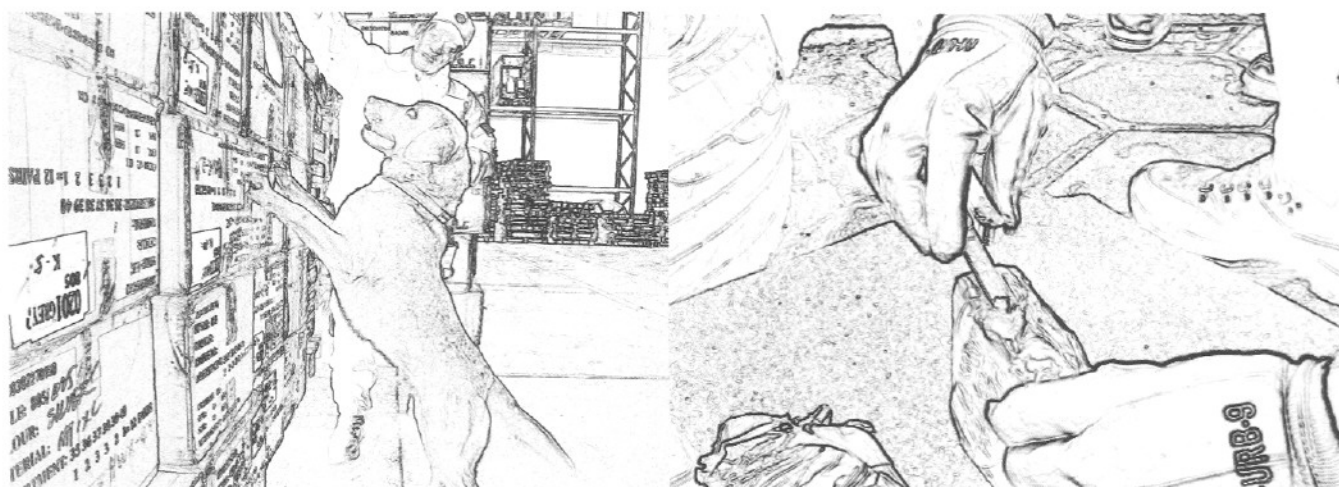


CUSTOMS ADMINISTRATION OF THE REPUBLIC OF MACEDONIA



ANNUAL REPORT

2008



REPUBLIC OF MACEDONIA
MINISTRY OF FINANCE
CUSTOMS ADMINISTRATION

**ANNUAL REPORT
ON THE ACTIVITIES OF
THE CUSTOMS ADMINISTRATION IN 2008**

April, 2009

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1. Harmonisation with the EU Transit Conventions

The alignment of the legislation of the Republic of Macedonia with the EU Transit Convention and the interconnection of the national with the EU customs IT systems are the principal priorities of the Republic of Macedonia in the area of Customs under the Eurointegration process.

Under IPA 2008, the Delegation of the European Commission carried out a tender procedure for selection of experts from the EU who, together with the competent institutions of the Republic of Macedonia shall carry out analysis of our transit legislation and shall work on its harmonization with the relevant EU Conventions. The Delegation of the European Commission to the Republic of Macedonia announced a so-called short list of Bidders at the end of 2008, from which the most successful Bidder is to be selected. The Contract signing with the most successful Bidder is expected to take place at the beginning of May 2009. In 2008 the Customs Administration produced draft versions of amendments to the Customs Code and the Customs Code Implementing Regulation concerning the introduction of electronic declaration in transit procedures. Intensive activities concerning this issue are underway.

The tender procedures for three projects of the Customs Administration financed under IPA 2007 were finalized in April 2008. The Projects are: 1) technical Assistance for further harmonization of the legislation with the Acquis; particularly in the field of transit, 2) technical Assistance for Reinforcement of Border Control and 3) technical Assistance for Improvement of the Customs IT Systems through preparation of technical specification for development of software for connection of the national with the customs information systems of the EU Member States.

2. Interconnectivity with the EU IT Systems

Technical specification for development of a national electronic Customs Declarations Processing System (CDPS¹) was produced by the middle of 2008. This system is to replace the existing outdated system ASYCUDA, and it shall meet the present and future needs of Customs, as well as be compatible for interconnectivity with the EU IT systems and the NCTS². On basis of the international Open Invitation to Bids for procurement of a Customs Declaration Processing System, **the Italian Customs Agency and its partners of the IT@MAC Consortium was selected as most successful Bidder** by the end of 2008. The development of the software is ongoing.

Under the IT component of the IPA 2007 Programme, **the selection of a short list of Bidders was completed in 2008 concerning the preparation of a technical specification for software development which will connect the national CDPS with the relevant EU systems.** The

In November 2008, representatives of DG TAXUD carried out the second IT Monitoring Mission in the Customs Administration, aimed at determining the compliance with the Acquis requirements of the candidate countries, to be capable for interconnection with the European Communities Customs and Tax systems

¹ Customs Declaration Processing System

² New Computerized Transit System

I. EUROINTEGRATION - CUSTOMS UNION

Delegation of the European Commission to the Republic of Macedonia announced the short list by the end of 2008. The Contract signing with the most successful Bidder is expected to take place at the beginning of May 2009.

Funding for technical assistance for accession to the EU Common Transit Convention, including management support to the NCTS implementation and interconnectivity with CCN/CSI³ has already been provided under IPA 2008 Programme.

IPA 2008 Project consists of three components: Component 1) Management Support to the NCTS Implementation; Component 2) NCTS Implementation (a) Upgrade of the National Transit Application, and (b) Software development and Component 3) Implementation of CCN/CSI.

Concerning the requirements for interconnectivity with the Integrated Customs Tariff (TARIC), European Binding Tariff Information (EBTI), Quota, Surveillance, and the European Customs Inventory of Chemical Substances (ECICS), **the Customs Administration prepared a Project Fiche to provide the funds under the IPA 2009 Programme.**

3. **Legal basis set for automatic transposing of the European regulations and further approximation of the Macedonian legislation with the legislation of the EU in the area of tariff classification of goods**

In July 2008, the Government of the Republic of Macedonia **adopted a Regulation amending the Regulation on application of the European Commission Regulations on classification of certain goods in the Combined Nomenclature**, thus enabling transposition of the European regulations and further harmonization of the Macedonian legislation with the EU legislation.

4. **Ratified Protocol to the Agreement on Stabilisation and Association between the Republic of Macedonia, of the one part and the European Communities and their Member States of the other part.**

The Law Ratifying the Protocol to the Agreement on Stabilisation and Association between the Republic of Macedonia, of the one part and the European Communities and their Member States of the other part was passed in September 2008. The accession of the Republic of Bulgaria and Romania into the European Union has been anticipated and conditions have been created for implementation of the diagonal cumulation of origin by including the Republic of Turkey.

5. **Ratified Amendments to the Free Trade Agreement between the Republic of Turkey and the Republic of Macedonia**

Amendments to Protocol 2 of the Free Trade Agreement between the Republic of Macedonia and the Republic of Turkey⁴ were signed in November 2008. The Amendments aim at completing the legal framework on grounds of which the goods manufactured from raw materials originating in Turkey are exempted from customs duties for export to the EU Member States, thus providing for greater competitiveness of the Macedonian products in the EU and enhancement of the attractiveness for direct foreign investments in the Republic of Macedonia.

³ Common Communication Network and Common System Interface

⁴ The Protocol has been ratified by the Parliament of the Republic of Macedonia at the beginning of 2009.



6. EU Support for the accession of the Republic of Macedonia to the system of Pan-Euro-Med cumulation of origin

At the Ninth Session of the Working Group for the Pan-Euro-Med cumulation of origin, **the EU gave its support to the accession of the Republic of Macedonia to the Regional Convention on preferential origin of goods.** The Government of the Republic of Macedonia obliged the Ministry of Economy to initiate signing of Free Trade Agreements, including rules on origin cumulation with the Mediterranean countries with which the Republic of Macedonia has not signed such Agreements.

7. Ratified Recommendation of the WCO⁵ Customs Cooperation Council regarding the Amendments to the Convention Establishing a Customs Cooperation Council of the EU

The Law Ratifying the Recommendation of the Customs Cooperation Council regarding the Amendments to the Convention establishing a Customs Cooperation Council was adopted in July 2008, thus accepting the request of the European Communities, as an advanced Customs Union, for membership in the World Customs Organization.

8. Ratified Revised Kyoto Convention

The Law ratifying the Protocol Amending the International Convention on the simplification and harmonization of customs procedures - Revised Kyoto Convention was adopted at the end of 2008. This implies further harmonization with the Acquis and acceptance of the WCO⁶ instruments related to provision of appropriate balance between the controls and revenue collection, on the one side and trade facilitation on the other.

