June 2007). Taking into account that the revenues from these fees were directly used to finance part of the expenditures of the Customs Administration (so-called special revenues), under the 2007 Supplementary Budget of the Republic of Macedonia, as well as in the next years, financing part of the expenditures of the Customs Administration with revenues from the abolished duties must be provided from other budget revenues.
10. To the end of further reduction of administrative barriers and costs of the private sector, **amendments and modifications to the Law on Administrative Fees** have been drafted, abolishing major number of fees charged when issuing approvals. The amendments and modifications are expected to be enacted by the Parliament by end of June 2007. The proposal for amendments and modifications to the Law on Administrative Fees abolishes of the following fees:
  - Denar 60,000 (around EUR 1,000) for opening customs warehouse;

- Denar 30,000 (around EUR 500) for approval of any customs procedure having economic effect with a general approval, including approval for processing of goods in customs warehouse according to the procedure for processing under customs control or under the inward-processing procedure;
  - Denar 30,000 (around EUR 500) for approval for simplified formalities in transit procedure, for approval for simplified procedure of declaration or local custom clearance procedure, as well as for approval of simplification regarding the proof of origin of the goods;
  - Denar 30,000 (around EUR 500) for approval of usage of electronic data processing;
  - Denar 6,000 (around EUR 100) for usage of equivalent goods in the inward-processing procedure, and for usage of a standard system of replacement in the inward-processing procedure;
  - Denar 3,000 (around EUR 50) for implementation of the usual forms of handling in the customs warehouse, for warehousing domestic goods in the customs warehouse, for transferring the goods from one customs warehouse to another, as well as for temporary taking out of the goods from the customs warehouse;
  - Denar 6,000 (around EUR 100) for transferring the rights and obligations from one to another person arising from the customs procedure having economic effect;
  - Denar 30,000 (around EUR 500) for approval of the proposed form of keeping records of the goods in the free economic zone or free warehouse;
  - Denar 20,000 (around EUR 330) for issuance of decision for performing customs surveillance in the free economic zone or free warehouse or approval for building or adaptation in the free economic zone;
11. At the same time with the proposal for reduction of the aforementioned administrative fees, an initiative was raised to introduce a single border fee that would replace all of the existing fees charged on the border crossing by various state bodies and institutions. Such model of organization of services for control of border crossings would enable reduced waiting times and faster trade and transport, reduced costs of private sector and overcoming non-tariff barriers. Taking into account the necessary legal, organizational, technical and fiscal aspects, this model should start functioning at the beginning of the next year. The existing deficiencies that would be overcome with this single border fee are the following:
- fee for measurement of cargo motor vehicles on scales - the collection is made by the Public Housing Company of the Republic of Macedonia on the basis of a decision on determining the prices of services for usage of the facilities, installations and the plateau within the border of Macedonia, managed by the Public Housing Company of the Republic of Macedonia (Official Gazette of the RM no. 6/97);
  - fee for entrance and stay at the terminal for domestic and foreign vehicles – recording, calculation and the collection is made by the Public Housing Company on the basis of a decision on determining the prices of services for usage of the facilities, installations and the plateau within the border of Macedonia, managed by the Public Housing Company of the Republic of Macedonia (Official Gazette of the RM no. 6/97);

- road fees, which, for the account of the National and Regional Road Fund are calculated by the customs authorities and charged by the Drivers' Association of Macedonia (AMSM) on the basis of a contract between the Ministry of Finance and AMSM and on the basis of a Decision on determining the base, the level and the manner of the road fee for foreign vehicles using the roads in Macedonia (Official Gazette of the RM no. 51/93);

Additionally, an initiative has been raised so as to ensure a single point of charging other fees paid on the border crossings, as follows:

- fee for mandatory inspection by phytosanitary inspectors that inspect, calculate and charge the fee for inspection of goods of herbal origin on the basis of the Law on Plant Protection (Official Gazette of the RM no. 25/98) and a Decision on the level of the fee for mandatory inspection of plants, plant shipments, goods of herbal origin and inspection of shipments of substances for plant protection at import, export, transit and re-export;
- fee for mandatory inspection by border veterinary and sanitary inspectors that inspect, calculate and charge the fee for inspection of goods of animal origin at import, export and transit on the basis of Article 81 paragraph 3 of the Law on Veterinary Health (Official Gazette of the RM no. 28/98) and a Decision on the level of the fee for veterinary and sanitary inspection of animal shipments, products, raw materials and animal waste, seedlings, fertilised animal eggs and other items that could carry diseases across the border of the RM.

12. In November 2006 harmonisation was made of the Customs Tariff with the Combined Nomenclature of the European Union (according to the obligations under the Stabilization and Association Agreement between the Republic of Macedonia and the EU) as well as the obligation to reduce customs rates in accordance with the obligations under the Law on Ratification of the Protocol for Accession of the Republic of Macedonia to the World Trade Organisation. The new version of the Customs Tariff (Official Gazette of the RM no. 125/2006) started applying as from January 1, 2007.

13. To the end of facilitating the implementation of the customs procedure both for the customs officials and for other participants in international trade and to the end of properly determining the customs duties and the implementation of the prescribed non-tariff measures, the Customs Administration has prepared Guidelines on Customs Clearance of Goods. The Guidelines, in addition to the 2007 Customs Tariff (as an integral part of the Law on the Customs Tariff, which serves as basis for determining customs duties), incorporates a series of other laws and bylaws, as well as preferential tariff rates set under international agreements. The Guidelines for customs clearance of goods were posted on the Customs Administration website, whereby it is freely accessible to all participants in the international trade, thus achieving full transparency and facilitation in the implementation of the customs procedure.

