

**REPUBLIC OF MACEDONIA
MINISTRY OF FINANCE
CUSTOMS ADMINISTRATION**



1992 - 2012

2011 Annual Report



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CUSTOMS ADMINISTRATION 2011 **ANNUAL REPORT**

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INTRODUCTION

On 14th April 2012, the Customs Administration of the Republic of Macedonia celebrates its 20th anniversary. Within these 20 years of service as an independent Customs Service, the Customs Administration has strived to effectuate its vision – to become and remain best service of the citizens, economic operators and the state, in line with the nationally and internationally recognized best practices.

The mission of the Customs Administration for 2011, as it has been over the past 20 years since its foundation, is to protect the health and life of its people, to sustain and enhance competitive economic climate and to realize the economic policies of the Government of the Republic of Macedonia. The Customs Administration realises its vision and mission via constant implementation of trade facilitation measures, promotion of law enforcement controls, the human resource management system, the administrative procedures and logistics support and the international and inter-institutional co-operation, as well as via constant improvement of the transparency of the work of the Customs Administration.

The Customs Administration and its employees exercise their powers and perform their duties by respecting of the fundamental human rights and following the principles of gender, religious, racial and national equality. At the same time, the Customs Administration is striving to carry out its competencies in an efficient and economical manner, taking only the measures necessary for their successful performance, while respecting the guaranteed rights and interests of the participants in the procedures.

In 2011, the Customs Administration implemented reforms aimed at further enhancement of its administrative and institutional capacity for implementation of the legal powers and fulfilment of the EU membership criteria, pursuant to the standards of the European Union, the WCO and all other internationally recognised standards.

LEGISLATIVE FRAMEWORK

In the course of 2011, amendments were adopted to several laws and bylaws, the enforcement of which is competence of the Customs Administration, including amendments to the Customs Code, the Law on Excise and the Law on Customs Measures for the Protection of Intellectual Property Rights. The amendments were adopted with the aim of harmonising the legislation with that of the EU, simplification and facilitation of the procedures and reduction of import duties.

Amendments to the Customs Code ("Official Gazette of the Republic of Macedonia" no. 44/2011 and no. 53/2011) were also adopted, which above all are intended to achieve further compliance with the customs legislation of the EU and at the same time to create a legal framework for new facilitation measures for the economic operators in relation to customs operations. Namely, these amendments introduced the following novelties:

- In the area of transit procedures, a possibility was introduced for prescribing mandatory use of electronic customs declarations, as well as inbound and outgoing summary customs declarations with the possibilities of providing pre-arrival and pre-departure information for the goods to and from the customs territory of the state (allowing acceleration of the customs procedure via prior primary risk analysis and selectivity, before placing the goods in a customs procedure);
- In the area of customs debt, new security instruments were introduced such as: state bonds, foreign exchange deposits and guarantees, mortgages, shares, with due assessment of the credit risk, and a new option was also introduced allowing payment of customs debts in instalments;
- The amendments bring on further compliance with the EU legislation in relation to exemption from payment of import duties for low value shipments, as well as in relation to the manner and procedure for entering the customs debt in the accounting records;
- The Law was harmonised with the Law on General Administrative Procedure and the Law on Administrative Inspection thus determining the periods for proceeding by the customs authority in terms of requests by the customs debtors and introducing sanctions for the customs authority for failure to adhere to the deadlines.

In accordance with the Customs Code, in August 2011, the Minister of Finance adopted amendments to the **Rulebook on Detailed Criteria for Representation in Customs Procedures and Licensing for Representation** ("Official Gazette of the Republic Macedonia" no. 107/2011), laying down the manner and procedure for taking professional exam for licensed representatives, as well as the legal form of the authorisations and licences for customs representation.

With a view to cut the expenses of the transporters and achieving compliance with EU standards, in August 2011, the Minister of Finance adopted **amendments to the Rulebook on Fees for Services and Rent of Business and Advertising Space at the Border Crossing Points for Passenger Traffic Charged by the Customs Administration**, abolishing the customs terminal stayover charge during the customs procedure.

With the aim of reducing certain import costs related to the exportation of Macedonian products, in 2011, the Government of the Republic of Macedonia passed two autonomous measures for the abolishment and reduction of customs rates. Namely, in January 2011, the Government adopted a **decision to abolish import duties for certain unprocessed noble metals** as of 31.12.2011 ("Official Gazette of the Republic of Macedonia no. 7/11). In the same month, the Government adopted the **decision to reduce import duties for white sugar** ("Official Gazette of the Republic of Macedonia" no. 8/11) from 30% to 5% until 31.10.2011, thereby improving the economic conditions for the confectionary and the juice making industry. In November 2011, this decision was extended until 31.01.2012 ("Official Gazette of the Republic of Macedonia" no. 156/11).

With a view to ensure uniform application of the Customs Tariff, the Government adopted **amendments to the Regulation on the Implementation of the EU Commission Regulations concerning the Classification of Certain Goods in**

the Combined Nomenclature (“Official Gazette of the Republic of Macedonia no. 95/2011), adopting the Regulations of the European Communities concerning the Classification of Certain Goods in the Combined Nomenclature adopted within April 2010 – March 2011 (a total of 19 Regulations).

In August and December 2011, the Government adopted **amendments to the Decision on Harmonisation of and Amendment to the 2011 Customs Tariff** (“Official Gazette of the Republic of Macedonia” no. 113/11 and no. 183/11) aligning the Customs Tariff with the Harmonised System and the EU Combined Nomenclature and the obligations from the Protocol for Accession of the Republic of Macedonia to the WTO¹.

In February 2011, **amendments to the Law on Excise were adopted** (“Official Gazette of the Republic of Macedonia” no. 24/11) regulating the control, marking and use of marked mineral oils.. Amendments were also introduced to the provisions on offences, as well as the parts concerning the sanctions for inappropriate use of mineral oils, especially the part concerning the so-called “red oil”.

In October 2011, **amendments were also made to the Law on Customs Measures for the Protection of Intellectual Property Rights** (“Official Gazette of the Republic of Macedonia” no. 135/11), specifying the rights and obligations of the companies – rights holders, the Customs Administration, the State Administrative Inspectorate and the Administrative Court. The Customs Administration may terminate the decision for accepting the request for taking customs actions if the holder of the rights does not proceed according to the law.

In June 2011, the Minister of Finance adopted amendments to the **Law on Customs Measures for the Protection of Intellectual Property Rights** (“Official Gazette of the Republic of Macedonia” no. 82/11), abolishing the fee for processing the request (and its extension) for customs protection of intellectual property rights (5,000 denars and 2,000 denars respectfully).

The Additional Protocol to the Agreement on Amendment of and Accession to the CEFTA (“Official Gazette of the Republic of Macedonia” no. 117/2011), came into force in November 2011, thus fully liberalising imports of goods originating in Albania as of 13.11.2011.

¹ World Trade Organisation

EU INTEGRATION

The primary conditions that the Republic of Macedonia must ensure to commence procedure for accession to the common transit system, as well as for EU membership, are harmonisation of the national customs legislation with that of the EU and connecting to the EU customs information systems.

HARMONISATION OF CUSTOMS LEGISLATION

After a series of amendments to the laws and bylaws in the customs area during the past several years, the last amendments made with a view to harmonise the national legislation with the EU customs legislation were adopted in April 2011 (described in the previous chapter). They were prepared in consultation with the EU, financed through the EU IPA funds. February saw the finalisation of the activities from the “Project for Further Harmonisation of the National Customs Legislation with EU Legislation”, funded within the IPA 2007 Programme. A gap analysis was made within the framework of the project pertaining to the disparity between the national customs legislation and customs procedures with that of the EU. Furthermore, texts and appropriate amendments of legal acts and internal instructions were drafted. Appropriate training courses for customs officers, representatives of state institutions and the economic entities were organised. The Project supported the preparatory activities for establishment of the new electronic Customs Declaration Processing System and activities for preparation of the legislation and procedures regulating transit.

During this period, the “Project for Reinforcement of Border Controls”, financed within the IPA 2007 Programme. The Project’s main objective was to strengthen the capacities of the Customs Administration to deal with customs fraud, cross-border crime, corruption and illicit trafficking.

CONNECTION TO THE EU CUSTOMS INFORMATION TECHNOLOGY SYSTEMS

On 15.02.2011, a working meeting was held in Brussels between the representatives of the Customs Administration and DG TAXUD, where the Strategy for Implementation of Interoperability of the Customs Administration and the ICT Strategy were presented. The representatives at the meeting also discussed the Republic of Macedonia’s plans for accession to the EU Common Transit Convention.

The EU constitutes a single customs union with a common regulation in the area of customs and transit. Besides ensuring compatibility of the national legislation with that of the EU in this area, in order to become a member of the EU and join the Common Transit Conventions, one of the necessary conditions is to ensure interconnectivity and interoperability of the national with the customs information systems of the EU (which, above all, applies to the EU - New Computerised Transit System - NCTS²,

the Common Communication Network and the EU Common System Interface – CCN&CSI³, the EU integrated tariff environment – ITE⁴, the Export Control System – ECS⁵, the Import Control System – ICS⁶, etc.), for which a compatible CDPS⁷ is necessary. In 2011, the Customs Administration started implementing projects financed by the EU IPA funds, as well as other activities for ensuring interoperability and interconnection with the EU customs information systems.