9. Adopted Decision on harmonization and modification of the 2009 Customs Tariff

The Customs Tariff, being an integral part of the Customs Tariff Law is being harmonized in accordance to the undertaken obligations arising from the accession of the Republic of Macedonia to the World Trade Organization and modified in compliance with the Amendments to the European Union Combined Nomenclature, published in the European Union Official Journal no. L 291 of 30th¹ November 2008.

10. Customs Tariff Law amended

With the Amendments to the Customs Tariff Law, the MFN⁶ for 498 customs tariff rates have been amended, and certain tariff headings at national level have been further divided, as laid down in the Recommendation of the Customs Cooperation Council on the Insertion in National Statistical Nomenclatures of subheadings to facilitate the collection and comparison of data on the international movement of substances controlled by virtue of the Amendments to the Montreal Protocol on Substances that deplete the Ozone layer (1st July 2006).

⁵ World Customs Organisation

⁶ Most Favoured Nation



11. Amendments to the Customs Code entered into force in January 2008

The Amendments provided legal basis for introduction of the Authorised Economic Operator Concept, being part of the process of approximation of the national legislation with the *acquis communautaire*, i.e. harmonisation with the Amendments to the Customs Code of the European Union 648/2005. Besides the previously stated, the amendments establish the criteria defining a high risk person, the conditions under which previously granted customs licenses and authorizations for representation before Customs can be revoked, passing of Decisions in the area of Customs, their voiding or revocation, by at the same time, harmonising them with the relevant provisions of the European legislation. The amendments also ensure harmonisation of the provisions regarding the offences with the Law on Misdemeanours, on grounds of which in January 2008, the Customs Administration assumed the responsibility to impose mandatory penalties for committed customs offences.

12. Amendments to the Customs Code Implementing Regulation Drafted

The Amendments to the Regulation aim to enable operationalisation of the part of the Customs Code concerning the introduction of the Authorised Economic Operator concept, as well as decentralization of the process of granting approvals for customs procedures having economic impact (inward processing and public customs warehouses) from the Central Administration in Skopje to the Customs Houses throughout the country. The decentralization will ensure reduction of the time necessary for granting approvals and their modifications for performing inward processing and customs warehousing.

13. Set up organization and activities launched for alignment with the Revised Customs Blueprints of the European Commission

During the third quarter of 2008, the Customs Administration reviewed and conducted a gap analysis in relation to the key indicators, on grounds of which the 2009 Action Plan was prepared. The progress related to the fulfillment of the key indicators is re-analysed and updated on quarterly basis, thus perceiving the needs for additional measures to be taken and realized

II. INSTITUTIONAL AND ADMINISTRATIVE CAPACITY

1. Electronic Single Window for import, export licensing and tariff quota (Single Window/One Stop Shop) – EXIM

As from November 2008, EXIM is fully functional free of charge. Through a special internet portal, administered by the Customs Administration (www.exim.gov.mk), by using their PCs or from anywhere else in Macedonia (having a digital certificate is necessary), the economic operators can apply and receive / be granted import and export licenses and tariff quota from 16 government agencies. During the preparation of EXIM:

- The legislation and forms, as well as the data used by all 16 government institutions involved in EXIM have been harmonized (according to the UN and EU standards),
- The hardware and the communication equipment have been installed ,
- Software has been developed (financed by the USAID),
- The Law on General Administrative Procedure has been amended, thus providing for a possibility for submission of requests, granting of decisions and communication between the parties involved in the procedure electronically;
- The Law on Data in Electronic Form and Electronic Signature has been amended. Among other issues, the Law lays down the rules for electronic sending and receiving of messages, the validity of the electronic documents, equal legal effect of the electronic and manual signatures and the issuance of digital certificates;
- The Law on Administrative Fees has been amended. The Amendments stipulate that the administrative fees for electronic documents, regardless of the amount should be paid cash or by payment order and the payment can be made in any moment until the issuance of the decision.
- In November 2008, the Government of the Republic of Macedonia adopted a Regulation on the establishment and manner of use of the information Single Window System for electronic data processing and electronic signature for import, export and transit of goods,
- Help Desk introduced, providing assistance to the economic operators,
- There is an ongoing intensive promotion of the advantages of the system for further familiarization of the economic operators,
- The Customs Administration adopted Guidelines for the use of the EXIM system.

The Customs Administration, in cooperation with the Economic Chamber of Macedonia organized practical presentation of EXIM for the economic operators. However, what remains an issue to be overcome is the insufficient communication capacity (there is an ongoing tender procedure for procurement of equipment to enhance this capacity) and the lack of interest by the customs agents (promotions and presentations are being organized and held).

Institutions involved in EXIM:

- Customs Administration,
- Ministry of Interior – Public Security Bureau,
- Ministry of Economy,
- Bureau of Metrology,
- Ministry of Environment and Physical Planning,
- Ministry of Agriculture, Forestry and Water Economy,
- Veterinary Directorate,
- Seed and Planting Materials Directorate,
- Phytosanitary Directorate,
- State Agriculture Inspectorate,
- Bureau for Drugs,
- State Sanitary and Health Institute,
- Food Directorate,
- Directorate for Protection of Cultural Heritage,
- Radiation Safety Directorate and the National Bank of the Republic of Macedonia



II. INSTITUTIONAL AND ADMINISTRATIVE CAPACITY

2. The Customs Administration took over the competences for first instance decision-making on foreign currencies offences from the Courts.

The objective is to enhance the efficiency in sanctioning the illegal trafficking of effective foreign currencies and securities. The legal basis has been provided with the Amendments to the Foreign Exchange Law in the parts referring to: the amount of fines imposed for a committed foreign currency offence, competent customs authority, authorized body for administering and imposing offence sanctions, as well as the expiry of the period for prosecution due to outdatedness.

3. The Customs Administration assumed the competences for management and maintenance of the premises at the road Border Crossing Points from the Public Enterprise for Management of Housing and Business Premises

Legal basis was provided with the the Amendments of the Law on the Customs Administration, from September 2008, thus enabling the Customs Administration to take over the management, administration and maintenance of the premises located at the road Border Crossing Points. Adequate amendments have also been made to the Acts concerning the organization of work and the sistematisation of the job posts, as well as the



fees payable, inventory has been done to the assets and liabilities being taken over together with the entire documentation. The Customs Administration assumed over 50.000 m² of business premises, land, customs terminals and 204 employees from the Public Enterprise (PE) for Management of Housing and Business Premises. Thus began the reform process of the PE for Management of Housing and Business Premises, as well as simultaneous reduction of the costs and ensuring more favourable conditions for the economic operators and the passengers.

4. The four Mobile X-Ray Scanners for inspection of large vehicles and containers were officially put into use in January 2008 at the Border Crossing Tabanovce (with Serbia)

The introduction of this modern equipment ensured high global standards to facilitate and expedite the movement of goods, fast and quality control of the freight motor vehicles in terms of the content



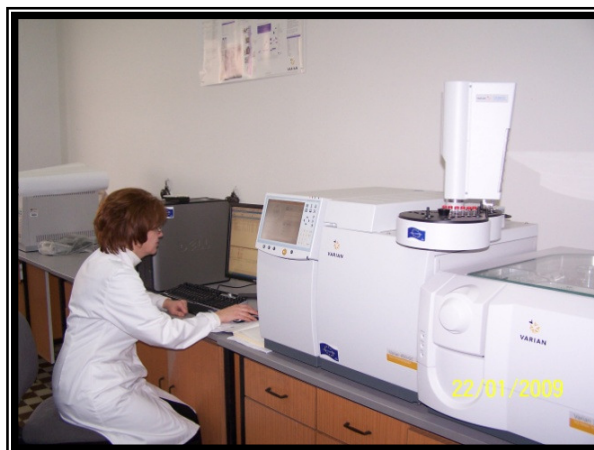
II. INSTITUTIONAL AND ADMINISTRATIVE CAPACITY

and kind of goods being transported, detection of illicit trade and smuggling of illegal and excise goods, as well as detection of any undeclared goods. The operation of the mobile scanners is strictly procedural by providing full protection for the customs officials, the vehicle, cargo, passengers and the environment. The Customs Administration adopted **Guidelines for the operational activities of the Mobile Scanner Unit, Guidelines for operating a Mobile Scanner for inspection of container/vehicle and Guidelines for radiation protection**. The Customs Administration also adopted **Guidelines for acting in cases of detection of higher level of ion radiation** which regulate the action to be undertaken and how to act in case of detection of a radioactive source, as well as the protection of the customs officials