14. Taking into account the necessity of accession to the Convention between the European Economic Community, the Republic of Austria, Republic of Finland, Republic of Island, Kingdom of Norway, Kingdom of Sweden and the Swiss Confederation on the common transit procedure dated May 20, 1987 and its amendments and the Convention between the European Economic Community, the Republic of Austria, Republic of Finland, Republic of Island, Kingdom of Norway, Kingdom of Sweden and the Swiss Confederation on simplification of formalities in trade in commodities dated May 20th, 1987 an analysis and plan of activities were prepared expected to be confirmed by the Government in the first half of June 2007.

15. With regard to the Government initiative for regulatory reform, the Customs Administration made systematised review of the customs regulations and an initial analysis of their justification, harmonisation with other regulations and existence of necessary discretionary rights of the customs authorities (overall and specific provisions). Proposals shall be drafted and submitted for consideration to the Government Commission for regulatory reforms.

### **III. ADMINISTRATIVE CAPACITY**

16. In order to increase the administrative capacity of the Customs Administration, direct negotiations, through the Ministry of Finance, are in the final phase for two-year (with a possibility for another two-year extension) hiring of international acknowledged Consultant Company (after two unsuccessful attempts through announcement of international tender). The experts hired through the consultant company are expected to start work in the Customs Administration in July 2007. They will be hired above all, to further improve the intelligence activities, the work of the mobile customs teams, risk analysis, the application of modern tools and procedures. The expected output is further greater results in the prevention of illegal trade that should result in the area of controls and investigations. The engagement envisages avoidance of overlap of activities with the bilateral and multilateral foreign agreements, and therefore, the Customs Administration on May 29, 2007 organised coordinative meeting.
17. Taking into account that by the end of 2007 the operations and the technical assistance of CAFAO – MAK should terminate, the Customs Administration, at the beginning of February, submitted a draft project fiche to the Delegation of the European Commission in the Republic of Macedonia on the activities to be realised during 2008. The draft project fiche, which is in the final phase of harmonization, emphasises the need for support by the EU (through the future IPA funds) within the “Project for support to the implementation of the Strategy for customs reforms” that would last 18 months. The draft project fiche contains proposals for support through 3 sub-projects: a) harmonisation of the customs legislation in the Republic of Macedonia with the EU legislation; b) beginning of the computerization of the customs service so as to improve the efficiency in the customs operations and rendering better services to users and c) improvement of the capacities in the fight against frauds, corruption and drug smuggling. .
18. With regard to the previously approved, but so far not realized allocation from the CARDS programme within the “Project for support of the modernization of the customs service” in the amount of EUR 980,243 for procurement of mobile 4 X-ray scanners for inspection of large vehicles and containers, the Customs Administration submitted to the Delegation of the European Commission in the Republic of Macedonia a request for reallocation with draft detailed technical specification for procurement of equipment for the customs laboratory, equipment for video surveillance system in the customs services on the border crossings and inland, drug sniffing dogs, equipment for simultaneous interpretation and investigation equipment. The Customs Administration does not have video surveillance system yet. Its installation will lead to greater transparency, fight against corruption and reduction of the smuggling and illicit trade. Within these frameworks, it would be useful to procure optic license-plate readers. Taking into account the geographical position of the Republic of Macedonia and the region with regard to the trade in narcotics, the procurement of dogs for drug detection (currently the Customs Administration has only three such dogs) and establishment of an organization for their keeping and permanent training would significantly contribute to the fight against the illicit trade in narcotics.

19. To the end of developing the existing modest customs laboratory, upon the request by the Customs Administration, and in organisation of CAFAO - MAK mission, in May this year a Slovenian expert in customs labs visited Macedonia and made assessment of the existing capacities, gave proposals for timely re-adaptation of the existing customs laboratory and fully supported the initiative of the Customs Administration for building a new, modern laboratory in accordance with the European standards. Taking into account the importance for establishing a modern and properly focused and sized customs laboratory, activities are underway for provision of adequate premises.

### **Information and communication technology**

20. Taking into account the situation with the existing outdated customs information system ASYCUDA (developed in 1996) in the second half of 2006 the Customs Administration began intensively to research and analyze the customs IT systems in the European Union member states to define and set up new IT system in the Customs Administration so as to promote the operations and at the same time, create technical conditions for fulfilling the European IT standards for interconnection and interoperability with the existing EU customs systems. Specific bilateral cooperation was established with the Customs of the Italian Republic so as to undertake their customs software (AIDA). In February 2007 a technical plan was prepared for undertaking the software within two years. In addition to multiple components which are the necessary minimum for compatibility with the European customs IT systems, the plan envisages one-year period for all preparations and undertaking of the software solution as a support to the NCTS. There are ongoing consultations with the competent services of the Italian Customs for selection of the most appropriate solution for meeting the national legal requirements for delivery of the software, to be followed by design of the financial structure and setup of the level of contribution to be provided by the Macedonian side. The President of the Government of the Republic of Macedonia sent a letter to the President of the Government of the Italian Republic, so as to obtain support for the cooperation with the Italian Customs and for the process of undertaking the AIDA software. In addition, the Customs Administration prepared detailed ToR on preparation of detailed diagnostic study and development of the overall ICT system in the Customs Administration (to incorporate the existing and the future compatible applicative solutions). The necessary resources to finance the realisation of this project should be provided under the 2007 Adjustments of Budget of the Republic of Macedonia (around Denar 15 million, i.e. around EUR 500,000).
21. In December 2006 the Customs Administration began designing a system for centralised electronic administration of all its activities. This system should enable full electronic operations of Customs Offices and exchange of data under the paperless principle, electronic keeping of control lists, certificates, records, statements, calculations, certified licenses, approvals as well as statistical reports on the flow of vehicles, goods and passengers, calculated import duties in traffic flow etc.
22. The designing of new transit system for exchange of electronic data (NTSEED) has begun which should significantly promote the existing transit system, and at the same time, ensure applicative approximation and compatibility for joining to the customs transit systems of the European Union. The system is undergoing implementation, whereby the testing phase of the application has been completed and the system is under trial work at all border customs terminals in the Republic of Macedonia.