² New Computerized Transit System

³ Common Communication Network & Common System Interface

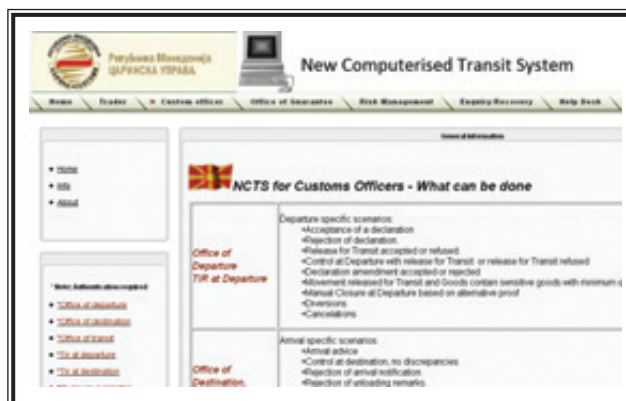
⁴ Integrated Tariff Environment

⁵ Export Control System

⁶ Import Control System

⁷ Customs Declaration Processing System

By obtaining funds from IPA 2008 funds, by the end of 2010 the Customs Administration signed an Agreement for Development of Software for Accession to the NCTS and for Support for the Management of the Project (the required hardware was procured with funds from the national budget). The project began in March 2011, and it should be completed by March 2013. With the aim of achieving efficient management and coordination of the project, a Steering Committee and a Working Group for the implementation of the project were created. A prototype of the application has already been installed and tested. By the end of 2011, a pilot version of the application was installed, which is currently under a testing phase. The hardware and system software on which the final version of the application shall be installed has been procured. With a view to raise the level of information and the awareness of the economic operators and the public about the NCTS as a very important change in the area of customs operations, particularly concerning transit, a number of conferences and presentations were made. Furthermore, at the end of 2011, a special segment was published on the website of the Customs



In January 2011, the implementation of the Project for Improvement of the Computer System of the Customs Administration within EU-IPA 2007 was successfully completed. The Project was realised during the course of 18 months and its goals were strengthening the Customs Administration in the area of ICT, but also promotion of the capacities for project preparation and management pursuant to EU standards.

Administration containing information on this system. In 2011, all preparatory activities were completed and the final phase of the selection of best bidder began at the beginning of 2012, in relation to the implementation of ITE, the EU Binding Tariff Information - BTI⁸, the EU customs quotas, supervision and European list of chemical substances.

In November 2011, DG TAXUD⁹ carried out a new IT awareness mission in the Customs Administration, upon whose recommendations, late in 2011, the Customs Administration revised its ICT Development Strategy, the Strategy for Interoperability for EU

Accession, The Strategy for implementation of the EU Common Transit System and the National Project Plan for Implementation of the NCTS and submitted them to the Government for adoption. These are mandatory documents which confirm and project the commitment and dedication of the Government of the Republic of Macedonia to fulfil the conditions for EU membership. According to the analyses, the Republic of Macedonia shall be ready to start negotiations for accession to the common transit conventions in the latter half of 2013.

EU CUSTOMS 2013 PROGRAMME

Within the Customs 2013 programme, **during May 2011, representatives of the Swedish Customs visited the Customs Administration.** The two Administrations presented the activities for promotion of customs operations in a paperless environment. Special emphasis was put to the application of best practices and possible solutions for cross-border risk management. The two Customs Services agreed to continue this cooperation through exchange of experiences concerning concrete procedures from this area.

In 2011, representatives of the Customs Administration participated in the following training courses, workshops, seminars and working meetings: Workshop on the use of detection technologies and equipment by the Customs Services (October, Bratislava); Second workshop on the role of the customs administrations in the protection of Intellectual Property Rights in South-Eastern Europe (October, Bucharest); International seminar on the topic "Towards Better Cooperation" (October, Krakow); Tenth Plenary Session of the Cash Control Working Group of the European Commission (October, Madrid); Annual meeting of the Electronic Customs Group (November, Brussels); the fourth meeting of the Performance Measurement Working Group (November, Brussels), Regular meeting of the Training Group (November, Brussel); Workshop on "Chemical Names and their Translations" (November, Brussels); The tenth meeting of the Customs 2013 Community Programme (November, Brussels); 203rd meeting of the Tariff Environment Working Group (December, Brussels); Ninth meeting of the EU Communication Network Group (December, Brussels).

⁸ Binding Tariff Information

⁹ EU Directorate General for Customs and Taxation Union

ADMINISTRATIVE CAPACITY

In 2011, the Customs Administration continued developing its administrative capacities as a key factor for implementation of the reforms and execution of its powers. In addition to the adopted amendments to the Customs Code and several bylaws, 2011 was a year when the Customs Administration further strengthened its organisational set-up, the safety and security systems and those for communication, the human resource management, ICT support and other related areas.

GENERAL FRAMEWORK

In April 2011, amendments were adopted to the Law on the Customs Administration ("Official Gazette of the Republic of Macedonia" no. 53/2011). The amendments were made with a view to achieve harmonisation with the Criminal Procedures Law and the Law on the Establishment of a State Commission for Taking Decisions in an Administrative Procedure and Second Instance Labour Relations Procedure, thus introducing a new power to the Customs Administration and the right to appeal before another authority. Furthermore, shorter deadlines were determined for proceeding pursuant to public announcements and taking over/hiring employees in the Customs Administration from another institution, the treatment of the newly recruited customs officers by taking a specialised professional exam and the consequences from failing the specialised professional exam. In the same sense, the amendments also concern the manners of termination of employment relations. Newly introduced provisions lay down procedures to be taken in cases of withdrawal from the employment contract, the types of disciplinary measures pursuant to the seriousness of disciplinary accountability of the customs officers, the period in case of withdrawal from an employment contract and it determines the remuneration upon appointment of a the customs officer and the right to rent an apartment in case of transferral of the customs officer during his/her employment relations to a post which is located over 100 km from his/her place of residence.

In November 2011, the Minister of Finance passed a **new Rulebook on the Form, Contents and Manner of Issuing and Withdrawal of Official Identity Cards**, which lays down the overall external appearance, dimensions, colour and other markings which characterise the document that the authorised customs officer shall use to identify themselves.

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

With a view to establish an institutional framework of permanent analysis of the administrative and organizational setting of the Customs Administration and promotion of the capacity for performing the powers, strategic objectives and planned activities, the **Committee for the Development of the Institutional and Administrative Capacity of the Customs Administration** was created in April 2011. The Committee has its own Rules of Procedure regulating the manner of work, the rights and obligations of the coordinator and the members, as well as the manner of carrying out expert and administrative matters related to the work of the Committee. The Committee regularly reviews issues from the topic area for which it was created and it submits information, opinions and proposals for promotion of various areas from the work of the Customs Administration, to the management.

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

With a view to establish an institutional framework for organised collecting, keeping and exhibiting the history of the Customs Administration, **Guidelines on Recording the History of the Customs Administration** was adopted in June 2011. This document regulates the competences for establishing the existing history, manner of proceeding with the newly created and collected items, exhibiting, issuing and arrangement in the working premises of the Customs Administration. In accordance with these Guidelines, a collection of over 350 items, documents, certificates of honour, etc.

In 2008, the Customs Administration adopted Order and Disciplinary Rules prescribing the order and discipline in the Customs Administration, regulating the manner of conduct of the employees during their work, their obligations towards the employer, the obligation of adhering to the rules and the responsibilities in the case of violation of the Rules. On the basis of the conclusions from the report of the “Secret Client” project of the Government, in September 2011 **amendments were made to the Order and Disciplinary Rules in the Customs Administration** were adopted. They introduced two new rules related to the behaviour of the customs officers during telephone and other type of communication with parties and clients.

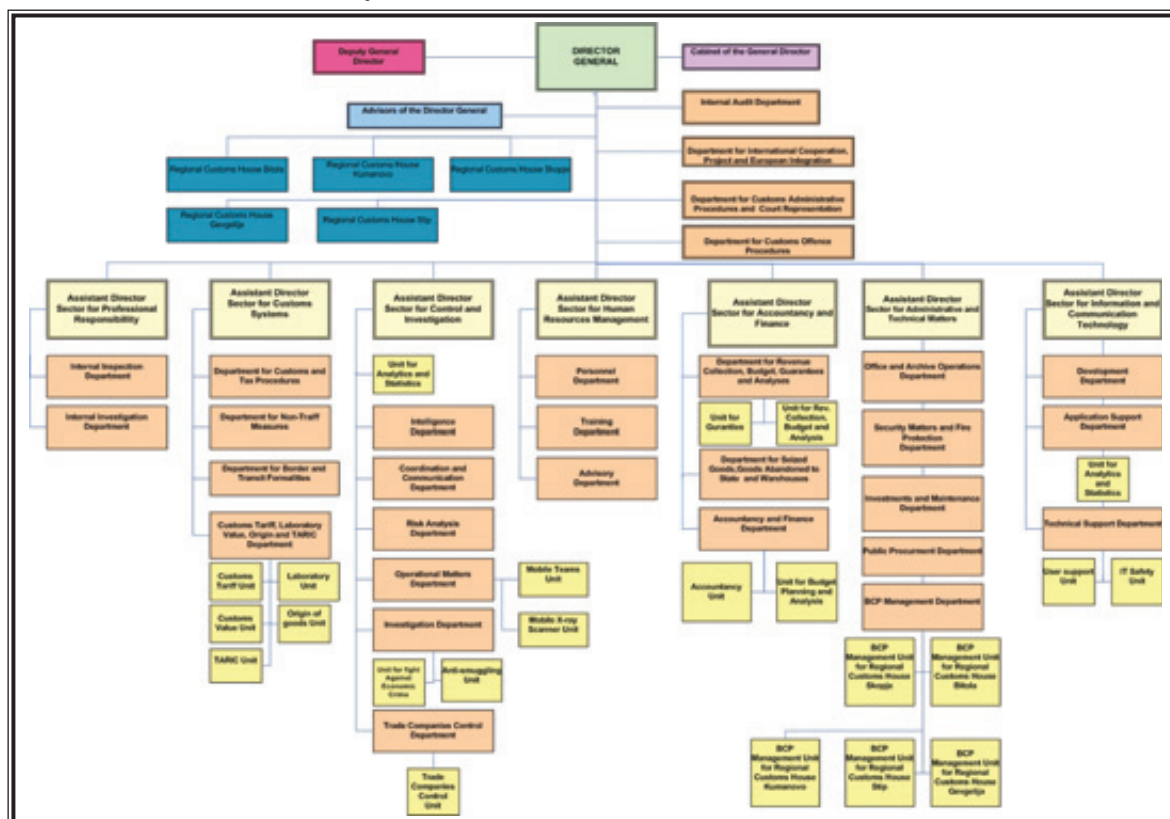
Taking into consideration the large number of adopted internal procedures in the Customs Administration and the need for systematic and permanent supervision on whether they are applied, the Internal Audit Department, which is staffed with four employees, performed **27 audits** in 2011, **which were used as a basis to propose 103 recommendations for improvement of the work to the competent organisations**. In October 2011, the Customs Administration adopted the Internal Audit Charter which shall determine the framework within which the Internal Audit Department shall function.