5. Customs Laboratory Founded

In August 2008, **The Customs Administration and the Chemistry Institute at the Faculty of Natural Sciences and Mathematics in Skopje signed an Agreement on Co-operation**

The Agreement stipulates that the laboratory will function at the premises of the Faculty of Natural Sciences and Mathematics, and the analyses will be made by a joint experts' team comprised of scientific and research staff of the Chemistry Institute and the Laboratory Unit of the Customs Administration. Laboratory equipment procured with the funds under the CARDS 2005 Programme (together with the existing laboratory equipment of the



Customs Administration) has been installed in the premises of the Chemistry Institute. Activities for accreditation and standardisation of the laboratory are under way. The Customs Administration adopted **Guidelines on the manner of taking and analysing samples**, which proscribes the manner of taking samples of goods, their submission for analysis, the analysis itself and the actions after the completion of the analysis, as well as the determination of analysis costs. The objective is to provide control of and appropriateness of the tariff classification and the revenue collection. **In 2008, the Customs Administration did 406 laboratory analyses (234 in 2007, and 134 in 2006).**

6. Centralised Video Surveillance System introduced

The system enables real-time video surveillance, recording and photo shooting in the area where the Customs Administration performs its operations. It supports the activities of the Customs Administration in detection and prevention of illegal trade and smuggling, protection of human health and the environment, repression of the misuse of official powers and irresponsible and negligent performance of task and duties, trade and transport facilitation and efficient overcoming of possible delays, as well as security for the employees and estate of the Customs Administration.

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There are fixed and mobile cameras (a total of 240) installed at all border and inland Customs Offices, controlled and monitored by the Coordination and Communication Department. On grounds of risk analysis and intelligence, the mandatory monitoring is targeted and the cameras provide 24 hours live streaming with the ability for 6-month record keeping. The system can also be accessed by the representative of the Customs Administration in the national Border Management Coordination Center. There are ongoing activities for enabling wireless access for the Customs Mobile Units from their laptops. The Customs Administration adopted **Guidelines for the CCTV⁸ system** for video surveillance, recording and transmission, which regulates the manner of operation, the selective approach based on risk analyses, the authorizations and the access to the system as well as the manner of public broadcasting and usage of the recorded material.



7. Automatic Number Plate Recognition System Introduced in the Customs Administration

The Customs Administration installed an Automatic Number Plate Recognition System at its Border and Inland Customs Offices, which covers 132 lanes. Its basic function is control of the flow of vehicles, detection and prevention of illegal trade and smuggling. A database containing all recorded license plates and software tracking the transit discharge has also been established. Activities are underway to enable the Border Police to use the system for filling in their databases for control of persons and vehicles at the Border Crossings. The Customs Administration adopted **Guidelines on the operation of the Automatic Number Plate Recognition System**.

8. Modern security customs seals procured

To the end of providing greater security of shipments and adequate customs surveillance, the Customs Administration procured new security seals with unique serial numbers and electronic registry of their release, use and discharge. These seals shall replace the old ones (piece of lead which was pressed by pliers bearing customs impression over a piece of metal strip) which did not provide the possibility for registry of their use and were easily misused. Their testing is underway, followed by their organized put in use at the beginning of 2009, by adopting of written procedures and functional electronic registry.



⁸ Closed Circuit Television

II. INSTITUTIONAL AND ADMINISTRATIVE CAPACITY

9. Strengthened capacity for customs surveillance of the borders of the lakes

The Customs Administration procured two patrol boats, intended for control and surveillance of the Macedonian borders of the Prespa and Ohrid lakes and detection and prevention of smuggling and illegal trade. After obtaining adequate boat driving skills and passing of the exams, special customs teams obtained vessel driving licenses. The boats will be officially promoted on 14th April, the Day of the Customs Administration of the Republic of Macedonia.



10. New uniforms and equipment for the Mobile Units of the Customs Administration

The new customs uniforms and technical equipment for the operational i.e. Mobile Units of the Customs Administration (booster-an instrument for measurement of the thickness of the material, thus detecting goods concealed on the surface and in the cavities of the vehicles, fiberscope - an instrument to penetrate in the cavities of vehicles such as fuel tanks, laser distance measurer, radiation detection pagers and other sophisticated equipment for detection of concealed goods) were promoted in September 2008.



11. Improvement of the fleet of vehicles of the Customs Mobile Units

On 24th November 2008, the US Ambassador in Skopje, the Minister of Finance and the Director General of the Customs Administration signed a Letter of Donation of technical equipment to the Customs Administration of the Republic of Macedonia, provided by the US Government. The official hand over of nine LADA Niva vehicles, equipment for hindrance of illegal activities and computers, worth USD 280,000 took place the same day.



II. INSTITUTIONAL AND ADMINISTRATIVE CAPACITY

12. Modern personal weapons for the Special Units of the Customs Administration procured

Modern weapons for personal protection while carrying out their tasks and duties were procured in 2008 for the customs officials of the Mobile Units. The Customs Administration adopted **Guidelines on safekeeping and use of firearms in the Customs Administration** which regulate the manner of issuance, safekeeping, as well as their use and surrender, particularly with regard to the ammunition.

13. New customs dogs procured

The Customs Administration procured 4 customs dogs. In order to provide for their systematic fostering, training and use, the Customs Administration adopted **Guidelines on fostering, training and use of customs drug detection dogs adopted**



14. Internal Radio Communication System Introduced

The Customs Administration procured and put in function an internal radio communication system. To the end of ensuring it appropriate operation and use, the Customs Administration drafted **Guidelines for operation with the Radio-communication system**.

15. Enabled remote access to the Customs ICT system to the Customs Mobile Units

To the end of enhance the capacity for detection and prevention of smuggling and contraband activities, the Mobile Units were enabled a remote access to the ICT systems of the Customs Administration.

16. Final activities for introduction of the Intelligence Processing Software

In cooperation with the Crown Agents, there are ongoing final activities for the official put in function of the **TRIPS** software application for processing of intelligence information, seizures, offences, searches and data from searches. Basic training has been held for the administrators and users of the application and initial testing of the application carried out.

17. The system for control based on risk analysis enhanced

The Customs Administration adopted **Guidelines on performing selective controls**, regulating the selectivity approach, based on risk-analysis, when carrying out customs controls. The objective is to increase the efficiency of the controls, while reducing the obstruction of the normal customs procedures to a minimum.

18. Established Quantitative Targets for control and prevention of illicit trade for the Customs Offices

The Customs Administration adopted **Guidelines on setting up and following minimal quantitative targets for prevention of illegal trade and trade facilitation**, based on risk analysis. The objective of Risk management is to provide efficient and effective selection of high risk consignments which do not comply with the rules and regulations and directing all available resources towards these consignments, while on the other hand providing free movement with

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minimal delay for the legal trade where there is no risk. On grounds of these Guidelines, quantitative targets for 2009 are set up for each Customs Office.

19. The System for Informant Handling enhanced

The Customs Administration adopted Guidelines for handling of Informants, thus enhancing the security measures when dealing with persons providing information (informants) and their protection, the standard approach for their identification, preparation and management with the purpose of providing uninterrupted follow of useful information, as well as the procedures for gathering and keeping information, received from the informants and the conditions for reimbursement.

20. The operation of the Coordination and Communication Department regulated

The Customs Administration adopted **Guidelines for the operation of the Coordination and Communication Department (CCD) which regulates** the manner of operation of the CCD which works 24/7 and whose main task is to receive information, conduct initial analysis, estimation and processing of the received information, provide logistic support to both the customs officials in the field and the Customs Offices, as well as to manage the Centralized Video Surveillance System and the General Positioning System (GPS) for the vehicles of the Customs Administration.

21. Development of the Project RACWEB in the area of Science and Research

The Customs Administration continues to participate in the Project RACWEB financed and within the framework of the FP6 Programme (European Commission D6 – Information Society). The objective of the Project is increasing the efficiency and transparency when establishing risks in the customs procedures through defining and adoption of techniques and development of advanced WEB based information services in the Customs Administrations of the European Union and the Western Balkan countries. The Project is in a phase of integration, setting and testing of the developed solution/tool and finalization of the scientific and research findings from using the mentioned techniques.

22. Actions to be undertaken in cases of detected illegal trafficking of foreign currencies regulated

In 2008, the Customs Administration introduced **software for data registry of foreign currencies which have been imported in and exported from the Republic of Macedonia. The system automatically transfers the data to the Directorate for Prevention of Money Laundering.** The Customs Administration adopted a **Manual for the use of the application for data registry on import and export of foreign currencies**, as well as **Guidelines for application of the Law on Prevention of Money Laundering and other Proceeds from Crime and Financing Terrorism**, which regulate the manner of keeping records concerning cash and securities imported in or exported from the customs line of the Republic of Macedonia.