23. In cooperation with the USAID there is an ongoing realization of a pilot project for preparation of a system for managing the inward-processing procedure. In this phase, it includes the Customs Administration, a holder of approval for such procedure as well as the declarant. The results of this pilot project (that should end until end-June 2007 at the latest) will be the basis for future implementation of such system throughout the territory of the Republic of Macedonia.
24. Within the established cooperation with the Directorate for Prevention of Money Laundering, the Customs Administration in this period began designing a software for exchange of data on the foreign currency declared to the customs authorities when entering, i.e. exiting the Republic of Macedonia.
25. At end-2006 implementation of a new system for control of goods with dual use and weapons started (TRACER). Seven government institutions in charge of control over such goods, in an integrated manner, through wireless connection, have access to this system.
26. Within the project TTFSE II, financed with credits from the World Bank, the Customs Administration in 2006 raised an initiative for designing a system for integrated operations on the border crossings that would enable recording, control, monitoring, risk management and continuous joint usage of data from the railway traffic.
27. In 2006 the Customs Administration prepared and put into use a special application (the so-called MISER), which enables the inspectors in the Department of Control and Investigations better recording, control and evaluation of quality of the activities during working hours, as well as quality assessment and preparation of various statistical reports.
28. In this period the Customs Administration, in the Department of Control and Investigations put into function the application CASE – a database of cases which is a tool for integrated conducting investigation cases with full data on the investigations, the persons involved and the results.
29. The Customs Administration in this period introduced electronic archive for recording documents in the central archive of the Customs Administration in accordance with the List of the archive materials for 2006 and the implementation of the part for electronic storage of documents. Also, the process of installing the electronic archives has begun in other centres that record archive documents.
30. Application Help Desk has been designed and put into function, which makes electronic registering and monitoring of the technical problems of the IT system of the Customs Administration.
31. In order to enhance the internal transparency in the operations in this period promotional Intranet portal of the Customs Administration was designed, where internal data and information started being posted intensively. With regard to the transparency in public, certain redesign was made on the Customs Administration website, and the posting of current issues continued in order to timely inform the public and the cooperating entities of the Customs on the relevant information. As from May 2007 the contents on the Customs Administration website became available in Albanian as well.
32. From May 9<sup>th</sup> – 11<sup>th</sup>, 2007, DG TAXUD carried out IT awareness million in the Customs Administration of the Republic of Macedonia. DG TAXUD presented the IT system to which the Customs Administration should have access and the manner for realising this access. The main priorities in the further development of IT systems ensures software solution of the national operations (Customs Declaration Processing Software – CDPS),



i.e. undertaking urgent activities with regard to selection, procurement and implementation of customs software and setup of new ICT system in the Customs Administration. The new ICT system should ensure high-quality software solution that would support the bases of the nation-wide customs operations by fully accepting the EU legislation and EU standards, as well as ensuring compatibility and interoperability with the EU systems. Activities already undertaken for procurement of new customs system and the staffing of the ICT Department (explained below) are in accordance with the recommendations of DG TAXUD.

33. To the end of more efficient monitoring and managing of the disciplinary procedures against the customs officials, in May 2007 the Customs Administration prepared and put into use applications for recording disciplinary procedures. In addition, the Customs Administration established electronic records of requests for launching criminal procedure submitted to the Public Prosecution Office of the Republic of Macedonia.
34. In addition to the previously indicated activities in this area, there are undergoing preparations of software and organization for electronic collection, monitoring and analysis of: a) collection of import duties (by organizational sections, types of revenues and tariff items), b) quantitative data on the operations of the customs services on the border crossings and internal organizational units (sales of full and empty motor cargo vehicles, passenger vehicles, physical persons, detailed inspections, violations disclosed), c) quantitative data and images and videos of seized and held goods and the procedural status, d) connection of databases for launched criminal, offence and disciplinary procedures towards internal and external persons, as one of the bases for risk analysis.

### **Human Resources Strengthening**

35. In February 2007 the Customs Administration adopted an internal act on checking the working capabilities and the procedures for hiring personnel under public announcement in the Customs Administration. They ensure fulfillment of the requirements under the conventions and the recommendations of the International Labour Organisation, the EU standards and the Arusha Declaration of the Council for Customs cooperation, the Law on Customs Administration and the Law on Prevention of Corruption in the part of hiring and the EU standards. In this act, the Customs Administration for the first time provided equal opportunities for all, rule of law, protection of integrity, minimising the opportunities for corruption and reduction of discretionary powers. The selection is made on the basis of pre-set criteria and standards, by checking the working abilities depending on the special conditions for the working post, by a special established commission.
36. In February 2007, the Customs Administration published an announcement for hiring of 31 customs officials, and in May 2007 another one for hiring 15 customs officials in the Customs Administration (above all to ensure equal representation of ethnic communities in the public sector). By end-May 2007 another request was submitted to the Ministry of Finance for approval of hiring of over 80 customs officials, above all, so as to ensure operability due to the large number of suspended and fired customs officials (under the legal disciplinary, investigative and court procedures) and for procurement of X-ray scanners for trucks and containers. The new employments would strengthen the administrative capacity of the Customs Administration for implementation of the customs legislation.
37. In May 2007 the Customs Administration adopted an internal act for implementation of an internal announcement for filling vacant job positions. This manner of filling the vacant job positions provides equal opportunities for promotion to all customs officials that meet the conditions for the relevant jobs. The procedure is run by a special established

commission. By end-May 2007 the first internal announcement was given under the new rules.

### **Training and professional development**

38 In May 2007 the Customs Administration adopted a Strategy for general and vocational training of the customs officials on the basis of the Opinion for membership of the Republic of Macedonia to the European Union, as well as the recommendations from the European Partnership with the Republic of Macedonia. The Strategy analyses and describes the essential role of the training and the development of the customs officials in the realisation of the objectives of the Customs Administration; it observes the present training and the attitude towards it, making the base on which the future policy and training system will be based; defines the basic principles of the general and vocational training policies for customs officials; it describes the model of the training system based on the needs; it analyses risks to its successful implementation and proposes new steps. The Strategy is a document that should ensure that the vocational training of the customs officials in the future is organized in a modern and efficient manner. Language trainings are organised for customs officials, covering English and French language according to the standards of the Council of Europe.