ORGANISATION

Rulebook on the Business Organisation

One of the more significant changes in the Rulebook on the Business Organisation of the Customs Administration is the creation of the Division for Goods Clearance in CO¹⁰ Tabanovce Motorway, which began operation in January 2012. The work tasks were carried out in seven sectors, five regional Customs Houses (base in Skopje, Štip, Bitola, Gevgelija and Kumanovo) and four independent Departments. 19 border and 23 internal customs offices and 5 USHA¹¹ function within the Customs Houses.

Organisational structure of the Customs Administration at the end of 2011



¹⁰ Customs Office

¹¹ Unit for Surveillance of Holders of Authorisations

Security and Communication

In 2008, the Customs Administration introduced a new videoconference system connected with the regional Customs Houses and the Central Administration in Skopje (audio and video), with the aim of speeding up and improving the direct communication between the management, and better use of the time and reducing costs. The work with this system is regulated with the **Guidelines on the Work of Videoconference System**, adopted in October 2011. At the beginning of 2012, the Customs Administration established a videoconference presence at the sessions of the Government of the Republic of Macedonia. At the same time, the Customs Administration is finalising a project according to which other authorities of the state administration can participate in the sessions of the Government of the Republic of Macedonia via videoconference.

In the context of the manner of reception and identification of persons who are not employed or do not have a regulated stay in the business premises of the Customs Administration, which is regulated with the Guidelines on Admission of Parties adopted in September 2010, the Customs Administration adopted a **Protocol for Reception and Conducting Meetings with High Representatives of Domestic and Foreign Institutions and Organisations** in November 2011, regulating the manner of reception and conducting the meetings.

With a view to regulating the dealing with communal and other type of waste made by the employees in the facilities and the public areas under the competence of the Customs Administration, in August 2011, the Customs Administration adopted the **Guidelines on Dealing with Communal, Commercial and Other Types of Harmless Waste**.

In August 2011, the Customs Administration clarified in greater detail the criteria for determining justified absence by the employees of the Customs Administration, which was regulated by the **Amendment to the Guidelines on the Office Hours**.

Administrative Procedures

In addition to the realised activities in the past year for efficient and rational implementation of the administrative procedures with a view to providing fast, appropriate and quality services, in 2011 the Customs Administration continued analysing the situation and determining the possible options for further promotion of the work in this area.

In February 2011, the Customs Administration established an electronic depository of regulations (laws and bylaws related to customs operations, internal acts adopted by the Customs Administration regulating the working processes, as well as international agreements and acts). It adopted **Guidelines on the Depository of Regulations of the Customs Administration** regulating the manner of provision and keeping of internal acts, the manner of carrying out supervision of the implementation of these Guidelines' provisions in the context of adjustment. The Electronic Depository of Regulations is accessible to all the employees of the Customs Administration and it provides access to all the relevant regulations and acts in an organised and systematised manner according to topics. The Electronic Depository currently records approximately 290 laws, 80 bylaws, 380 internal acts and 30 international agreements and 22 other documents.

In 2010, the Customs Administration adopted the **Guidelines on Preparation of Internal Acts in the Customs Administration**. In August 2011, these Guidelines were supplemented with provisions for mandatory review of internal acts by a Macedonian language proof-reader, which shall enter into force after ensuring appropriate expert persons.

With a view to ensure relevant and timely translation of all types of documents from Macedonian to all other world languages (for the needs of business correspondence, international acts, offence procedures, etc.), in April 2011, the Customs Administration adopted **the Guidelines on Carrying Out Interpretation and Translation** regulating the manner and procedure of performing oral interpretation and written translations, examination of the translation for the needs of the organisational unit of the Customs Administration, as well as a procedure for the use of outsourcing translation services.

In May 2011, the Customs Administration adopted **the Guidelines on Use of Classified Information** regulating the classification level of the documents in the Customs Administration and their protection from unauthorised access or use by unauthorised persons, as well as unauthorised removal or disclosure of the information. The Guidelines define the users of classified information in the Customs Administration who are holders of an appropriate security certificate.

In 2009, the Customs Administration introduced an Integrated Information System - IIS, with three modules: the Human Resource Management Module, the Material and Financial Matters



Module and the EDMS, constituting a central archive of electronic documents and images of electronic documents, documents hierarchically assigned for processing and electronically signed. The use of IIS has been made mandatory within the Customs Administration since 01.01.2010. Its administration and use is regulated by over 35 internal acts.

The Customs Administration's web-site features a Portal for Electronic Communication – PEC in the EDMS, which external users may apply/search for over 70 standard request/application forms, which are electronically archived and processed in the Customs Administration and returned to the applicants.

Via the PEC in the EDMS, the users are offered 24/7 access to the services, time saving and reduction of expenses due to the electronic submission and download of documentation and reduction of the time required to receive a reply to the requests/applications. In order to use the functionalities of the system, the companies need to have a reliable Internet connection, a valid e-mail address, to be registered in the PEC and to possess a scanner to scan signed documentation. **In 2011, the Customs Administration upgraded the PEC with functionality for digital signing** of electronic documentation sent by the economic operators. This amendment allows full electronic exchange of electronically signed documents. For full elimination of paper, the archiving of electronic documents (locally and in the State Archive), recognition of electronic signatures and a legally grounded certificate for reception of electronic documents need to be regulated on the level of the entire country. Over 310 external users are registered in the PEC, who in 2011 have submitted over 12,701 electronic requests to the Customs Administration, of which the Customs Administration has sent 5,056 electronic replies (the great disparity between the two numbers is that at the beginning, due to insufficient knowledge of the PEC, the users submitted the same electronic requests multiple times). At the same time, over 900 employees of the Customs Administration have registered and use the EDMS, whereas the average number of users at the same time is over 90 employees. 118,557 documents have been processed by EDMS in 2010 and 170,824 documents in 2011.

ICT Support

The electronic data exchange between the business community and the Customs Administration on national level and electronic data exchange between the Customs Administration and other customs administrations on international level is based on modern information and communication technology. Electronic data exchange significantly facilitates the implementation of customs procedure, improves the quality of control, ensures equal treatment of the economic entities, allows fast access to information and improves planning and organisation of work at the same time.

At the end of 2011, 42 software applications were in use in the Customs Administration, which were supported by massive hardware and communication equipment, regulated by Guidelines, User Manuals and Standard Operation Procedures. For each application there are appointed Project managers and ICT engineers, responsible for technical support. The average accessibility of the ICT systems and applications was 99.598%, thus achieving the target of 99.5%.

To ensure removal of errors and provision of uninterruptedness of the ICT systems and applications in 2011, 4,234 different types of application interventions on the operational systems were made and 1,603 different hardware and network interventions on the technical infrastructure.

In addition to the introduced systems and revised strategic documents, the Customs Administration in 2011 continued strengthening the ICT related capacities.

In June 2011, the Customs Administration introduced a methodology for management of the lifecycle of applications and information communication technologies in order to ensure appropriate management and control of projects related to the ICT systems. To this end, it regulated the above by adopting **Guidelines on Management of the Lifecycle of Applications and ICT systems**. In September 2011, the Customs Administration also regulated the manner, procedure, competences and responsibilities for keeping records of applications, system software and licences and other ICT equipment, as well as the overall documentation related to them. It prescribed it with **Guidelines on Records Keeping of Applications and ICT Equipment in the Customs Administration**.

The EDMS-PEC web portal allows for electronic search/ submission of 70 standardised requests (such as: simplified request for temporary admission, request for lodgement for incomplete declaration, request for Binding Tariff Information etc.)

In November 2011, the Customs Administration adopted **Guidelines on Ensuring Continual Operation of the ICT Systems Outside of Office Hours** with the aim of ensuring continual work of the Customs Administration outside of regular office hours by ensuring support to the critical ICT systems that need to be constantly in function. At the same time, a **Programme for Ensuring Uninterrupted Operation of the ICT Systems with Categorisation of the Criticality of the Systems**

was adopted which are intended to enable ceaseless functioning of the business process by standardising the procedures, regular monitoring of the ICT systems and their constant promotion. In November 2011, a **Project Management Manual** was adopted, regulating the phases of planning, implementation and control of ICT projects, with a view to facilitate project management and to ensure their success, and at the same time to obtain optimal use of the resources.

HUMAN RESOURCES

The employees represent the most important factor in the accomplishment of the mission and vision of the Customs Administration. Only professional, efficient and competent employees may contribute towards the Customs Administration's carrying out its powers and authorisations in a timely and legal manner, by at the same time simplifying and facilitating the procedures. In this context, the Customs Administration permanently promotes its capacity for human resource management, the recruitment system and internal transfer, the system of training and professional development, the system of awards and career making, the mechanisms for performance measurement, as well as the mechanisms for professional accountability of the employees. During 2011, a total of 62 people were employed, of whom 40 civil servants (via the K-5 Programme), 19 customs officers and 3 people pursuant the Labour Relations Law. At the same time, 22 people left the Customs Administration for various reasons. **At the end of 2011, the total number of employees in the Customs Administration was 1,184.**

General Framework

The Collective Labour Agreement of the Customs Administration was signed in July 2010. It was fully harmonised with the Labour Relations Law and the General Collective Labour Agreement for the public sector of the Republic of Macedonia. In 2011, two amendments were made to the Collective Labour Agreement with the aim of harmonising it with the amendments to the Labour Relations Law and the Law on the Customs Administration.