23. Active Participation in the National Coordination Centre

The Customs Administration immediately participates, with its own liaison officer, in the work of the Border Management National Coordination Centre, as part of the Integrated Border Management. The customs liaison officer has full access to the databases of the Customs Administration and the Video Surveillance System, and who is in a continued communication with the CCD.



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24. Ratified Agreement on cooperation and mutual assistance in customs matters between the Government of the Republic of Macedonia and the Government of the Slovak Republic (01.08.2008)

The Agreement aims at enhancement of the cooperation in the activities for hindrance of illegitimate trade and economic crime, as well as exchange of knowledge and best practices for trade and transport facilitation.

25. The Cooperation with JTI in the area of prevention of illegal trade in tobacco and tobacco products continues

To the end of continuation of the cooperation with the business community, the Customs Administration signed an **Annex to the Memorandum of Cooperation with Japan Tobacco International** which envisages extension of the established cooperation for another year.

26. Fully functional news browser

The news browser is used to obtain a packet of news from the media related to the work of the Customs Administration. This packet is then distributed to all the departments in the Customs Administration. 70 issues have been published in 2008.

27. Cooperation with international institutions in the area of fight against crime

The cooperation with the SECI Centre in Bucharest has been intensified, particularly by participating in all international operations and exchange of information on seizures and other intelligence data.

28. Second phase of the process for alignment with the Framework of Standards to Secure and Facilitate Global Trade?

A WCO Diagnostic Mission, assessing the alignment of the Customs Administration with the WCO Framework of Standards to Secure and Facilitate Global Trade was realized in June 2007, the Final Report of which was adopted by the WCO in November 2007. There are communications by the WCO that the Second Diagnostic Mission concerning the preparation of a Plan on realization of the Recommendations from the First Diagnostic Mission will be realized within the second half of 2009.

29. The first phase of the Pilot Project for cross-border trade facilitation between the Republic of Bulgaria, the Republic of Serbia and the Republic of Macedonia is finished

Under the Project for cross-border trade facilitation between the Republic of Macedonia, the Republic of Bulgaria and the Republic of Serbia, a real-time demonstration of the IT technology and software for electronic data exchange was made. The demonstration showed how the Customs, the Border Police and the other institutions competent for border controls can receive electronic documents and data from companies, exchange them among themselves, and exchange them with the border agencies of the neighboring countries, involved in the Project. In the next phase, the project should provide recommendations for faster import, export and transit procedures among the concerned countries, thus enabling more efficient regional cooperation through electronic data exchange for shipments and their use for the need of risk analysis and intelligence. The project remains open and uncertain.



II. INSTITUTIONAL AND ADMINISTRATIVE CAPACITY

30. Integrated Information System (IIS) set up in the Customs Administration

By the end of 2008, the first phase of the Integrated Information System of the Customs Administration was completed. At the beginning of January 2009, the Customs Administration launched the implementation of the developed system for archiving documents and work flow management. The objective of this Project, which at the moment is in a Phase of Pilot Testing, is to establish an Electronic Document Management System (eDMS) and material and financial management in the Customs Administration. The first phase is expected to become operational on 15th April 2009. On basis of the proscribed methodologies, procedures and regulations, the document management process in the Integrated Information System (IIS) covers: receipt of documents, creation of files, processing of files and documents, their verification, resignation and finally their archiving in digital form. The Customs Administration adopted **Guidelines for the operation with the electronic document management system**, detailing how the system works and the movement of documents in the organizational units of the Customs Administration through the eDMS, submission of the original documents when necessary, as well as the responsibilities and duties of the employees. Technical specification for the second phase of the Integrated Information System is under preparation.

31. Introduced Electronic Working Hours Registry and Control System in the Customs Administration

Besides the introduced electronic working hours registry, the Customs Administration also prepared (**adopted in 2009**) **Guidelines for 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 of the working hours (time of arrival and departure from work) in the Customs Administration, 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.

32. Global Positioning System (GPS) introduced

GPS is aimed at real-time tracking, analyzing and coordinating the movement of vehicles owned by the Customs Administration. A dispatcher system has been introduced, in order to control of the purposeful and effective use of the fleet of vehicles of the Customs Administration. Guidelines for the use of the GDP have been drafted.

33. Regulated procedures for impounding and confiscation of goods

The Customs Administration adopted **Guidelines for handling impounded and confiscated goods, as well as goods abandoned at the disposal of the state**, which regulate the handling of impounded and confiscated goods, as well as goods abandoned at the disposal of the state, their registry, storage and keeping, surrender/transfer, sale and the allocation of funds obtained from the sales of such goods.

34. Adopted Guidelines for preparation and execution of the Budget of the Customs Administration, the procurements and investments

The Customs Administration adopted **Guidelines for preparation and execution**



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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.

35. The manner of carrying out procurement procedures regulated

The Customs Administration adopted **Guidelines for the manner of carrying out procurement procedures**, which lays down the manner and procedures for conducting procedures for procurement of goods, services and works, contract awarding, 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.

36. Procedures for business trips proscribed

The Customs Administration adopted **Guidelines for the manner and procedure 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.

37. The manner of doing overtime work regulated

The Customs Administration adopted **Guidelines which regulate the procedures for doing overtime work in the Customs Administration**, which regulated the manner, reasons and terms for determining a need for doing overtime, as well as the manner of acknowledgement, informing and control of the realized overtime hours..

38. The procedures for handling financial documents regulated

The Customs Administration adopted **Guidelines for execution of financial documents**, which regulate the manner and the competences for execution of and handling financial documents in relation to procurement of goods, services and works within the Customs Administration

39. Enhanced capacity of the Internal Audit Department

Considering the number of adopted internal procedures for operation and the need for systematic and permanent monitoring of the procedures, the number of employees of the Internal Audit Department was increased to 3 persons, and there is an ongoing procedure for engaging 2 more auditors. In 2008, the Department conducted 11 audits (9 in 2007), which resulted in 40 recommendations given to the organisational units for improvement of the procedures and operation.

40. The handling and work with archived and documented material regulated and

The Customs Administration adopted **Guidelines for the manner and techniques applied in handling and management of the documented and archived material in the office and archive operations**, which aims at efficient, adequate and timely submission of documents, avoidance of document loss/misplacement and damages, thus enabling facilitated browsing and search.



41. The Customs Administration adopted its 2009 Action Plan

The Action Plan was adopted in accordance with the Strategy for development of the Customs Administration of the Republic of Macedonia for the period 2008 – 2010. The priorities of the Customs Administration are divided into five strategic objectives:

- legal framework – harmonization with the European legislation,
- efficient revenue collection and implementation of trade policy measures,
- protection of the citizens and fight against organized crime,
- effective application of IC Technologies,
- modernization of the Customs Service and enhancement of the cooperation.

42. First place for the Customs Administration for good governance

Within the Project on Assessment of Good Governance Potential in Macedonia, run by the Foundation Open Society Institute Macedonia (FOSIM), on 03rd July 2008, the Customs Administration was officially awarded a Certificate of Recognition on grounds of the selection made on 27th March. 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. The Customs Administration was chosen best in the category of state administration bodies.

43. Initiative of the Customs Administration for obtaining ISO 9001:2000 Certificate for Quality management Systems

There is an ongoing process in the Customs Administration for fulfillment of the requirements of ISO 9001, which will be completed with a certification by a competent accreditation authority. The process involves activities, which the Customs Administration realizes within the framework of its duties and competences: introduction of procedures which cover the key processes in the area of customs operations, control processes ensuring efficiency, keeping of necessary data, improvement of the services with corrective measures where necessary, regular controls on individual processes and creation of conditions for constant development.

44. Donor Coordination Meetings

In June and December 2008, the Customs Administration organized the Third and the Fourth Donor Coordination Meetings related to Customs, respectively. The meetings were attended by present and potential donors who contribute to and support the reforms in the Customs Administration.

III. INTEGRITY

1. WCO e-learning platform installed in the Customs Administration

A WCO Mission installed their e-learning platform in the Customs Administration. Training courses were organized for the employees of the Customs Administration and a Plan for installation of the modules and the system in accordance with the Training Strategy of the Customs Administration, the Action Plan and the Annual Training Programme. The modules for Border Controls, Integrity, the SAFE Programme and the Amendments to the Harmonized System have been translated into Macedonian language.

2. As from July 2008, the Customs Administration of the Republic of Macedonia started publishing a monthly newsletter "CUSTOMS"

The newsletter contains novelties in the customs operations and information and data of interest for the wider trade and business community. The purpose of the CUSTOMS newsletter is to enhance the efficiency and transparency of the customs work, to inform the business community about the ongoing and planned activities in the area of customs operations, as well as to publish information of interest to all employees of the Customs Administration.