In March 2007 the Customs Administration adopted the 2007 Operational Programme. The programme contains detailed information on all planned trainings that should be held during 2007 and it is posted on the Intranet of the Customs Administration, available to all employees. The Programme envisages organization of 80 various types of trainings during 2007.

39. In the period October 2006 – May 2007 a total of 1,829 hours of training were held for the employees, so as to enable them to acquire skills such as: training in customs value, in transit and in the New Customs Transit System (NCTS) in simplified customs procedure, in the accounting system of the customs service in France, protection of intellectual property, TIR Commission, National Council for prevention of money laundering and financing of terrorism, economic effect, training in MS Access.

40. Seminars were organised, as well as workshops and presentations by the Customs Administration or other institutions or agencies in the projects of which the Customs Administration was included. A total of 135 trainings were held and the number of participants from the Customs Administration was 1,509. Main activities included trainings in application of customs legislation, and major part of the trainings referred to enhancement of the administrative capacity for application of the acquis. Lectures and trainings were organised so as to introduce the external entities with the customs regulations. A total of 5 workshops were held with 175 participants.

41. In cooperation with the customs service of the Kingdom of the Netherlands, seminars were organised in the area of inward-processing, and in cooperation with the customs service of the Republic of France, seminars were organised in the area of investigation and intelligence.

42. To the end of increasing the administrative capacity of the Customs Administration, in March 2007 the programme for e-learning and long-distance learning was adopted.

E-learning is very important for the Customs Administration, whereby the technology has major impact on institutions, the organizational structure and the individual functions (administrative, training and learning and research). In addition, the difference and the complexity of the new technologies and potential ways they could be used changes very

quickly and very little is known on the availability of various technologies for e-learning and long-distance learning. Third, partly due to the first two factors, increasing number of professors and trainers now use IT methods for their lectures, administration of trainings and research.

Under this approach, the Customs Administration can choose and apply virtual learning environment, a programme that is undoubtedly appropriate and there is no doubt whether the customs officials would be sufficiently dedicated to its acceptance.

Long-distance learning through Internet, combined with multimedial platforms, could meet the requirement for alternative forms of general and vocational training. It uses the best instructors, the enormous amount of resources and ensures access 24/7. This serves as a balance in conditions of access and equality, ensures high-quality products with low costs and largely improves the operations of the customs officials.

In the early 21st century, the Internet and the World Wide Web, as an every-day tool of all employees in the Customs Administration, e-learning and long-distance learning would have enormous impact on the quality of operations. In addition to the possibility to continuously expand their knowledge in significantly improved learning environment, long-distance learning enables ways to dramatically change the level of knowledge of the customs officials.

The first phase envisages modules for learning computer technologies, Internet, Microsoft Word, Excel, Power Point, as well as the module for searching for vehicles from the website of the DG for Customs and Taxes of the European Commission. Later these modules will be used as basis for development of their own modules and undertaking the modules for e-learning of the World Customs Organization.

### **Integrity and fight against corruption**

43. In order to more efficiently implement the strategic objectives for prevention of corruption, in 2006 the Customs Administration prepared a Strategy for Integrity and Fight Against Corruption, harmonized with the spirit and the objective of the Arusha Declaration, enabling development and implementation of Action Plans for corruption prevention and eradication.
44. To the end of more efficient and timely execution of tasks, in October 2006 the Department of Professional Liability was staffed with 4 new inspectors, thus increasing the number of inspectors to 10 persons, i.e. the maximum envisaged number of executive agents according to the Systematization Act for employment of the Customs Administration.
45. In the period 1<sup>st</sup> October 2006 – 30<sup>th</sup> April 2007, the Department for Professional Liability within the Customs Administration carried out 151 internal investigations on the basis of received information and complaints for improper realization of customs procedures by customs officials and for abuse of authority, whereby procedures for disclosing the liability of the customs officials was initiated in 38 cases. In the same period, the Department for Professional Liability carried out 32 internal inspections, on the basis of which operations contrary to the existing legal regulations were determined in 9 cases and procedures were launched for disclosing the liability of the customs officials.

46. During the internal investigations and inspections large number of outstanding claims was detected (around EUR 40 million, including interest) towards over 630 companies (half of which have already been liquidated or in bankruptcy procedure, and the claims were not even included in the bankruptcy estate) in over 3,000 cases, incurred in the period from August 2006 backwards, on the basis of uncollected import duties when import was related to inward processing, where finished goods were not exported, and bank guarantees were not called up) and on the basis of additionally calculated import duties (due to prior low declared base of calculation of the duties). During the carried out extraordinary (and so far the only) inventory regarding the seized goods, the following huge shortage was detected (for instance: 340 tons cut flavoured tobacco, bulldozers, sunglasses, mobile phones, etc.). In addition to the above mentioned, forged stamps on customs documents were also detected, on the basis of goods were fictitiously dispatched, but remained in the Republic of Macedonia, without having the import duties paid. Further investigations are ongoing regarding these cases in cooperation with the Ministry of Interior and the Financial Police. Customs Administration carried out further intensified internal investigations and inspections to the end of eradicating this phenomenon, but also introduces measures to ensure full application of the regulations, increase of both accountability and professionalism. Replacement of the existing customs information system will contribute the most to the eradication of such phenomena (it was introduced in 1996, and it was non-transparent, without real time connection, without control over the entry, etc.). In order to eliminate these irregularities, as well as part of the detected different types of abuse of official position related to improperly calculated customs debt at import or settlement at exporting procedure, Ministry of Interior and Financial Police were engaged.
47. In the period October 2006 – May 2007, 45 disciplinary procedures were initiated against customs officials for abuse of the official position and improper behaviour. Disciplinary measure – dismissal was announced in 10 cases (termination of employment with the Customs Administration), in 20 cases, due to initiated criminal and investigative procedures, measure – temporary suspension was announced (in 10 of these cases, persons were detained on the basis of asking and taking bribe, following an organised action by the Ministry of Interior), and in 16 cases measure - reduction of salary in the amount of 15% was announced for a period of 1 to 6 months.
48. Criminal charges were brought against 16 customs officials and investigative procedures are initiated before the competent courts regarding their involvement in organised crime (11 on the basis of investigative procedures by the Customs Administration, and 5 in cooperation with the Financial Police). In addition, Customs Administration submitted to the Ministry of Interior documentation for launching an investigation against 10 customs officials on the basis of reasonable doubt that their abuse of the official position caused financial damage to the Republic of Macedonia.
49. During this period, first-instance verdict was adopted for 7 customs officials, declaring them guilty of abuse of the official position and they were sentenced to imprisonment. Three of these were fired, and 4 are undergoing suspension procedure until the final decision is made.
50. As mentioned before, to the end of ensuring efficiency in the enforcement of the disciplinary, investigative and court procedures against customs officials, electronic records of cases and permanent monitoring of their status were introduced.
51. The Customs Administration continued collecting information on various irregularities through the customs hotline 197, which is now upgraded, meaning that