In September 2011, the **2011-2014 Human Resource Management Strategy of the Customs Administration** was adopted. It determines the main objective of human resource management, the primary principles of management, management policies and strategic activities, with a view to ensure progression, maintenance and professional development of the employees.

In, 2011 the Customs Administration shall prepare an Implementation Plan of the WCO Compendium of Human Resource Management and shall obtain the ISO Investment in People Standard.

In October 2011, the Minister of Finance adopted **the Rulebook on the Manner of Promotion of the Customs Officers in the Customs Administration** ("Official Gazette of the Republic of Macedonia" no. 150/11) which lays down the manner of promotion of customs officers in a transparent procedure, on grounds of their professional activities and qualifications, their working ability, the completed training and work performance assessment, regardless of gender, colour of skin, political or religious beliefs.

In December 2011, the Minister of Finance also adopted **the Rulebook on the Rent Allowance and the Manner of Obtaining an Apartment for Rent** ("Official Gazette of the Republic of Macedonia" no. 165/11) which lays down the criteria for determining the allowance amount for renting an apartment in the place of work, in cases when a customs officer is transferred during his/her employment to a place which is over 100 km from his/her place of residence.

In May 2011, the Minister of Finance adopted **Amendments to the Rulebook on the Systematisation of Job Posts in the Customs Administration** determining the jobs in the Customs Administration performed by the customs officers and the jobs performed by civil servants.

Training and Professional Development

In January 2011, the Customs Administration adopted the **2011-2013 Strategy for Training and Professional Development of the Customs Officers**, with an aim of establishing a sustainable, stable and comprehensive system of training and development of the customs officers which shall satisfy the different needs of the Administration and the customs officers themselves as individuals, and shall contribute towards accomplishment of the strategic objectives of the Customs Administration. The Strategy was the basis for the adoption of **the Programme for Training and Professional Development and the Basic Training Programme of the Customs Officers**, which describe the type and duration of the basic training, the objectives that need to be achieved after the training, as well as the target groups of participants, divided according to the level of education, allocation

on the job post, competencies and inclusion in the process of clearance of goods or implementation of the customs legislation.

During 2011, the Customs Administration continued the realisation of the objectives of the 2011–2013 Strategy for Training and Professional Development of the Customs Officers, especially in the area concerning the development of a culture of constant learning and development of human potential in the Customs Service and introduction of new methods of conducting training.

In accordance with the Programme for Training and Professional Development for 2011, a total of 256 events were carried out (174 in 2010) in the form of presentations, workshops and seminars. A total of 2,578 participants from the Customs Administration took part in the training (1,865 in 2010). On average, each of the participants has received 118 hours of training (98 in 2010), whereas each employee has received 31 hours of training and professional development, or in other words, each employee has received four full working days of training during the course of 2011 (28 in 2010). Pursuant to the Basic Training Programme, during 2011, two training courses were held for two groups of customs officers, for 29 customs officers to the duration of 160 hours and 12 customs officers to the duration of 144 hours. In addition to the training sessions related to implementation and control of customs procedures, in 2011, the more characteristic courses were the training for application of the Criminal Procedures Law, for protection of intellectual property rights, for ethics and prevention of corruption and for application of the Law on Supervision of the Market.

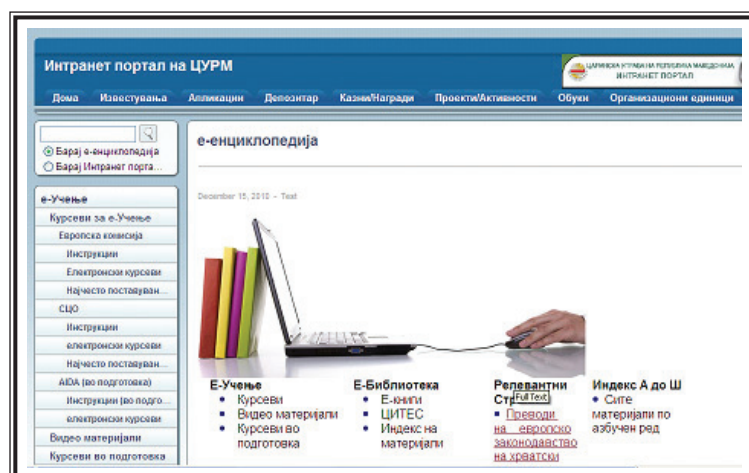
During 2011, the Customs Administration actively participated in workshops and study visits organised under the pre-accession assistance instrument TAIEX. Four workshops were organised within this programme in the Republic of Macedonia and five study visits to EU member states. Through these activities, the Customs Administration is continuing the process of harmonising the customs legislation with the European regulations, all the more so that the practical application is varied out according to the best practice principle. Under the technical assistance programmes with the Governments of the Republic of Slovenia and the Kingdom of the Netherlands, training courses were organised for the promotion of human resources and negotiation skills, training courses for the customs laboratory and application of the provisions of the Law on Excise.

In addition to the realisation of the training and professional development programmes, in 2011 the Customs Administration continued promoting the existing and introducing new tools for provision of training and professional development of the employees.

In July 2011, the Customs Administration adopted **the Programme for Physical Training and Martial Arts of the Customs Officers**, aiming at increasing the safety of the customs officers in performing their duties where there are risks, so that their physical preparedness would be improved and they will be equipped with defence techniques.

In 2011, the Customs Administration introduced an **Electronic Documentation Centre** which allows each employee to follow the trends and practices in customs work. The establishment and maintenance of the documentation centre, as well as how the employees can use the contents, **is regulated under Guidelines the Documentation Centre of the Customs Administration**, adopted in March 2011. Furthermore, on its web site, the Customs Administration published the **e-Encyclopaedia** through which the employees can access all the materials from the held training courses classified according to fields.

Under the “Customs 2013” Programme in 2010, the Customs Administration introduced training courses for electronic learning of current topics of customs operations, determined by the European Commission. The electronic learning courses are not intended only for the customs officers, but also for the business sector and all other participants in the customs procedure – freight forwarders, importers and exporters. This new approach to the training and professional development allows permanent coverage of several common interest areas for the participants in the customs procedures. In May 2011, the Customs Administration adopted the **Guidelines on the Electronic Learning Management e-System** -



Dokeos¹², which regulate the establishment, maintenance and work with the e-System for E-learning Courses Management, as well as the procedures for registration and its use by the Customs Administration employees..

The existing videoconference system was upgraded in 2010, thus creating the possibility for including the customs offices in the system and following training sessions from one's workplace, without the need for the employees to travel. At the same time, a collection of training courses was created via this system which is accessible to every employee. In 2011, the Customs Administration commenced practical application of videoconference learning. For the use of this system, the Customs Administration adopted **Guidelines on Videoconference Learning** in December 2011.



In September 2008, a WCO Regional Training Centre (RTC) was established in Skopje, in a co-ordinated co-operation between the Faculty of Economics at the University of "Ss. Cyril and Methodius" in Skopje and the Customs Administration. The aim of the RTC is to contribute towards development of the administrative capacities of the Customs Services in the region (Macedonia, Albania, Bosnia and Herzegovina, Kosovo, Moldova, Montenegro, Serbia and Turkey) with the view to increasing the quality and speed of the customs procedures, while taking into consideration the primary objective of the establishment of the WCO as an international organisation for global harmonisation of customs operations. In April 2011, the Customs Administration adopted **the 2011-2013 Strategy for the Work of the RTC**. Towards the end of 2011, the Customs Administration **introduced a special portal on the Customs Administration's web site dedicated to the RTC**, whereas the RTC Training Programme was adopted in early 2012. In 2011, under the RTC, training on "WCO Framework of Standards and Authorised Economic Operator" attended by 19 participants from the Customs Services of Albania, Serbia and Macedonia. During the training, a one-day forum was organised with representatives of the business sector and WCO experts.

Performance measurement

With a view to promote the system established earlier, in 2011 the Customs Administration adopted a **new Operating Instruction on the System for Assessment of the Work of the Customs Officers** prescribing the objective of the assessment, the assessment period, the criteria for assessment of the work of the customs officers, the manner and procedure for assessment of the work of the customs officers, the contents of the reports and the assessment form of the customs officers. Pursuant to the Rulebook on the Manner of Promotion of the Customs Officers, **the grading of the work performance is one of the criteria for promotion of the customs officers**.

On 5th July 2011, the Customs Administration, in co-operation with the Customs Service of France, held a Seminar on Performance Measuring. The topics that were presented and reviewed at the Seminar were: performance measurement implementation, main quantitative indicators, comparison through achievements and control management.

In August 2011, the Customs Administration adopted **Guidelines on Measurement of the Effectiveness of the criminal charges brought** which prescribes the criteria and procedure for their measurement by the competent organisation units of the Customs Administration. In the same month, the Customs Administration adopted **Guidelines on Measurement of the Effectiveness of the Requests for Initiating a Offence Proceedings, Guidelines on Measurement of the Effectiveness of the Disciplinary Procedures** and the **Guidelines on Measurement of the Effectiveness of the Administrative Procedures** which determine the criteria, manner and procedure of how they are measured. In November 2011, Guidelines on Guidelines on Measurement of the Effectiveness of Representation before the Courts was adopted which determines the criteria and procedure for measuring the success with a view to ascertaining the real picture about the diligence, effectiveness and efficiency of the process of representation before the courts. The first analysis and grades of the success pursuant to the above guidelines shall be implemented in 2012.