3. Customs Library founded

A Customs Library was founded in March 2008. It is an instrument through which all the customs employees have access to all materials (printed, audio and video) available to the Central Administration, which have been obtained in different ways (purchased, donated, own publication or through participating in international activities). The founding of this library ensures collection and making inventory of all materials, their systematic classification and registry, according to the area of reference, as well as continuous updating of its contents. The List of books, publications, video and audio materials have been published on the Customs Administration intranet portal and are available for use by all its employees. The List will be regularly updated and appended, in accordance to the inflow of new materials.

4. The newly recruited customs officials take an Oath of Office

On 06th October 2008, for the first time following the adoption of the Law on the Customs Administration, and after successfully completing the probation period and professional training, 32 customs officials recruited during 2007, took an Oath of Office, vowing to obey the Constitution and Laws of the Republic of Macedonia, appropriately apply the customs regulations, respect the provisions of the Code of Conduct of the Customs Administration of the Republic of Macedonia, and carry out their tasks and responsibilities in a professional, competent, conscientious, honourable and respectable manner.

5. The status of civil servants made equal with that of the customs officials

Part of the job posts in the Customs Administration used to have a status of civil servant, which meant that these employees did not enjoy equal rights to the customs officials, had lower salaries despite the fact that they met the criteria and requirements for the job posts with a status of a customs official. With the amendment of the Rulebook for Sistematization of the job posts, this status of civil servants in the Customs Administration was made equal with that of the customs officials.

6. The salaries of the customs officials raised by 40%

Besides the 10% raise at the end of 2007, in august 2008 the Customs Administration realized the legal basis for 30% pay rise for the customs



III. INTEGRITY

officials and in September 2008, under the general pay rise for the budget beneficiaries, the customs officials' salaries were raised for another 10%. Cumulatively, in one year time the salaries of the customs officials have increased for over 55%.

7. The activities for providing benefits for early retirement of the customs officials are in their final phase

The Law on the Customs Administration contains legal framework for providing the customs officials with benefits of early retirement. In accordance with the legal requirements, an authorized agency carried out screening and analysis and prepared an elaborate plan for the possibility of providing the benefits for early retirement for certain job posts. There is an ongoing procedure of reviewing, pending final approval, of the elaborate document produced by the Pension and Disability Insurance Fund of Macedonia and the Ministry of Labour and Social Policy

8. Adopted Rules and Criteria for Selection of Best Border and Best Inland Customs Office

In order to strengthen the integrity of the customs officials, the Customs Administration has set up rules and criteria for selection of Best border and inland Customs Office, which will be done on quarterly basis. The first selection, on basis of transparency, was made for the quarter June – September 2008, followed by the quarter October – December 2008. The selection is published on the internet and intranet sites of the Customs Administration. Until the end of 2008, the employees of the selected Customs Offices as best were awarded with a bonus in the amount of one salary.

9. The 2008 Training Programme fully realised

According to the Training Programme, in 2008 there were 213 (171 in 2007) activities, such as training courses, seminars, workshops and presentations. These were attended by 3,418 participants (2,322 in 2007) of the Customs Administration. The average time spent at training or vocationally oriented course by each employee in 2008 is 58 hours, or 4 days.

10. The planned training and courses within the framework of cooperation with the Tax and Customs Administration of the Kingdom of the Netherlands realized

The Fourth and Fifth Sessions of the Steering Committee of the Project between the Customs Administrations of the Republic of Macedonia and the Kingdom of the Netherlands were held in June and December. Particular attention was paid to the Projects for Enhancement of the control and audit capacities of Customs, application of simplified customs procedures, customs value and origin of goods.

11. Standstill of the activities for founding a WCO Regional Training Centre in the Republic of Macedonia

The Faculty of Economics in Skopje and the WCO signed a Memorandum of Cooperation, and with the support of the Government of the Republic of Macedonia, an Initiative for opening a WCO Regional Training Centre in Skopje was submitted to the WCO. An elaborate Plan, detailing the organization, work tasks and activities of the Center is under preparation. The final decision of WCO is expected.



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In October 2008, the Director General of the Customs Administration of the Republic of Macedonia had a meeting with the Secretary General of the World Customs Organization, Mr. Kunio MIKURIYA. The meeting was an opportunity to request for intensification of the activities concerning the second Phase of the Framework of Standards to Secure and Facilitate Global Trade and application of the recommendations of the Columbus 2 Programme. The Customs Administration once again confirmed its firm commitment for opening a WCO Regional Training Centre in the Republic of Macedonia

12. Equipment for simultaneous interpretation and computer equipment, funded under CARDS 2005 Programme, procured and put into function

The equipment is used for increasing the efficiency of the training and vocationally oriented courses held for the customs officials.

13. Second place on 14th World Football Tournament for uniformed persons

The 14th World Football Tournament for uniformed officials was held in Lommel, Belgium within 24th – 28th November 2008, where the Customs Administration of the Republic of Macedonia took part and came second.

14. Order and Disciplinary Rules set up in the Customs Administration

The Customs Administration adopted a Rulebook proscribing the order and disciplinary rules in the Customs Administration. The employees in the Customs Administration are obliged to be familiarized, apply and respect the provisions of this Rulebook.

15. New Anti Corruption Action Plan of the Customs Administration adopted

In cooperation with the Crown Agents, the Customs Administration adopted a **New Anti Corruption Action Plan** aiming to enhance the system for preventive measures and repression of corruption in the Customs Administration. It has been aligned with the Recommendations from the National Programme for Prevention and Repression of Corruption of Macedonia, as well as the obligations and principles arising from the international Conventions.

16. The operation of the Sector for Professional Responsibility regulated

The Customs Administration adopted **Guidelines for the operation of the inspectors from the Sector for professional Responsibility**, in relation to:

- detection and establishment of cases of unlawful conduct by the customs officials when performing their duties and tasks;
- the authorizations the officials have when performing their special duties and authorizations;
- carrying out controls of the compliance with the rules and quality of the work in the Service;
- the registry of data, special protection and responsibility of the employees of the Sector for Professional responsibility when performing their duties and tasks.

17. The Customs Administration took over the administering of the Asset Declarations of its employees from the State Commission on Corruption Prevention

The Customs Administration took over 812 Asset Declarations of the customs officials from the State Commission on Corruption Prevention, in accordance with Article 33-a, paragraph 4 of the Law on Prevention of Corruption, whereby it is stipulated that the obligation for collecting, recording and keeping Assets



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Questionnaires for officials is the sole responsibility of the institution where the official is employed. This responsibility has also been envisaged in the Employment Contracts where it is stipulated that the customs officials are obliged to submit new Asset Declarations with their every new promotion. There are ongoing activities by Customs for introduction of electronic recording of data from these Asset Declarations, the access to which shall be strictly limited. The newly introduced database shall contain data on 1,130 employees of the Customs Administration.

18. Internal Control System set up

In march 2007, the Customs Administration adopted **Guidelines for the Internal Control System**, which determine the internal control targets, the manner of identification, analysis and rating of risks, as well as the internal control procedures and the roles of the management and the employees in the Customs Administration. The Internal Control System of the Customs Administration is defined as a continuous process which involves all kinds of financial and other controls which are to provide conditions for fulfillment of the set goals and tasks, economical and efficient use of resources, adequate control of risks and safekeeping of assets, validity and integrity of the financial and management information and harmonization with the laws and regulations, as well as policies, plans and other internal rules and regulations. Training on its implementation is underway.



1. The Trade Law Amended

The Amendments to the Trade Law provide for elimination of the obligation for pre-clearance submission of a Certificate of attestation, issued by the Standardization Institute of the Republic of Macedonia – ISRM for checks performed and registry of accompanying technical documentation, envisaged with the Decision on Commodity Classification of Import and Export Goods. In addition, the amendments to the Trade Law specify that when importing retail goods, it is not obligatory that they bear a declaration and instruction for use affixed on the original packaging prior to being customs cleared. The amendments also stipulate that the customs authorities can approve the import of goods without requesting a certificate issued by the State Market Inspectorate to be submitted. Once the goods are released for free circulation on the internal market, it is the obligation of the State Market Inspectorate to perform such controls and checks.