all calls are recorded and registered. In the period from October 2006 to May 2007, there were total of 53,000 calls on the customs hotline, 58 of which required urgent action by the Customs Offices (class A) and 23 calls required further investigation by other units within the Control and Investigations Department before taking any action (class B), 163 calls referred to information on corruptive and unprofessional conduct of customs officials and liability actions have been undertaken upon them (class J). The percentage of solved cases from serious calls is around 26%, which is a good percentage compared to such hotlines in other countries.

52. In order to improve the manner for implementing the public procurements and monitoring the resourced available to the Customs Administration, at the end of 2006 and in the beginning of 2007, Operational Guidelines on the Manner and the Procedure for Performing Small-Value Public Procurement was prepared, as well as Operational Guidelines for Inventory and Harmonisation of the Accounting with the Factual Situation in the Customs Administration. For the purpose of ensuring conditions for performing detailed comprehensive inventory of assets and liabilities, Customs Administration adopted Operational Guidelines on the Manner of Performing Inventory at the end of 2006.
53. To the end of eradication of corruption, the Customs Administration, when revising and preparing the new legislation, performs mandatory analyses and eliminates the unnecessary discretionary rights of the customs officials and contacts regarding their relations with the clients. Acts regulating the internal operations of the Customs Administration are either adopted or in a preparatory stage.

### **III. IMPLEMENTATION**

#### **Cooperation with the trade community**

54. Representatives from the Customs Administration participated in regular monthly meetings of the Customs and Forwarding Committee, which considered the proposals given by the representatives. Measures and activities were undertaken by the Customs Administration so as to overcome certain conditions and outstanding issues with regard to the submitted initiatives, those being the extension of the working hours of the Customs Houses and Customs Offices for receipt of customs documents, unification of the customs procedure in the country, increasing of the opportunity to clear loaded vehicles and technical goods, reduction of the operating costs, improvement of the administration of bank guarantees, expediting the customs clearance, improvement of information, etc. There was active cooperation with representatives of the textile cluster, associations of transporters and other business associations. For the purpose of successful cooperation, the textile cluster was awarded certificate of honour on the occasion of 14<sup>th</sup> April the Day of Customs Officials in the Republic of Macedonia. When adopting new Regulations and Acts, consultations are carried out with the representatives of the trade community, and practice was established to publish the draft acts on the website of the Customs Administration in order to enable the broader public to provide its comments.
55. To the end of further harmonisation of the provisions on transit, new Guidelines on Transit were prepared, as well as amendments and modifications to the Guidelines on simplified procedures, with regard to the usage of separate loading list and the usage

of special-type seal. In the course of May 2007, multiple trainings were organised both for customs officials and for the trade community regarding these changes.

### **Trade security and facilitation**

56. Customs Administration started activities on full harmonisation with the Framework of Standards to Secure and Facilitate Global Trade of the World Customs Organization. To that end, the situation was analysed (self-evaluation) with regard to the ability of the Customs Administration to implement of the Framework of Standards. In March 2007, the answers of the questions from self-evaluation list with regard to the Framework of Standards were submitted to the Secretariat of the World Customs Organisation (WCO). The answers are a starting point for diagnostic two-week mission of the World Customs Organisation to be realised at the beginning of June this year. On the basis of the report from the diagnostic mission, Action Plan for implementation of the framework of standards will be prepared.
57. Upon written initiative by the Customs Administration regarding the need to introduce Single Window for import and export and control at One-Stop Shop in the Republic of Macedonia, at the beginning of 2007 the Government established a special inter-institutional working group (involving experts from all government and private institutions and associations of citizens, who are directly or indirectly involved in the flow of goods). The working group prepared a functional analysis of the flow of goods through the Republic of Macedonia when implementing the customs procedures, as part of the preparatory activities for preparation of a study to set up the Single Window concept. On the basis of the functional analysis, the Government entrusted the Customs Administration with the coordination of the further activities of all government institutions until completion of this project. The project is undergoing the second phase (to be completed by end-June 2007 at the latest), involving an analysis necessary so as to harmonise the documents and the data being used by all relevant institutions and pilot project is being prepared in a border Customs Office. Next stage involves specific harmonisation of data and preparation and adoption of amendments to the legislation, where necessary, followed by preparation of technical documentation on software development, equipment procurement, provision of telecommunication capacity and organisation.
58. During this period, realisation of the Regional CARDS Project - Support and Coordination of Strategies for Integrated Border Management (IBM) was intensified:
  - support to the measures for development or adjustment of national strategies or plans of action in IBM was provided;
  - a network was built for cooperation between the services responsible in IBM (customs, border police, phytosanitary and veterinary control), as well as all other relevant agencies on national level between the six participating states - assistance beneficiaries: Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, and these networks should serve for timely exchange of information;
  - draft standard procedures were prepared for the border crossings and schedule of the operations of competent services;
  - working materials were prepared for trainings under the principle „Train the Trainers“ so as to ensure further passing of the concept of integrated border management among the respective services.