Employee Integrity

In 2011, the Customs Administration continued carrying out its activities for strengthening the integrity of the employees and the system of prevention and prevention of cases of disciplinary violations and misuse of official duty by the employees, as well as

¹² Dokeos is software with a free use license, without permission for its modification. Dokeos is a system of electronic Learning Management System (LMS)

with regular inspections of the implementation of the customs regulations by all the organisational units of the Customs Administration.

In 2011, the SPR¹³ carried out 93 internal investigations in the regional Customs Houses and the Headquarters, which resulted in reports and procedures for determining the existence or non-existence of disciplinary responsibility.

At the same time, the SPR carried out 45 internal inspections which resulted in recommendations for promotion of the work and raising the awareness of the employees in the importance of detailed compliance to the regulations for implementation of the customs procedures.

The Professional Standards Sector received 105 complaints over the customs hotline (197) in 2011. Internal investigations were initiated and final reports were drafted upon 14 such complaints. 35 complaints were rejected as ungrounded following procedures on verification of validity of claims. The remaining

56 complaints were also considered, however no proceedings were reasonably justified as the complaints lacked the necessary verifiable data related to misuse of official powers, corrupt demeanor or serious disciplinary infringement

In January 2011, the Customs Administration adopted **the 2011-2014 Strategy for Integrity and Fight against Corruption** with the objective of establishing a proactive approach to the fight against corruption, where the accent shall be placed to prevention rather than repression.

By the end of 2011, the Customs Administration adopted **Instruction on How the Employees of the Customs Administration should Proceed in Cases when they are Given, Promised or Offered a Gift or other Benefits with a View to Influence their Work within the Service** which regulate the manner in which customs employees should act and proceed; the Guidelines have been distributed to all the employees in the Customs Administration.

In March 2011, the Customs Administration adopted Guidelines on the Manner of Issuing and Replacement of the Insignia of the Rank of the Customs Officers which regulate the manner and procedure in how the rank insignia is issued in accordance with the level of profession qualification and working duties of the customs officer.

In August 2008, the Customs Administration adopted Rules and Criteria for Selection of the Best Border and Inland Customs Office for each yearly quarter. The selection is published on the Internet and the intranet site of the Customs Administration. In the first quarter of 2011, CO Bogorodica within the Customs House Gevgelija was selected as the best border CO, whereas CO Skopje 1 within the Customs House Skopje the selected as best inland CO. In the second quarter of 2011, CO Bogorodica, Customs House Gevgelija was chosen as the best border CO, whereas CO Skopje 3, Customs House Skopje was chosen as best inland CO. In the third quarter, CO Bogorodica within Customs House Gevgelija was chosen as the best border CO, whereas CO Kumanovo, Customs House Kumanovo as best inland CO. In the last quarter of 2011, CO Tabanovce-Motorway within the Customs House was chosen as the best border CO, whereas CO Skopje 3 within the Customs House Skopje was chosen as best inland CO.

In 2011, 41 decisions were adopted for a single month's raise of the salary for Customs Administration employees for achieved outstanding results in execution of their work.

In 2011, 42 procedures for determining existence of professional liability were initiated (21 in 2010). The results of the procedures were five disciplinary measures in the form of termination of employment relations by dismissal, 16 decisions for ceasing the procedure due to an unfounded basis or obsolescence, 17 decisions for monetary fine in the amount of 15% from the last monthly salary to the duration of one to six months and 4 written warnings. Due to exhibited unsatisfactory results in the work by the customs officers, 64 decisions were adopted for a 15% decrease of the salary for the current month. In 2011, 5 customs officers

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

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

¹³ Sector for Professional Responsibility

were temporarily removed from their job (suspended) due to justified reasons that they have perpetrated criminal acts related to the performance of official duties, (one in 2010).

In 2011, the Customs Administration in co-operation with the Financial Police Office, pressed criminal charges in three cases against four customs officers for misuse of official position, as well as against responsible persons within the legal entities. In the same period, in cooperation with the Ministry of Internal Affairs, criminal charges were brought against a customs officer for misuse of official position.

Union activities

The independent union of the Customs Administration was active in 2011 in several areas. It set aside one-time social assistance for 10 employees of the Customs Administration. On several occasions it obtained tickets for the employees of the Customs Administration to attend cultural and entertainment events. It actively participated in the amendments to the Collective Labour Agreement of the Customs Administration. It established contacts for future close cooperation with the union organisations of the Customs Services of Bulgaria and Serbia and it held an Annual Customs Union assembly. The purpose of the assembly was presentation of the work and realised activities by the union, and a review of the financial—material activities of the union in 2010. In 2011, the independent Customs union continued its tradition of organising the trade union sports games. The games were organised in Ohrid and were contested in the following eight disciplines: 6-a-side football, basketball, volleyball, shooting, chess, table tennis, darts and tug of war. Approximately 200 customs officers participated in the games. The camaraderie and co-operation of the employees of the Customs Administration via the sports games, contributed to the improvement of communication and further building and strengthening of teamwork.



On the occasion of the Customs Day, the Customs Administration in co-operation with the Republic Bureau of Transfusiology organised a blood donation event in April 2011. The employees of the Customs Administration showed their humanity and awareness of the signification of blood donation. At the event, organised at five locations in the country, 145 employees of the Customs Administration donated blood. There is will this event to grow into tradition.



MANAGEMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

The proper organisation of the work and the appropriate administrative support represent the basis for the rational use of the resources and efficient enforcement of customs powers. In addition to the systematic solutions introduced in the previous years, in 2011 the Customs Administration continued promoting the systems and procedures for management of all types of resources in all areas.

In September 2011, the Customs Administration adopted **the Primary Accounting Policies** relating to the recording of transactions arising from the performance of its functions and shall be used for accounting and financial reporting. At the same time, the Customs Administration adopted amendments to **the Guidelines on Settling Accounting Documents** in the Customs Administration with the aim of more accurately describing the authorisation in the work with invoices and their harmonisation with the EDMS.

In January 2011, the Customs Administration adopted a new **Guidelines on the Manner of Collection of Administrative Fees** which regulate the manner and proceeding within the Customs Administration upon processing submissions and taking actions in an administrative procedure which require payment of an administrative fee. In October 2011, the Customs

Administration also adopted **Guidelines on Administrative Fees Keeping Records in the EDMS**.

In December 2011, the Customs Administration regulated the work with the software application "Revenue Collection" (**User Manual on the modus operandi of the Module Inflow – Outflow**, regulating the manner, procedure and authorisation in performing inspections and searching the automatically recorded daily inflow of funds; **User Manual on the modus operandi of the Guarantee Module** regulating the manner, procedure and authorisation for recording guarantees for securing debts; **User Manual on the modus operandi of the Deposits Module**, regulating the manner, procedure and authorisation for record keeping of orders of refunds from foreign currency account; **User Manual on the modus operandi of the Refund Module**, regulating the manner, procedure and authorisation for record-keeping executive administrative decisions for refunding and monitoring their execution/implementation; **User Manual on the modus operandi of the Module for Subsequently Calculated Customs Debt** and the **User Manual on the modus operandi of the Module for Allocation of Funds** regulating the manner, procedure and authorisation for generating a schedule for funds and an submission of electronic reports to the Ministry of Finance; **User Manual on the modus operandi of the Module for Documents on Collected Revenues with Receipts for Payment of Duties**.

In 2011, the Customs Administration also adopted **Guidelines on the Manner of Calculation of the Compensatory Duty, Compensatory Interest and Penalty Interest** regulating the manner, procedure and authorisation for calculation of the compensatory duty, compensatory interest and penalty interest, as well as the authorisation for monitoring thereof;

In August 2011, **the Guidelines on Realizing Business Trips in the Customs Administration** was amended reflecting the amendments to the Law on the Customs Administration.

FACILITATION AND ACCELERATION OF ECONOMIC ACTIVITIES

In 2011, the Customs Administration pursued activities for further facilitation and simplification of customs procedures, thus assisting the facilitation of the overall economic activities in the country. To this end, in March 2011 the Customs Administration established a **Committee on the Simplification and Facilitation of Customs Procedures**. The Committee analyses regulations, internationally accepted standards and agreements and their practical application, as well as the organizational arrangements for implementation of import, export and transit procedures and proposes measures to facilitate and enhance trade and transport. The Committee monitors the implementation of the national legislation and internal acts of the Customs Administration, enhances to cooperation with the Advisory Council and proposes measures for facilitation and simplification of customs procedures. The work of the Committee is regulated by **Rules of Procedure**, establishing the manner of work, the rights and duties of the Committee's coordinator and members, as well as the execution of expert and administrative matters.