2. Minimal amount of effective foreign currencies and securities that can freely be imported in and exported from the Republic of Macedonia approximated to the standards of the EU Member States and equalized for the residents and non-residents

The Decision of the Government of the Republic of Macedonia on the conditions and the amount of effective foreign currencies and cheques which can be imported into or exported from the Republic of Macedonia has been amended and became applicable as from 12th June 2008. The minimal amount which can be taken in/out of the Republic of Macedonia without the obligation of being declared to the customs authorities has been increased from EUR 2,000 to EUR 10,000, it is harmonized with the requirements for notification, in accordance with the Law on Prevention of Money Laundering, and made equal for both the domestic and foreign citizens. The Customs Administration introduced an electronic notification system, which enables information to be sent to the Directorate for Prevention of Money Laundering regarding the declared effective foreign currencies and securities which have been taken in or out of Macedonia. The Amendments will enable reduction of major cases of foreign currency violations, usually committed due to the lack of knowledge/awareness. On grounds of intelligence information, risk analysis and post clearance audit of companies, the Customs administration targets and carries out controls of illegal traffic of effective foreign currencies and securities, related to illegitimate trade and money laundering. In 43 actions conducted in the reporting period, the Customs confiscated EUR 998,066 (WCO Report for 2008).

3. Abolished fees for customs escort and warehousing of goods in a customs warehouse

The Amendments of the Rulebook on the type and amount of customs fees payable for services rendered in the customs procedure stipulate abolishment of the fees payable for customs escorting and warehousing in a warehouse owned by the customs authority. The application of these Amendments provides cut down of the import costs for certain types of excise goods.

4. Passenger vehicles received as gifts from foreign donors, donated to government agencies, municipalities, the City of Skopje and public institutions excluded from excise duties

. The Customs Administration amended the Guidelines for application of the Excise Law in the customs operations. The Amendments provide facilitation of the procedure for transfer of the ownership of the vehicles, primarily donated by the EU institutions.

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5. **The fees for using the services provided by the Customs IT System abolished**

As from 01st January 2008, the fees payable for using the Customs Information System (fixed amount payable for accessing the system and, variable for using the system) have been abolished.

6. **The weighing fee abolished; fee payable for using public customs terminals at the road Border Crossings reduced**

The PE for Management of Housing and Business Premises used to charge about MKD 1,600 fee for 72-hour stay at the customs terminals and weighing (the fee was higher for foreign vehicles). With the taking over of the competences for management of the premises at the road Border Crossings by the Customs Administration, the Minister of Finance adopted the Amendments to the **Rulebook on the type and amount of customs fees payable for services rendered and the initial price for renting the business premises and advertisement space at the Border Crossings**, thus envisaging charging of a single fee for entrance and stay of vehicles at a terminal where customs procedures are performed in the amount of MKD 1,000.

7. **The value of non-commercial goods which can be imported without payment of import duties increased from EUR 45 to 175**

The Regulation on the closer criteria and the manner of implementation of the exemption from import duties, as well as the value, quantity and the type or purpose of goods which can be exempted for import duties has been amended. The amendments stipulate exemption from customs duties for non-commercial goods whose value does not exceed EUR 175 in denar equivalent amount for domestic passengers returning from abroad, instead of the value of EUR 45 as it was previously the case.

8. **Communication with the business community**

Bilateral and multilateral level meetings with over 300 economic operators, associations and unions have been held in several Macedonian cities. The meetings were opportunity to present the ongoing and future activities of the Customs Administration related to facilitation of import in and export from the customs territory of the Republic of Macedonia. The representatives of the business community presented the issues they are facing, with regard to customs formalities and gave suggestions for resolving, i.e. overcoming these problems.

9. **Electronic system for inward processing procedures management developed**

The software enables uniform electronic recording of the holders of authorizations for temporary importation of goods for inward processing and monitors/tracks their bank guarantees. The system is not yet into function. There is an ongoing procurement of system support licenses, which will be followed by installation of the system, free of charge, at the premises of the holders of authorizations, as well as training for adequate use for all users.

10. **2009 Customs Clearance Guide prepared**

The Guide is available free of charge on the internet website of the Customs Administration. Its objective is to facilitate the customs procedures for the officials and the other participants in the international trade. Besides the MFN duty rates, the Guide incorporates the preferential rates, in accordance with the Free Trade Agreements are incorporated, VAT, excise and the proscribed non-tariff measures.



11. Preparations for decentralized sale of EUR.1 forms

The EUR.1 forms were only available in the Customs Administration Headquarters in Skopje. The economic operators had to come to Skopje to purchase the forms used for proving the preferential origin. In 2008, the Customs Administration initiated organizational and software preparations for making these forms available for sale in all Customs Houses in the Republic of Macedonia.

12. The criteria for reduction of the guarantee securing possible customs debt adapted to the conditions of the Macedonian economy

The Customs Administration adopted amendments to the Guidelines for assessment of the criteria for the amount of the general guarantee. The Amendments stipulate reduction of the applicant's minimal capital in order to meet one of the criteria for reliability and financial solvency from one million euros to three hundred thousand euros in denar equivalent value. Besides this, the requirement for mandatory audit report concerning the financial reports remains in force only for the economic operators, which are obliged to do so by the Trade Company Law. The amendments aim to provide facilitation of the operations and cut down of costs, particularly for the holders of authorisations for inward processing.

13. Measurement of the time spent for completion of import and export procedures with the WCO system

In September 2008, the Customs Administration prepared a study and carried out measurement of time needed for freight motor vehicles to cross the border at 5 Border Crossings. The measurement of time was done by using software for time measurement, developed by the World Customs Organisation, which made the Republic of Macedonia one of the first countries to carry out this research. The results from the research were very useful for adopting measures to improve the efficiency at the Border Crossing Points in the Republic of Macedonia and to enhance the cooperation with other Services.

14. Enabled 24 hour clearance at the Border Crossings which have suitable infrastructure

Customs clearance for export is performed at the border itself at the Border Crossings Bogorodica and Medzitlija (Macedonian border with Greece) 24 hours a day, free of charge for the transporters. At the Border Crossings Bogorodica (Macedonian border with Greece), Novo Selo, Delcevo and Deve Bair (Macedonian border with Bulgaria) and Blace (Macedonian border with Kosovo) the import-export procedure is performed 24/7. However, the other inspection authorities (veterinary and phytosanitary) and customs representatives are not available the entire time, which is a problem. The advantages for the economic operators are: 1) no need of a transit declaration and therefore, 2) no expenses for a bank guarantee; 3) no double payment of administrative taxes; 4) no need of double stay at terminals, therefore no expenses for terminal services and 5) increased capacity for business cycle planning.

15. Changes of Customs Offices

The Customs Office Volkovo was closed in 2008 and its competences were transferred to the Customs Office Trubarevo. On grounds of the completed procedures of Invitation to Bids, Contracts were signed for services: use of premises for the purpose of customs surveillance at the Customs Office Terminal Import (Fersped), Customs Office Terminal Export (Deni International, instead of Skopski Pazar), Customs Office Veles (Makoil, instead of Brako), Customs Office

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Stip (Brilijant), Customs Office Bitola (Makosped), Customs Office Tetovo (Teteks), Customs Office Strumica (ETA). The Offices for which there are no such contracts yet are the Customs Offices Kavadarci, Kumanovo, Prilep and Ohrid.

16. Standstill of the implementation of the Project TTFSE II - melioration of Border Crossing Point Blace, passenger traffic to Kosovo

The entire documentation for launching of a Bidding process has been prepared for construction of the Border Crossing Blace- passenger terminal. What remains an issue is the unresolved land expropriation process.

17. Licensing

In 2008, the economic operators were most interested in obtaining authorizations for inward processing. The interest of the companies for applying for authorizations for simplified procedures still remains very low. However, the interest

Type of authorisation	Number of authorisations issued	
	2008	2007
Customs representation	25	22
Procedures having economic impact	213	226
Authorised consignee	9	8
Local clearance	32	27
Authorised exporter	8	1
Binding tariff information	174	99

for obtaining Binding Tariff Information during 2008 has considerably risen. In 2008, the Customs Administration started to apply systematic surveillance and control of the holders of authorizations for customs representation, which resulted in 3 cases of revoked authorizations due to established irregularities in the operations of the companies, holders of these authorizations.

18. Amount of Work

In 2008, a total of 468 thousand customs declarations have been processed, being by 11.2% more, compared to 2007. Out of these, 269 thousand were import customs declarations, being by 9% more than in 2007, 253 thousand import declarations were processed. 200 thousand export declarations were processed in 2008, being by 17% more when compared to the number of export declarations processed in 2007. No substantial changes occurred in the number of processed declarations in the road, railway, postal and the air traffic in 2008. In 2008, 666 thousand freight motor vehicles have crossed the Macedonian borders, being by 5% more compared to 2007.

1. **The manner and procedures for publishing information, articles, notifications on the internet site and intrAnet portal regulated**

The Customs Administration adopted **Guidelines for the manner and procedure of publishing information, articles, notifications on the internet and intranet website of the Customs Administration**, to the end of further promotion of the notifications of all stakeholders, customs officials, and participants in the customs procedures.