59. Within the Programme for Export Control and Border Security, supported by the US Government, trainings were held of customs officials at the border crossings and assistance was given in sets for detecting hidden goods, pocket radiation detectors, personal computers to the training centre, presentation equipment and equipment for simultaneous interpretation, as well as special system for regulation of the temperature in the premises of the Information and Communication Technology Department.
60. On the basis of the recommendations from the European Commission, the project „Laufzettel“ was implemented, which involved measurement of time for processing freight vehicles at the border crossings Tabanovce (Republic of Macedonia) – Presevo (Republic of Serbia) in the period from 2<sup>nd</sup> October 2006 – 9<sup>th</sup> October 2006, and Bogorodica (Republic of Macedonia) – Evzoni (Republic of Greece) in the period from 26<sup>th</sup> February 2007 – 5<sup>th</sup> March 2007. The activities involved all border services coordinated by the customs services from these countries. The data obtained from the measurements were processed and the situation was analysed, recommendations were given for improvement of the flow of border crossings, to be incorporated in the action plan for harmonisation with the WCO Framework of Standards. Such project is in the stage of preparation with Kosovo as well.
61. Customs procedures in the Republic of Macedonia are almost fully carried out on the private terminals inside the territory of the country. State-owned terminals exist only on several border crossings, but they are not functioning and their re-starting requires additional investments and time. On 8<sup>th</sup> March 2007 the Customs Administration enabled for the customs procedure to be carried out at a public terminal at the border crossing Bogorodica with the Republic of Greece, built with budget resources many years ago, but so far not used. This expedited the customs procedure, reduced the costs of businesses and reduced the transit of the non-cleared goods through the territory of the Republic of Macedonia.
62. To the end of facilitating and simplifying the border formalities along Corridor 8 (Mezzogiorno – Balkan Area Customs Project), Memorandum of Understanding was signed between the Ministry of Finance of the Republic of Macedonia and the Ministry for Economic Development of the Republic of Italy (the projects also includes Albania and Bulgaria). First step of the Action Plan for project realisation envisages a visit of experts from the Italian Customs in the period from 11<sup>th</sup> to 13<sup>th</sup> June 2007.
63. In the period from 16<sup>th</sup> to 17<sup>th</sup> April 2007, negotiations were held regarding the initiation of the second Trade and Transport Facilitation in Southeast Europe - TTFSE II, between World Bank and the Republic of Macedonia. Project objective is to facilitate the movement of goods between Southeast European countries, by eliminating certain bottlenecks in the infrastructure at the border zones and improving the efficiency and quality of road and railway services along the trans-European transport Corridor 10. The project envisages improvement of the terminal at the border crossing Blace by: (a) eliminating the temporary facilities; (b) constructing permanent facilities; (c) constructing additional lanes; and (d) surveillance of the construction works, by providing works, goods and consulting services. In addition, it is envisaged to improve the telecommunications system along the railroad tracks on the trans-European Corridor 10 and to introduce compatible software for processing the freight railway shipments regarding railways and customs, including: (a) installation of railway system for communication and a solution for electronic exchange of data, thus harmonising the software for processing data between the Customs Administration of Macedonia and the Macedonian railways; (b) upgrading

the computer software and hardware for the IT systems in the customs and the railways.

64. Negotiations were held so as to harmonise the text of the Agreements for customs cooperation with Bosnia and Herzegovina, Slovakia and Ukraine. An Agreement for cooperation and assistance in customs issues was concluded between the Government of the Republic of Macedonia and the Government of the Republic of Finland and it is ratified by the Assembly of the Republic of Macedonia. Upon the request by the Customs of India, a meeting was realised with its European representative in London and it was agreed to start the procedure of institutionalisation of the cooperation by concluding the Agreement on Customs Cooperation between the Governments of the Republic of Macedonia and India. During this period, the Customs Administration, through the Chinese Embassy in the Republic of Macedonia, submitted initiative to the Customs Service of the Republic of China regarding conclusion of an agreement on customs cooperation, however it was not accepted.
65. Customs Administration also realised many contacts with the customs services in Albania, Greece, Serbia and Bulgaria, especially intensifying the cooperation with the customs service of UNMIK on Kosovo, whereby permanent and daily cooperation was established at expert group level regarding certain issues, especially intelligence.

#### **Revenue collection**

66. At end-May 2006, the Customs Administration put in operation new software on records and control over collection of import duties, as well as bank guarantees which the entities, subject to customs duties, provide to the Customs Administration. The system provides for faster flow of data pertaining to payment operations to the Customs Offices, automatic connection of the payments with the respective declarations, automatic bookkeeping of the declarations, faster putting of goods in free circulation, more quality and faster performance of the tasks, faster and more efficient data exchange inside the Customs Administration and between the Customs Administration and the external entities.
67. In the period January - April 2007, the Customs Administration collected Denar 12.08 billion (around EUR 196.5 million) as import duties (customs duty, VAT and excises), being by 37.31% more in relation to the same period in 2006 (Denar 8.8 billion or around EUR 143 million). Out of these, Denar 1.98 billion (around EUR 32 million) was collected as customs duty, being by 30.93% more compared to the same period in 2006, Denar 9.8 billion (around EUR 160 million) was collected as VAT, being by 38.56% more in relation to 2006, and Denar 0.28 billion (around EUR 4.5 million) was collected as excises, being by 40.9% compared to the same period last year.
68. Customs Administration is making efforts to increase the revenue collection by settling the previously mentioned claims, which are outstanding for many years and the stocks of seized goods. Taking into account that the Customs Administration has no type of security available regarding these claims, enforcement agents are engaged. The collection is quite slow, since most of the entities subject to customs duties do not have sufficient funds (we believe that this is intentional in large number of cases). Names of the companies and their owners, together with the amount of the basic claim and the interest are published on the website of the Customs Administration. Regarding the liquidation of the seized goods stocked for many years, commissions for assessment of their value and sale through public auctions are engaged.