SIMPLIFICATION OF CUSTOMS PROCEDURES

In 2011, the Customs Administration regulated and simplified the dealings in a number of customs procedures and passed internal acts, such as:

- **Amendments to the Guidelines on Transit Procedure** specifying the manner and procedure for prescribing longer deadlines for the closure of transit operations, in order to align them with the provisions of the Law on the Working Hours, the mandatory resting times for mobile workers and drivers in road traffic and the recording devices in the road traffic;
- **Guidelines on Electronic Issuance of TIR Certificates**, regulating the competence and responsibility of Commissions operating the TIR Certificate Issuance Module, which is part of the Management Information System (MIS);
- **Guidelines on the Manner and Procedure for Approval of Custom Debt Deferred Payment** regulating manner and procedure implemented by the Customs Administration's organizational units in deferring payments of import or export duties and other duties implying equal economic impact, as well as of all other taxes and duties chargeable by the customs authorities in customs procedure;
- **Guidelines on the Manner and Procedure for Issuance of Authorization as Approved Exporter** in accordance with the Free Trade Agreements/Treaties and the **Guidelines on the Issuance of Authorization for Use of Accounting Separation Method**, regulating the manner and procedure implemented by the Customs Administration's organizational units in deciding upon applications for issuance of approvals as approved exporters within Free Trade Agreements/Treaties which the Republic of Macedonia has concluded with certain countries or groups of countries;
- **Guidelines on the Application of the Law on Veterinary Health**, regulating the manner and procedure implemented by the Customs Administration's organizational units upon transit and importation of animals, products and byproducts of animal origin, as per the legal provisions;
- **Guidelines on the Application of the Law on Medicines and Medical Aids**;
- **Guidelines on the Manner of Procedure with Consignments of Pets upon Transit or Import**, regulating the manner and procedure implemented by the Customs Administration's organizational units upon transit and importation of consignments of pets, i.e. the procedure of examination and search of consignments of pets;
- **User Manual for the Application for Non-Commercial Import and Transit of Consignments of Pets**, regulating the manner and procedure of data input in the electronic application BORDER – records on pets;

- **Instruction on the Designation of Customs Offices for Import Clearance of Motor Vehicles**, designating Customs Offices responsible for the import clearance of motor vehicles in accordance with Article 70, paragraph 2 of the Customs Law.

CONDITIONS FOR IMPLEMENTATION OF CUSTOMS PROCEDURES

In the second half of 2011, proceeding upon a Decision passed by the Government of the Republic of Macedonia, **The Food and Veterinary Agency, the State Sanitary and Health Inspectorate and the State Inspectorate for Agriculture began to fully pursue their inspection powers at the border crossing points** (until then, they were fully exercising their inspection powers only at the inland customs offices). More efficient joint controls were introduced and customs formalities at the border crossing points were expedited, thus improving the control of safety and quality of products. This measure contributed to a 30% rise in the number of declarations processed under the simplified customs procedure.

In 2012, the Customs Administration will introduce criteria and procedures for measuring and presenting the duration of customs procedures at all levels of the Customs Administration, in line with the EU Standards, and will regularly publish the results on its web page.

Pursuant to the recommendations contained in the WCO Framework of Standards to Secure and Facilitate Global Trade, and in accordance with European standards and best practices, on 04th November 2011, **a special outbound lane for empty freight vehicles and freight vehicles carrying perishable goods and goods at risk of fraud was introduced at the border crossing Tabanovce**. This way, in permanent coordination with the Police authorities the throughput of passengers and goods across the state border is facilitated.

In 2011, **the practice to put an official stamp and the stamp “cleared” on the accompanying documents to the customs declaration** (invoice, CMR, etc.) **was eliminated**, as there was no legal basis for it. This move reduced in half the number of copies of documents enclosed with the customs declaration, and at the same time, it resulted in shorter processing time of customs declarations for approximately 5 minutes per customs declaration. At the same, **the legal possibility to use oral customs declaration for release of commercial goods into free circulation was introduced**, facilitating the flow of goods, especially in cases where the costs for lodging customs declarations in writing were disproportionate to the value and quantity of the goods. In addition, **the practice for mandatory escort of goods with higher risk of fraud was eliminated**, which has significantly increased and facilitated the transit of this type of goods.

Use of **pre-arrival information** known to the customs representatives, was made possible around the end of 2011 and beginning of 2012 at the BCP Bogorodica, BCP Kafasan, BCP Tabanovce, BCP Blace and BCP Deve Bair. This measure enables lodging and processing of transit customs declarations before the arrival of the goods at the border crossing points. Following processing of the declaration and risk analysis has been made, once the truck arrives at the border crossing point, the customs authority proceeds to risk-based control, upon which it shall be immediately released in transit procedure. At the same time, a change was made to the sequence of inspection controls, in a way that it now enables complete processing of customs declarations in the customs system, and the goods are released upon approval by the competent inspection.

E-CUSTOMS

The Customs Administration is constantly introducing electronic services for its clients and partners. Besides the Electronic Communication Portal – ECP within EDMS, the Customs Administration in 2011 introduced and improved a number of IT systems for electronic services. Some of the most important ones are the electronic system for issuance of import and export licenses and tariff quota (Single Window/One Stop Shop) – EXIM, electronic application for approvals for procedures with economic impact and the customs declarations processing system – CDPS.

1,420 external users were registered at the Customs Information System at the end of 2011.

In November 2008, the Government of the Republic of Macedonia introduced the EXIM, the operation of which is regulated by the Implementing Regulation for Introduction and Manner of Use of the Single Window Information System for Import, Export and Transit.

New EXIM functionalities were implemented in March 2011, providing the state authorities – system users with electronic records and administration of registers in their competence. The EXIM was upgraded with a Transport License Module and higher access security for the system users. The economic operators have been provided with better quality and faster services. Over 66 thousand various import and export permits were issued in 2011 via the EXIM system.

The economic operators can apply for and obtain some 60 import and export licenses and tariff quotas from 15 state authorities, free of charge, from any location in the country (digital certificate is required) only by using the special internet portal managed by the Customs Administration (www.exim.gov.mk).

Type of license	Number of issued licenses		
	2009	2010	2011
Authorisation for importation of veterinary medicine products	112	147	166
Document for veterinary examination of animal feed at import	153	234	295
Veterinary import document for live animals	353	361	520
Veterinary import document for products of animal origin	1,282	3,010	12,694
Approval for consignments of food, products of materials that come in contact with the food to enter the territory of the Republic of Macedonia	14,037	23,972	25,277
Authorization for transfer of firearms and ammunition of import	33	90	108
Certificate of conformity of single examined vehicle	2,202	478	0
Decision for the entry or rejection of entry into the Metrology Bureau Registry on import	1,752	1,939	550
License to import new and second hand refrigerated technical goods	92	396	500
Precursors export license	91	191	186
License for export of narcotic drugs and psychotropic substances	128	555	523
Precursors import license	69	214	234
Approval for import of medicines	741	2,500	2,763
Approval for import of medical aids	550	1,983	3,165
Approval for import of hazardous and other types of chemicals	223	712	827
Approval for import of narcotic drugs and psychotropic substances	35	150	159
Approval for transport/transit of hazardous substances	204	815	880
Agreement for customs clearance of general use goods	3,883	6,891	7,710
Certificate for organoleptic examination and sampling	1,636	5,406	8,596
Approval for import of seeds and seedlings	172	510	11
Approval for import of plant protection products	21	166	195
Certificate for export and exit of unprotected cultural goods	351	285	257
Other licenses	512	1,076	1,202
	28,632	52,081	66,818

Inward processing is a major economic activity in the Republic of Macedonia. Due to the nature of the work, frequently demanding prompt adjustments to the orders of the foreign partners, the speed of processing and serving of this type of approvals becomes crucial. At the beginning of 2010, the Customs Administration introduced a **web application for electronic application for inward processing permits**. By using this application, besides in paper form, the economic operators can lodge their application over the internet, which drastically reduces administration and processing times and increases transparency and traceability. **The application is currently being upgraded with a digital signature, electronic charging of imports and introduction of possibilities for electronic applications and approvals for other types of customs procedures with economic impact (customs warehousing, simplified procedures, etc.).**

Having in mind the findings of DG TAXUD's IT Awareness Mission on the incompatibility of the national CDPS for interconnectivity and interoperability with the EU customs information systems, as well as the inability to handle the increased scope of work and the new needs for conducting customs procedures and customs controls, at the beginning of 2009, the Customs Administration concluded a procurement contract with a selected provider for the new CDPS. The software was not delivered

within the deadline specified in the contract, because of which, in May 2011 the contract was terminated. **In 2011 a new CDPS procurement procedure started.** The new CDPS needs to be developed in accordance with the latest EU standards and to enable further adoption and implementation of the Customs Legislation of the EU. It also needs to introduce higher standards in the automatic processing of customs documents, the management of the excise and the activities for protection of intellectual property rights.

EXCISE

In 2011, the Customs Administration passed a number of procedures regulating the administration and control of excise. The **Guidelines on the Manner and Procedure of Excise Refund for Liquefied Petroleum Gas Used in Production Process** which regulates the decision making process and procedure upon requests for refund of excise paid for liquefied petroleum gas used in production process was adopted in January 2011. **The Guidelines on the Refund of Excise to Special Entities**, regulating the decision making process and procedure upon requests made by special entities for refund of excise paid upon the purchase of excise goods in the Republic of Macedonia was adopted in April. The **Guidelines on the Manner and Procedure for Issuance of Excise License**, regulating the manner and the procedure carried out by the Customs Administration Units on the processing and decision making upon excise license applications, was adopted in December 2011. The **Guidelines on the Issuance of Excise Preferential Use Permits** regulating the manner and procedure carried out by the Customs Administration in deciding upon applications for issuing authorizations for excise preferential use was also adopted in December 2011. During the same month, the operations with the software application on excise was regulated, by adopting the **User Manual on the Operations of the Information System “DANIS”** for examination, processing and record keeping of data on issued excise licenses and excise preferential use permits, excise refunds and excise payments. In December 2011, the Customs Administration adopted the **Guidelines on External Controls of Holders of Excise Licenses, Authorizations or Users of Excise Goods**, regulating the planning, preparation and execution of external controls of holders of excise licenses, authorizations or users of excise goods in the Customs Administration, as well as preparation of control reports and actions to be taken upon such reports.

WORKLOAD

In 2011, the Customs Administration continued with the procedures related to the issuance of licenses and approvals for representation in customs procedures. **By the end of 2011, on the territory of the Republic of Macedonia there were 321 companies with authorizations to carry out representation activities and there were 913 individuals with licenses for customs representation.** The number of holders of authorizations by the end of 2011 was 326, which is approximately equal to the number in the previous years. The campaign and the measures reducing administrative barriers resulted in significant improvement of statistical data quality and rapid increase in the use of simplified customs procedures. Namely, at the end of 2011 approximately 30% of the export and around 20% of the import was processed in simplified customs procedures. The use of the simplified customs procedures is growing, especially for the so called local clearance (around 120 authorisations have been issued), then the authorized consignor and authorized consignee, as well as the use of BTI and excise permits.