2. **The manner and procedures to access to the ICT systems**

The Customs Administration adopted **Guidelines for the manner and procedures for access to the ICT system of the Customs Administration**, which regulate 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 validity and confidentiality of the information available

3. **Adopted Guidelines for dealing with the completed Service Charters of the Customs Administration**

The Guidelines regulate the fixing of the boxes for the Service Charter, as well as the procedures for dealing with the completed forms of the Service Charter on the website of the Customs Administration.

4. **Cooperation with Educational Institutions**

On grounds of the Agreement for long-term cooperation, signed between the Customs Administration and the Faculty of Tourism and Catering, Customs and Freight Forwarding – Ohrid, summer practice for regular students from the Customs and Freight Forwarding Department was organized in July 2008. The practical tuition was completed by 39 regular students, who attended tuition in 14 Customs Offices for customs clearance of goods. In cooperation with the Faculty of Economics in Skopje, 10 students attended practical training in the organizational units of the Customs Administration. The students had the chance to closely familiarize themselves with the operations, authorizations and scope of work of the Customs Administration.

5. **A total of 700 notifications in Macedonian, English and Albanian language were published at the Customs Administration's website in 2008,**

In order to improve the transparency of informing of the general public and employees, in 2008, there were 220 notifications published on the intranet portal, while on the official Customs Administration's web-site, 700 notifications were published in Macedonian, English and Albanian language. Draft Guidelines and Directives were continuously published on both the internet site and the intranet portal in 2008, in order to provide the general public with the possibility to give their opinions and suggestions prior to the adoption of the Guidelines and Directives which closely regulate the manner of carrying out customs formalities.

6. **Open Customs Hot Line**

The open hot-line 197 is one of the methods for gathering information for all sorts of irregularities. Being an advanced system, it enables registry and recording of each call. **In 2008, there were 98.859 calls** (24% more, compared to 2007), an average of 279 a day, out of which 498 provided useful. Of these 498, 251 referred to unprofessional conduct of the customs officials, and the rest of 247 were tip-offs concerning attempts for illegal trade.

VI. ERADICATION OF MISUSE OF OFFICIAL POWERS AND AUTHORITY

1. Internal Inspections

In 2008, there were 46 inspections conducted in all organisational units of the Customs Administration (compared to 33 in 2007, i.e. 22 in 2006). It is noticeable from the table on the right that particular attention has been paid to the regularity of the work in the Customs

Organisational unit	Number of inspections		
	2008	2007	2006
Headquarters	17	2	
Customs House Skopje	9	10	16
Customs House Kumanovo	2	1	1
Customs House Stip	8	9	2
Customs House Bitola	5	6	2
Customs House Gevgelija	5	5	1
Total	46	33	22

Administration Headquarters (HQ), with 17 inspections carried out, compared to 2007, when there were only 2, and particularly in 2006 when there were no internal inspections in the HQ. On grounds of the findings of these inspections, it is then proceeded to internal investigations, examining the existence of disciplinary liability, as well as proceeding to investigative measures and investigations against doers of customs offences and criminal acts.

2. Internal Investigations

In 2008, there were 140 internal investigations (compared to 240 in 2007). In 70 cases (compared to 87 in 2007) the inspectors established disciplinary violations and irregularities. Unlike 2007 and 2006, when there was not a single internal inspection in the Customs Headquarters, there were 20 investigations in the HQ in 2008.

Organisational unit	Number of investigations		
	2008	2007	2006
Headquarters	20		
Customs House Skopje	33	65	23
Customs House Kumanovo	22	29	17
Customs House Stip	18	57	7
Customs House Bitola	25	27	14
Customs House Gevgelija	22	62	10
Total	140	240	71

3. Disciplinary procedures

In 2008, a total of 93 disciplinary procedures were initiated against a number of employees (89 in 2007) to establish their responsibility for violation of the work order and discipline, on grounds of which in 46 cases a disciplinary measure - dismissal from work was imposed, in 35 cases the officials were fined and in 17 cases no disciplinary responsibility was established. On grounds of committed criminal acts, in 2008 there were 4 cases when Decisions for suspension of the customs officials were passed.

On grounds of pre-investigative measures carried out in 2008, criminal charges were brought against 122 customs officials before the competent Public Prosecutors' Offices, on grounds of reasonable doubts of committed crimes: misuse of official position and powers.

The Customs Administration submitted notifications to the State Commission on Corruption Prevention informing about 43 customs officials who terminated their employment with the Customs Administration, so that the State Commission can expect that these former customs officials are obliged to submit Asset Declarations, indicating their estate and assets.



VII. LAW ENFORCEMENT CONTROL

1. Prevented attempts for smuggling and goods impounded

In 2008, the Mobile Units of the Customs Administration carried out detailed inspections of 4.883 freight motor vehicles, (4391 in 2007), 908 busses (633 in 2007) and 5251 passenger motor vehicles (6378 in 2007). Significant amount of goods were impounded as a result of the disclosed attempts for illegal import or transit, established during these and the inspections carried out at the border and inland customs offices.

Besides their preventive nature, the mobile X-Ray scanners played an important role in the detection of illegitimate trade (66 packets of heroin, weighing 32 kg., 1.3 kg cocaine, 23 packets of 500 grams each of Morphium-base, EUR 40,000, 32.5 kg of silver jewellery and 920 grams of golden jewellery, 183 pieces of icons, 2,880 litres of wine, 11,003 pieces of confectionary products etc..

In its activities for prevention of illegal trade, the Customs Administration closely cooperates with the Border Police, the Financial Police, the Directorate for Prevention of Money Laundering, the Public Revenue Office, the Veterinary Directorate, the Food Directorate, the Radiation Safety Directorate and other government agencies. The Customs Administration uses on daily basis the services provided by the systems for automatic data transfer from the Central Registry Office, in relation to data for legal entities; and the Central Securities Depository, concerning data on payments made, which are downloaded by the revenue collection software.

In 2008, the Customs Administration coordinated and organised at national level 4 international operations: 1) SHADOW 3 - surveillance of cigarette transport, 2) Hurricane 2 and FAIR PLAY – fight against trade in goods which violate intellectual property rights, 3) ATAMAN, PROTEUS and Drug Stop – fight against drug trafficking and 4) SEZAM – project for illegal cash seizure.

The cooperation with RILO, within the WCO has been intensified by data input into the CEN database. The cooperation with the ZKA Balkan Info, involving exchange of data concerning drug seizures and data on possible drug smuggling, continues.

Important seizures made:

- **Tobacco and tobacco products:** 10.12 tons of finely chopped tobacco and 946,305 pieces of cigarettes
- **Alcoholic beverages:** 2,800 litres



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- **Food and foodstuffs:** 94.7 tons



- **Weapons and ammunition:** 15,288 pieces



- **Decorative cosmetics and personal hygiene products:** 237,465 pieces



- **Textile articles and accessories:** 224,515 pieces



VII. LAW ENFORCEMENT CONTROL

- **Trainers and other footwear:**
17,756 pairs



- **Medicaments and medical products:** 125,062 pieces



- **Electrical appliances, computers, computer equipment and spare parts:** 156,920 pieces



- **Machines, tools and related spare parts:** 38,884 pieces



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- **Jewellery:** 472 thousand pieces



- **Automobile spare parts:** 11,977 pieces



- **Sunglasses and prescription glasses:** 7,555 pieces



- **Children's toys:** 7,280 pieces



VII. LAW ENFORCEMENT CONTROL

- **Watches:** 944 pieces



- **Ornaments, kitchen utensils and home ware:** 181,991 pieces
- **Bags, belts. Wallets and suitcases:** 11,512 pieces
- **Textile fabric, leather and carpets:** 28,111 m²
- **Flowers and bedding plants:** 13.100 pieces
- **Furniture:** 5.370 pieces
- **Gold and golden jewellery:** 1.402 grams
- **Archaeological and ethnological artefacts:** 22 pieces from XIXth and XXth century

For the confiscated goods for which the legal procedures have been finalised (all administrative and court procedures finalised), in 2008 the Customs Administration organised and held 9 public auctions, published 16 announcements for sale by bidding, and carried out 2 sales with immediate negotiations/bargaining, and sold goods worth about 1 million denars. Within the same period, the Government of the Republic of Macedonia passed 46 Decisions for donation of confiscated goods to government agencies and humanitarian organisations. The goods which cannot be sold or donated are being destroyed, as stipulated by the customs regulations. In 2008, a total of 43 tons chopped tobacco, 2,475 cartons of cigarettes, 225 cigars, 267 litres of alcohol, 12,520 kg frozen pork and 3,200 kg other goods foodstuffs, machine spare parts, medicines etc.).