## **Prevention of illegal import, export and transit**

69. Customs controls are carried out on the basis of collecting information, their classification, processing and analysis of information, so as to obtain operational or strategic information that would serve as basis for undertaking activities for investigation and detection of illegal activities. As mentioned above, engagement of the foreign Consulting Company is expected to significantly contribute to further enhancement of Customs Administration capacity in preventing illegal import, export and transit.
70. In order to increase the capacity for control activities, the Customs Administration announced an International Tender for procurement of 4 mobile X-ray systems for Inspection of large-scale vehicles and containers. Following the evaluation, decision was adopted for the selection of the most favourable offer. Legal procedures for obtaining consent by the Ministry of Finance on concluding the contract are in progress. Should no complaints be lodged by the possible dissatisfied tenderers, the contract will be concluded by the end of June 2007 at the latest. The delivery of the scanners and the training of the customs officials will take several months.
71. In the period October 2006 – May 2007, activities continued pertaining to the **improvement of the risk analysis system** and the preparation of selection criteria (selective module) by importer, exporter, type of goods, value, transportation vehicle, etc. In addition, risk profile for drug smuggling, applied at border crossings, was developed. Improvement of the selectivity system also continued through revising the existing criteria for Customs Offices for commodities. In early 2007, a profile was developed of the risk of violation of intellectual property right for the border crossings. Criterion for violation of intellectual property right and Customs Offices for commodities was prepared and implemented, on the basis of country of origin, company-importer and tariff headings for the so-far detected counterfeited goods.
72. On the basis of the selection criteria, in the period October 2006 – April 2007, 72,215 declarations were selected on the basis of different criteria, irregularities were detected in 8,496 declaration and additional import duties were collected in the amount of Denar 350.5 million (around EUR 5.7 million).
73. On the basis of the previously received intelligence information, plans and programmes, Customs Administration mobile teams checked 2,976 trucks, 771 buses and 3,472 cars in the period October 2006 – May 2007. As a result of these controls and other activities, 123 different goods were seized. The following are more important seizures from these controls, as well as from the regular controls of transportation vehicles, goods and passengers at the border crossings and the inland Customs Offices:
- 486,705 kg cocaine, which is the largest quantity of drugs ever seized in the Republic of Macedonia, carried out in cooperation with the Ministry of Internal Affairs;
  - 52,018 kg heroin, in 4 different actions undertaken by the Customs Administration;
  - over 30.9 million pieces of cigarettes, 7 million pieces of which of Marlboro brand, being examined and determined that they were counterfeited;
  - 92 pieces of arms (guns, air guns, air rifles) and 17,943 pieces of ammunition for hunting rifles, pellets and firecrackers:

- 1,950 kg liquid detergent and 837 kg shampoo;
  - 5,631 pieces of pharmaceuticals for human consumption and veterinary pharmaceuticals;
  - 20,000 kg food products (tangerines, cucumbers, delicatessen, canned fish, spices, etc.);
  - 15 tons different machine equipment;
  - deferent types of foreign currency amounting to EUR 500,000;
  - 965,000 different types of goods (alcohol beverages, textile, car spare parts, etc.), whereby the value of the seized goods and the duties, not paid, for the seized goods amounted to over Denar 81 million (around EUR 1.3 million).
74. When carrying out controls, the customs officials use the equipment and other tools received as donation from the Customs and Fiscal Assistance Office for Macedonia (CAFAO-MAK), financed by the European Union through the CARDS Programme, by the US Government (mobile X-ray devices, boosters and fiberscopes) and by other bilateral donors. The above-mentioned data clearly show that by using this modern equipment, efficiency when carrying out controls is improved. For instance, by using pagers and other sophisticated equipment for radiation detection, on 16<sup>th</sup> May 2007 the customs officials detected, for the first time, significantly increased level of radiation in trucks loaded with scrap metal.
75. During this period, 98 requests were submitted against the detected perpetrators of the criminal deeds for initiating criminal procedure against 135 persons (121 of which residents and 14 non-residents) and 34 legal entities. 825 requests were submitted against the detected perpetrators of the offence acts for initiating offence procedure. Criminal charges referred to the acts of tax evasion and customs fraud, i.e. to failure to fulfil and avoidance of the legal obligation for payment of customs and other duties by persons and legal entities. Compared to the same period last previous year, there were 52 more requests submitted for initiating criminal procedure and 234 more requests for initiating offence procedure. Most of these cases are still in first-instance court procedure (Customs Administration has more than 300 opened court cases on the basis of charges for committed criminal deeds). Most characteristic among the detected cases of organised crime is the case of fictitious export of alcohol in 2002, whereby payment of excises was avoided, amounting to around EUR 4 million, involving at least 29 persons (among which 11 are present customs officials, and 6 were former customs officials), and court investigative procedure is ongoing against these persons. The same refers to the case of missing of around 340 tons seized cut flavoured tobacco in the period prior to July 2006, being handed over to the Ministry of Interior.
76. Regarding its activities for prevention of illegal trade, the Customs Administration closely cooperates with the Border Police, the Ministry of Interior, the Financial Police, the Directorate for Prevention of Money Laundering, the Public Revenue Office (especially in targeting of identified risk enterprises due to detected customs irregularities), the Veterinary Directorate, the Food Directorate, the Radiation Safety Directorate (in May 2007, the Customs Administration detected, for the first time, radiation significantly higher than the normal level in a load of scrap metal at a border crossing), etc.