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

Last year the Customs Administration processed 1,037 thousand SAD's or 4.4% more than in 2010. 438,000 transit SAD's were processed in 2010, which is 4.6% more than in 2010 година; 213,000 export SAD's which is 3% more compared to 2010 and 387.000 import SAD's which is 5% more than in 2010. It is evident that the increase in the use of the simplified procedures by the

economic operators has continued in 2011 causing lesser use of the normal customs procedures. Namely, 163,000 declarations were processed under the simplified customs procedures in 2011, or 27% of the total number of processed import and export declarations, against the 21% of simplified procedures in 2010. 22% of the total processed import SAD in 2011 has been done under the simplified customs procedure compared to the 15% in 2010. The situation is not much different in the area of exports also. Of the total number of processed export SAD in 2011, simplified procedures were used in 36% of the cases compared to the 33.7% in 2010. This means

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

that the economic operators are more increasingly embracing the simplified customs procedures which ensure greater efficiency and significantly shorter waiting times and lesser import, export and transit costs.

In 2011, the Macedonian borders were crossed by 1,002 thousand freight motor vehicles, 121 thousand busses, 3,050 thousand passenger motor vehicles, 204 thousand wagons and 11,760 aircrafts.

LAW ENFORCEMENT CONTROL

The Customs Administration is obliged to control and oversee the law enforcement specific to the collection of budget revenues, the prevention of illegal trade and unfair competition, the prevention of trade in prohibited goods and financing terrorism and the protection of human lives and health, as well as the protection of the environment and the cultural heritage. In this period, the Customs Administration intensively worked on promoting its institutional and administrative capacity in this area, primarily by introducing and institutionalizing sustainable customs control systems based on risk analysis, customs intelligence, trade companies control, special units activities, as well as by permanent and dynamic development of information and communication support and introduction of modern technologies, means and devices.

GENERAL FRAMEWORK

In April 2011, the Customs Administration established a **Control and Safety Committee**, which aims at supporting the systemic development of the Customs Administration's capacity to conduct customs controls, pre-investigative and investigative measures, as well as intelligence activities for detecting offences and crimes. The Committee analyzes the applied methods, means and the legal framework for conducting customs controls and proposes guidance for further development. The work of the Committee, the rights and obligations of the coordinator and the members are regulated under **Rules of Procedure**. At the beginning of 2011, the Customs Administration established a **Risk Management Committee**, which permanently analyses risk analysis systems and results deriving from risk based controls on the basis of which it proposes measures to improve operations in this specific context. The work of the Committee, the rights and obligations of the coordinator and the members are regulated under the **Rules of Procedure** of the Risk Management Committee. In January 2011, the Customs Administration passed a **2011-2014 Risk Management Strategy**. This Strategy needs to ensure improved efficiency and effectiveness of the Administration as a whole, as well as systemic identification and application of all measures necessary to reduce and successfully tackle risks pertinent to the Customs Administration's operation when exercising its powers and competence.

INTELLIGENCE

Customs intelligence as a process of gathering, organizing, analyzing and distribution of information at the right time and place is one of the leading processes for detection and prevention of all kinds of crime by the Customs Administration, and as such, it is permanently developed by following European standards. To improve the efficiency of its intelligence activities, in February 2011, the Customs Administration passed new **Guidelines on the South-East European Messaging System (SEMS)**, regulating the standard procedures for operation of the application. The Operating Instruction for the South-East European Messaging System (SEMS) was introduced in February 2011. SEMS enables communication between the Customs Administration organizational units through coded e-mail messages and used exclusively for exchange of data which, due to their nature, cannot be transferred through other communication means, or when unauthorized access to data may cause damages to the interests of the Customs Administration.



With a view to intensify inter-institutional cooperation, the Customs Administration in October 2011 signed a **Memorandum on Cooperation with the Intelligence Agency**. The Memorandum defines the areas of cooperation between the two institutions, the manner of cooperation and information exchange, as well as the cooperation related to education, as well as cooperation with other authorities.

By the end of 2011, the Customs Administration brought the new **Informant Handling Guidelines**, regulating the measures for safe handling of informants. These Guidelines also regulates the procedures for informant protection, standard informant identification approach, preparation and handling as steps to ensure constant flow of quality information, the information gathering and keeping information, the conditions and procedures for compensation and rewards. The Customs Administration also passed new **Guidelines on the Central List of Suspect – CLS**, regulating the powers and competence of the Customs Administration's organizational units and the customs officers in the preparation and use of the CSL (a list of suspect legal and natural persons, as well as vehicles, for which there are justified reasons for additional surveillance during any customs control).

In December 2011, the Customs Administration adopted **Guidelines on Photographic Documentation and Photographic Archiving**, regulating the standard procedures of photographic documentation and photographic archiving of detected offences, crimes and other types of customs related illegal activities, as well as specifying the necessary photographic equipment.

The Customs Administration actively participated in, coordinated and organized at national level the following international operations and projects under the umbrella of **the World Customs Administration and SELEC**:

- **Operation AVALANCHE** – initiated by the Customs Administration of the Republic of Macedonia, with the purpose to suppress customs fraud related to goods' value and origin. The objective was to detect irregularities or discrepancies of data exchanged between the member states of the SECI Centre (with the exception of Turkey) on export and import of single consignments and each country to undertake the necessary activities upon the confirmation of the above irregularities.
- **Operation GLOBAL HOAX II** – with the objective to prevent, detect and seize pirated and counterfeit goods smuggled as postal consignments or express mail.
- **Project FAIR PLAY II** – to protect intellectual property rights to the logos of the Olympics and Paralympics to be held in London in 2012. The project is organized by the World Customs Organization, RILO and ZKA.
- **Operation PANGEA IV** – fighting against illegal web pages offering non-licensed and counterfeit medicine. This operation was organized by INTERPOL, the World Customs Organization, IMPACT, PFIPC and HMA WGE.
- **Project GLOBAL SHIELD** – focused on the information exchange between countries participating in the legal import, export, transit and trade in high risk chemicals. The project's final objective was the detection of companies involved in illegal import, export, transit and trade in high risk chemicals and in illegal manufacturing of explosives.
- **Operation SHORT CIRCUIT** – fighting counterfeit electrical appliances, organized by the World Customs Organization and implemented in the period between 1 July 01, 2011 and September 30, 2011.
- **Operation TROJAN HORSE II** – with the aim to detect and seize counterfeit goods entering the territories of SELEC member states by means of commercial consignments in the road and sea traffic, as well as counterfeit pharmaceuticals smuggled via express mail or postal consignments.
- **Operation BLACK PEARL II** – with the aim to detect illegal activities in relation to the cross-border trade in oil and oil derivatives, as well as to exchange information on the legal and illegal trade in oil and oil derivatives among all countries participating in this operation..

RISK ANALYSIS

The purpose of risk management is to ensure efficient and effective selection of customs consignments for which there is greater risk of incompliance with legal regulations and to direct the available resources towards such consignments, thus providing free flow with minimal delays to the risk free trade.

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

In 2008, the Customs Administration introduced an **Electronic System for Licensing, Record Keeping and Risk Analysis of Dual Use Goods, the so-called TRACKER system**. The data in the system are updated by the Ministry of Defense and the Ministry of Economy. In September 2011, the Customs Administration passed the **Guidelines on the TRACKER Application**

for **Control of Dual Use Goods and Technologies**, which regulates the modus operandi and the application's standard operating procedures.

The Customs Administration introduced a **system setting and monitoring minimal quantitative targets for prevention of illegal trade and for trade facilitation, regulated with respective Guidelines**.

Quantitative targets are specified for each customs office each year, divided in quarters and months, with a mandatory progress reporting. Targeted areas are goods clearance (undeclared goods, documents proving customs value as basis for calculation and payment of import duties, validity of certificates for preferential origin of goods as proof for unpaid import customs, tariff classification, infringements of intellectual property rights, physical and documentary inspection, etc.), as well as customs control at border crossing points (number of seizures of goods, customs offences, foreign currency offences, infringement of intellectual property rights, etc.). In April and August 2011 amendments were adopted to the **Guidelines on the Setting and Monitoring of Minimal Quantitative Targets for Prevention of Illegal Trade and Trade Facilitation, as well as amendments and supplements to the Guidelines on the Selective Customs Controls**, regulating the performance of such controls in presence of mobile scanners for freight vehicle control.



Close to the end of 2011, the Customs Administration amended the **Guidelines on the Customs Surveillance and Control over Consignments Entailing Higher Fraud Risks**, thus eliminating the mandatory escort of goods entailing higher fraud risks and significantly enhancing and facilitating the transiting of such goods. The Customs Administration will, in accordance with the findings of the risk analysis system, organize the above escorts only in rare cases of necessity.

In 2010, the Government of the Republic of Macedonia enacted the Elaborate establishing a **Single Integrated Electronic System for Risk Management - SAR** which include all institutions that do inspections at import and transit of goods. At the first input of data for entrance and transit of goods in the electronic system for processing of customs declarations, the SAR will enable electronic processing of risk analysis criteria for all inspection authorities simultaneously. At the same time, the SAR will accelerate the procedures for the necessary formalities done at the border crossing points and will provide the conditions necessary for the conducting of the so called "One Stop Shop" control by all institutions performing inspection surveillance. The exchange of necessary information between competent authorities at the right time will provide for increased efficiency in selecting the right targets. **The technical specification was prepared in 2011 and the procedure to secure funding for the development of the software is under way.**

CONTROL AND INVESTIGATION

In 2011, the Customs Administration continued developing system solutions for more efficient implementation of customs surveillance and control.