2. Illegal Cash trafficking

In 2008, the Customs Administration detected several attempts for import and export of undeclared foreign currencies exceeding the permitted limit, **and impounded different foreign currencies, the equivalent amount of which EUR 998 thousand** (including counterfeit USD 170 thousand).



3. Illegal trade in narcotics

Within 2008, the Customs Administration detected and took part in disclosing several attempts for illegal trade in narcotics, when among other things, the Customs seized 12 kg of morphine, 37.7 kg of heroin, 49 grams of cannabis seeds. On the occasion of the International Customs Day (26th January), which in 2008 was focused on combating the illicit trafficking in drugs and psychotropic substances, the



WCO awarded ten customs officials of the Customs Administration of the Republic of Macedonia with Certificates for exceptional contribution in detection of illicit trade in drugs and psychotropic substances.

4. Trade Companies Control

In 2008, the Customs Administration sent 215 requests for subsequent verification of values indicated in invoices and 208 requests for verification of 643 proofs of origin (in 2007, there were 153 requests for subsequent verification of invoice values and 220 requests for verification of 452 proofs of origin sent).

418 controls of holders of authorisations for inward processing and customs warehousing were carried out (316 in 2007), on grounds of which 206 mandatory fines were imposed, and in 19 cases the authorisations were revoked (6 such cases in 2007).

244 post clearance audits at trade companies premises were carried out (187 in 2007) which resulted in initiation of 1,189 procedures for subsequent collection of outstanding customs debt.

5. Customs Offences

Within 2008, there were 3,643 cases of customs offence charges pressed and forwarded to the Commission on Customs Offence Procedures and Sanctions of the Customs Administration, out of which 1,250 were cases taken over from the Courts which have been proclaimed as no longer competent, 496 requests for bringing offence charges, submitted by the Ministry of Interior and 1,897 from the units of the Customs Administration. A total of 863 cases have been finalised within 2008, which resulted in imposed and executed fines, the total amount of which is 3.1 million denars. On grounds of committed customs offences, 437 mandatory fines were imposed, in total amount of 5.05 million denars.

VII. LAW ENFORCEMENT CONTROL

6. Customs criminal acts

On grounds of conducted investigations in 2008, the Customs Administration brought criminal charges in 164 cases, against 81 legal and 209 natural entities. The majority of the criminal charges in 2008 were brought on grounds of suspected criminal acts: fraud, smuggling and illegal trafficking of excise goods. A significant number of forged documents were detected in 2008, which resulted in criminal charges brought in 20 cases (7 such cases were detected in 2007).

Criminal Act	2007	2008
Importation of hazardous materials	0	1
Tax evasion	10	5
Excise Law and false reporting	0	1
Theft	0	1
Smuggling	35	38
Unlawful manufacture, holding and	1	1
Unlawful manufacture	2	1
Unlawful manufacture and trade in	3	2
Unlawful trade and trade in	1	3
Trade in excise goods without banderoles	55	35
Preventing an official person in performing an official duty	0	1
Transport of excise goods from	1	3
Falsifying and use of falsified document	7	20
Money forgery	0	1
Customs fraud	48	51
Total	163	164

7. Health and Environmental Protection

In 2008, the Customs Administration maximally mobilised its capacities for radiation detector. In 2008, the Customs Administration **detected 6 cases of significantly higher radiation, above the permitted level** at entrance into Macedonia. In cooperation with the Radiation Safety Directorate, measures were undertaken to eliminate the harmful consequences.



1. Campaign for protection of Intellectual Property Rights

In cooperation with the Embassy of the Kingdom of the Netherlands and the Ministry of Culture, in January 2008 the Customs Administration launched a campaign for protection of the intellectual property rights. The objective of the campaign is to raise the public awareness for protection of the intellectual property rights, the fight against counterfeits and how to recognise them.



2. Memorandum on Cooperation in the area of intellectual property protection

On 06th February 2008, the Ministry of Culture, the Customs Administration, the Association for the protection of music and copyrights ZAMP, the Economic Chamber of Macedonia, and the Macedonian Chambers of Commerce signed a Memorandum on Co-operation on Realization on Customs Measures for Protection of the Copyrights and the Related Rights. The objective of this Memorandum is to improve the knowledge, identification and detection of goods, manufactured without the permission / authorisation of the holder of the copyright and the related rights, through information exchange between, joint actions, continuous training and identification of pirate copies, establishment of standard procedures for dealing with cases of detected infringement of copyrights and the related rights when executing customs measures.

3. Increased number of registered requests for protection of intellectual property rights

By the end of 2008, the number of registered requests for customs intervention for protection of intellectual property rights by companies was 199 (80 new requests and 119 requests for renewal of the granted protection measures during last year), compared to the 146 (103 new requests and 43 requests for renewal of the granted protection measures during the previous year) at the end of 2007.

4. World's 10th place, for the number of actions realized in 2007, according to the WCO Report.

On grounds of the WCO Customs and IPR Report 2007, Macedonia is on 10th place for the number of realized customs actions for protection of violations of intellectual property rights. Namely, during 2007, the Customs Administration realised 325 actions, seizing goods infringing intellectual property rights of trademarks.

5. Results

In 2008, the Customs Administration intervened in 173 cases of reasonable doubts regarding import and transit of goods violating intellectual property rights (compared to 325 in 2007). The reduced number of interventions is due to the decrease in number of attempts for import, and particularly transit as a result to the rigorous controls, as well as due to the increased measures by the neighbouring countries, particularly Bulgaria and the lack of interest of certain representatives of

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trademarks to react when there is a case of small quantities of goods for which there are reasonable doubts of being counterfeit.

The actions realised resulted in temporary detention of 983,301 pieces, 20,217 kg, 10,826 litres and 550 metres of counterfeit goods, including:

- 130,560 pieces of cosmetic articles



- 18,000 kg washing powder



- 7,441 pieces of perfumes, eau de toilettes and deodorants



- 16,473 pieces of mobile phone accessories and spare parts



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- 51,028 pieces of apparel



- 62,662 pieces of sports equipment and footwear



- 34,240 pieces of toothpaste



- 17,434 pieces of sunglasses, cases for sunglasses, bags, belts, wallets, watches, lighters and other accessories
- 6,997 pieces of automobile spare parts
- 656,450 pieces of other goods

Pursuant the Law on customs measures for protection of intellectual property rights, following the completion of procedure for verification of the authenticity of the goods, i.e. the established counterfeit nature of the goods, and therefore violation of the intellectual property rights, in 2008, the Customs Administration assisted the holders of trademarks in carrying out procedures for destruction of 229,705 pieces of counterfeit goods.



IX. IMPORT DUTIES COLLECTED

- 1. The liberalization process continued in 2008** in accordance with the undertaken responsibilities arising from the Protocol for accession of the Republic of Macedonia to the World Trade Organisation, when the duty rates were reduced for an average of 1,05% (the average duty rate for 2008 is 9.78%, and 9.29% for 2007) and the annual cut down of customs duty rates, in accordance to the timeframe tables from the Free Trade Agreements (complete liberalization for the industrial products has been realised with some countries).
- 2. 22% rise of the import duties collected in 2008 compared to 2007**
51 billion denars of import duties have been collected in 2008, being by 22% more compared to those collected in 2007.

Of the total revenues collected in 2008, 6.4 billion denars was collected as customs duties and other related taxes, being a bit less compared to the amount collected 2007 as a result of the tendencies to duty rate reductions and the liberalization of trade through the Free Trade Agreements, as well as the reduced import within the last quarter. This is also confirmed by the fact that in 2008 the declarations whose payment is secured with a guarantee for deferred payment of a customs debt covers 35% of the total number of declarations, while in 2007 the percentage of deferred payment declarations was 25% of the total number of declarations lodged, or presented in absolute amount, the value of the declarations secured with a guarantee is by 11% higher in 2008, compared to 2007, in addition to the fact that the import of goods under tariff rate 0 is by 25% higher in 2008, compared to 2007. This was confirmed by the analysis of the twenty tariff headings which have mostly participated in the import during October 2008, covering 38% of the entire amount of import.

The collected revenues from VAT in 2008 are 43.4 billion denars, being by 26% more than in 2007,

The revenues collected from excise duties in 2008 are about 1 billion denars, being by 10% more, compared to 2007.

The Customs Administration collected 272 million denars as compensations for the central budget, being by 59% more than the amount collected in 2007.

115.6 million denars have been collected as revenues from fees for services rendered by the Customs Administration, being by 58% more, compared to 2007. This is a result of charging of fees for terminal services, taken over from the PE for management of housing and business premises