77. Regional services within the Customs Administration were especially active during this period regarding the surveillance over the holders of authorisations with economic impact. In addition to the activities related to issuance of authorisations, these services carried out control over the holders of authorisation for keeping goods in public customs warehouses, whereby larger number of irregularities were detected, leading to bringing larger number of offence charges, customs debt was collected for the customs goods which although supposed to be placed in the public customs warehouses, it was not there, and one holder was revoked his authorisation. During this period, authorisation for inward processing was also revoked.

### **Protection of intellectual property rights**

78. In the period October 2006 onwards, the activities have been intensified pertaining to ensuring proper application of measures of trade policy connected with public morale, safety, preservation of health of humans, animals and plants, protection of environment and nature, preservation of national treasure having artistic, historical or archaeological value and protection of intellectual property.

79. In the area of strengthening the administrative capacity for protection of intellectual property rights, a seminar on intellectual property was organised in cooperation with the Customs Administration of France. In addition, in January 2007, in cooperation with the Association of Holders of Rights and their Representatives – SNB REACT, eleven presentations were held by representatives of well known world brands (Adidas, Reebok, Sara Lee, Estée Lauder, Lacoste, Daimler Chrysler, Epson, Canon, Louis Vuitton, International Spirit, Nokia, Osram). On 26<sup>th</sup> January 2007, Customs Administration held forum covering the topic: Stop to Counterfeiting and Piracy, at the occasion of celebrating the International Customs Day, at which three certificates of honour were awarded to the most active representatives.

80. In the period October 2006 – May 2007, total of 71 foreign and domestic brands submitted requests to the Customs Administration for protection of intellectual property rights (in the period January-September 2006, the Customs Administration received 6 such requests).

81. In the period October 2006 – May 2007, regarding the activities for protection of intellectual property rights, following results were achieved:

- over 130 attempts for violation of the intellectual property right were detected, i.e. pertaining to import, export or transit of goods with counterfeited brand (in the period January – September 2006, 14 attempts were detected).
- The Customs Administration acted upon 1.27 million pieces of different goods and 31,000 kg washing detergents (at the moment, activities are undertaken to determine whether 97,000 kg refreshment drinks are being counterfeited). Regarding most of the goods, the procedure is completed and it is determined that it is a matter of counterfeiting well-known brands.
- Most of the detected counterfeited goods covered the following:
  - a) different types of perfumes and cosmetics, 140,000 pieces;
  - b) different types of clothing, 177,000 pieces;
  - c) tooth paste, 150,000 pieces;
  - d) different types of footwear (mainly sports shoes), 23,600 pieces;
  - e) different types mobile phone accessories, 38,000 pieces;

- f) spark plugs, 110,000 pieces;
- g) polyethylene bags, 259,000 pieces;
- h) sunglasses, 15,000 pieces;

This does not include the 7 million pieces of counterfeited Marlboro cigarettes.

- Most of the detected counterfeited goods covered the following brands:

- a) CHANNEL, 20,000 pieces;
- b) COLGATE, 150,000 pieces;
- c) HUGO BOSS, 41,000 pieces,
- d) LANCOME, 20,000 pieces,
- e) LOREAL, 43,000 pieces;
- f) PUMA, 27,000 pieces;
- g) NOKIA, 27,000 pieces;
- h) NIVEA, 19,000 pieces;
- i) NIKE, 55,000 pieces;
- j) BOSNA SUPER, 110,000 pieces;
- k) CHRISTIAN DIOR, 8,000 pieces;
- l) DAVIDOFF, 6,000 pieces;
- m) DIESEL, 3,000 pieces;
- n) SONY ERICSSON, 7,000 pieces;
- o) DOLCE&GABBANA, 6,000 pieces;
- p) GILLETE, 20,000 pieces;
- q) GUCCI, 5,000 pieces;
- r) MARLBORO, 258,000 pieces;
- s) LACOSTE, 8,000 pieces;
- t) KENZO, 3,000 pieces;
- u) LOUIS VUITON, 2,000 pieces;
- v) RAY BAN, 2,000 pieces;

In addition to the above-mentioned, certain quantities of counterfeited goods were detected including the following brands Osram, Aqua Di Gio, Armani, Converse, Mercedes, Reebok, Samsonite, Samsung, Sony, Tommy Hilfiger, Versace, Zippo, etc.

- According to the declared documents, most of the counterfeited goods arrive from China (440,000 pieces, United Arab Emirates (over 363,000 pieces), Turkey (over 131,000 pieces), and Taiwan (110,000 pieces).

- Pursuant to the Law on Customs Measures for Protection of Intellectual property Rights, and following the completed procedure on detecting counterfeiting and violation of intellectual property rights, Customs Administration conducted several procedures for destroying the counterfeited goods. On 11<sup>th</sup> April 2007, total of 112,300 pieces of seized counterfeited perfumes, cosmetics and make-up of multiple known brands were destroyed in Drisla landfill, Skopje such as: Loreal, Lancome, Dolce&Gabbana, Chanel, Hugo Boss, Lacoste, Tommy Hilfiger, Christian Dior, Gucci, Kenzo and Nivea. On 27<sup>th</sup> April 2007, acting pursuant to the orders by the representatives of holders of intellectual property rights, Customs Administration destroyed/burnt, in Silmak-Tetovo furnance, total of 31,388 pieces of seized goods (sports shoes, blouses, jackets, T-shirts, panties, belts, socks, mobile phone covers, chargers, batteries and headphones) of known brands (Adidas, Puma, Reebok, Tommy Hilfiger, Louis Vuitton, Gucci, Christian Dior, Nokia and Sony Ericsson) On 8<sup>th</sup> May 2007, 110.000 pieces of car spare parts (spark plugs) of Super Bosna brand were destroyed in Drisla landfill. In addition to the above-mentioned, in the last several months, 256,000 of polyethylene bags bearing Marlboro brand were also

destroyed, and on several occasions smaller quantities of counterfeited goods bearing Louis Vuitton were also destroyed, etc.