With a view to provide organized and systematized support to the customs investigative activities, in February 2011 the Customs Administration passed **Guidelines on the operation of the Investigation Department**.

In January 2011, the Customs Administration brought **Guidelines on the Verification of Proof of Origin** which regulates the procedure for verification of preferential origin of goods issued in accordance with the Free Trade Agreements which the Republic of Macedonia has concluded with member states of the EU, EFTA and CEFTA as well as with Turkey and Ukraine. In June 2011, the Customs Administration passed **Guidelines on the Proceedings upon Detections of Double Invoices**, regulating the procedure upon detections of double invoices during control of goods, postal consignments and freight motor vehicles. In March 2011, the Customs Administration passed **Guidelines on the Preparation and Raising of Criminal Charges** regulating the manner of preparation, drafting and pressing criminal charges for crimes related to organized crime and corruption. In February 2011, the Customs Administration supplemented the **Guidelines on Subsequent Verification of Documents to appropriately establish the customs value**.

In 2011, the Government of the Republic of Macedonia established a Market Monitoring Coordination Body. In this context, in

June 2011, the Customs Administration passed the **Guidelines on the Application of the Market Monitoring Law** (revised in July, August, September and November 2011), regulating the subject, competencies and procedures of the customs control in line with the Market Monitoring Law, especially in terms of quality and safety of products entering the Macedonian market.

Within the Project on the Further Development of the Customs Administration, funded by the EU under the IPA 2007 arrangements, the Customs Administration obtained **special detectors for narcotics and explosives**. In December 2011, the Customs Administration adopted **Guidelines on the Use of the Electronic Detectors for Narcotics and Explosives**, regulating the operation, deployment, use and maintenance of the electronic narcotics and explosives detectors.

At the same time, the Customs Administration a new **Patrol Boats Operating Instruction** along with a **Speed Boats Manual**, both regulating the patrol boat handling procedures, the deployment, use and safeguarding of the operational equipment, as well as the training of the customs officers assigned to handle them.

In February 2011, the Customs Administration introduced an **Electronic Daily Activity Logbook** for the Communication and Coordination Department – CCD, which is regulated by the amendments and supplements made to the CCD Operating Guidelines (fully aligned with the Law on Personal Data Protection). The CCD's primary function is to collect information, run initial analysis, provide assessment and processing, provide logistic support to customs officers in the field and at the customs offices, manage the **CCTV**¹⁴, **ANPR**¹⁵, and the system for monitoring of the Customs Administration's fleet (GPS), administer the crime and corruption hotline 197, as well as to coordinate risk analysis and customs surveillance systems in the periods after the normal opening hours.

Around the end of 2011, the **video surveillance system was upgraded with new cameras and the existing cameras were migrated to the new premises at the "Alexander the Great" Airport**. Cameras have also been redeployed to Customs Office Novo Selo – passengers section and Customs Office Stenje. Existing cameras were also redeployed and new cameras were set at the new facilities at Customs Office Blace.

Customs Laboratory

Upon the approval by the Government of Republic of Macedonia, in August 2008, the **Customs Administration and the Chemistry Institute of the Faculty of Mathematics and Natural Sciences signed a Business and Technical Cooperation Agreement**, under which the Customs Laboratory can operate from the facilities of the Chemistry Institute. The analytic methods were jointly established by an expert team composed of scientists and researches of the Chemistry Institute and the staff of the Customs Administration Laboratory Unit. Since then, the Customs Administration has been constantly committed to the development of systems, methods and equipment necessary for the work of the Customs laboratory. The activities are now focused towards: preparation of documentation for customs laboratory accreditation as per the ISO 17025 requirements; validation of methods to become accredited and further alignment of analytic methods in accordance with European standards.

In March 2011, the Customs Administration adopted **Guidelines on the Acceptance, Use and Control of Measuring Technical Equipment Used in Customs Laboratory**, drafted in accordance with the requirements of the standard ISO 17025. These Guidelines regulate the handling, maintenance and readiness of instruments used in the customs laboratory, In April 2011, the Customs Administration adopted **Guidelines on the Customs Laboratory Working Premises, the Maintenance thereof and the Access to Official and External Parties**, regulating responsibilities for maintenance of laboratory equipment and working hygiene, as well as the controlled access to external parties into the laboratory, thus ensuring safety of the system of business confidentiality, reliability and security. In July 2011, the Customs Administration adopted **Guidelines on Sampling of Oil and Oil Derivatives**, prescribing the manner of safe representative sampling of oil and oil derivatives, as well as the appropriate toolkit and packaging used for sampling and storing. In August 2011, **Guidelines on Sampling and Laboratory Examination Proceedings** was adopted. It regulates the sampling procedure for samples to be examined in a customs laboratory. The **Procedure for Customs Laboratory Examinations** was also adopted, prescribing the manner and order in which existing examinations are done by identifying the responsibilities of all parties involved in each activity. Again in August 2011, the Customs Administration adopted the **Procedure on the Provision of Accommodation Facilities and Working Environment in the Customs Laboratory**, regulating the manner in which the conditions necessary for the activities and the duties done within the laboratory are secured.

In 2011, the Customs Laboratory analyzed 430 samples. Largest part of the analysis was related to oil products and derivatives,

¹⁴ Closed Circuit Television

¹⁵ Automated Number Plates Recognition System

to which a wide range of excise duties applies, depending on their purpose and use, followed by products of the food industry, the chemical industry, plastic masses, dairy and meat processing industry products, machines, devices and electrical equipment, textile material, vegetative origin products, vegetable and animal fats and oils, base metals and their products, products of non-organic and mineral origin. Improper tariff classification has been identified in 73 cases of the total number of analyzed samples, upon which post collection of customs debt was applied, as well as the legally prescribed sanctions.

Trade Companies Control

The Customs Administration is permanently committed to enhancing its capacities for control and surveillance over trade companies in respect of the authorizations for customs procedures with economic impact, the excise licenses and the authorizations and licenses for customs representation. The Customs Administration has already set standards acknowledging the integrity of its clients as: companies which want to, know how to and do organize themselves to apply control facilitation standards; companies which want to, but need assistance to organize themselves to apply control facilitation standards; and companies which are not yet intending to comply with the regulations. In 2011, the Customs Administration revised the **Guidelines on the Trade Companies External Control** and was drafting the **Guidelines on the External Controls of Holders of Authorizations for Customs Procedures with Economic Impact**, and the **Guidelines on the External Controls of Holders of Excise Authorizations**. **560 controls of customs clients and holders of customs authorizations were made in 2011.**

Customs Control

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

In 2011, detailed examination of 6,314 freight motor vehicles, 2,516 busses, 11,446 passenger vehicles, 1,215 containers, 35 wagons, 175 postal consignments and 2,592 searches of personal luggage was done. Large quantities of goods and products of all kinds have either been temporarily detained or seized, following various "inventive" or well known attempts at smuggling or misuse. Some most interesting examples of the above are present here:



Textile articles and footwear



Cigarettes



Cigarettes



Cigarettes



Medicines, medical equipment and aids



Food and beverages



Technical goods and electro-materials



Golden and silver jewellery



Accessories: 7.8 thousand pieces



Red and gas oil



Motor vehicles (automobiles, trucks, buses and motorcycles)



Weapons and ammunition



Cosmetics, hygiene products and toiletries



Cosmetics, hygiene products and toiletries



Cultural heritage - icons



Counterfeit blank passports

The Customs Administration in 2011 continued the efforts to promote its own capacities and the cooperation with national and foreign institutions, primarily with the Ministry of Interior, aiming to prevent illegal trade in narcotics and psychotropic substances. These efforts resulted in specific detections and seizures; the most interesting ones are described here below.

In March 2011, the customs officers seized 800 grams of **heroin** at the Tabanovce border crossing outbound section. The heroin was wrapped in brown duct tape and concealed in the engine area. Another detection of one kilogram of **hashish** was made at the Bogorodica border crossing outbound section, also in March 2011. The drugs were found in the personal effects and the clothes of a foreign national, packed in 5 chocolate resembling brown packages in rectangular shape, wrapped in nylon and each weighing approximately 200 grams, for which the suspect claimed it was german chocolate.



Custom made concealments were found in a foreign registered passenger vehicle at the Dojran Border Crossing point in March 2011. They were found in the area left and right from the front wheel, at the height of the rocker panels. They were affixed with screws and covered with grey putty providing access to the normal cavities of the vehicle. Twenty nylon packages wrapped in duct tape, indigo paper wrap and aluminum foil containing **10.92 kg heroin** were found in the cavities



In October 2011 an attempt to smuggle **6 kg of marijuana** over the Tabanovce rail border crossing was prevented. The drugs were found in a wagon of the international train Skopje – Belgrade, on the exit from Macedonia. The customs officers detected the drugs while examining the train's empty compartments. They were concealed in two suitcases that were drawn next to the walls of the compartment and covered by two towels with strong scent of detergent. Three white nylon packages wrapped in duct tape and containing marijuana were found in the suitcases. Again in October 2011, **ten kilograms of heroin** were detected at Kafasan border crossing point - outbound lanes. The detection was made in the rear fender and in the ventilation area under the bonnet of a Macedonian registered passenger vehicle

In 2011, the Customs Administration prevented several attempts at import and export of undeclared foreign currency exceeding the allowed threshold resulting in **temporary seizure of foreign currency, among which EUR 164 thousand, CHF 58 thousand and USD 26 thousand.**

Six illegal migrants without any identification papers were found in February and September, 2011. Namely, two migrants without any identification documents were found with the help of a mobile scanner in the load area of a Macedonian registered freight vehicle declared for transit at the Bogorodica border crossing point. Four other migrants without any identification papers were found in the hills around Tabanovce border crossing point in September 2011.



The Customs Administration, acting on grounds of reasonable doubts related to crime, raised 77 criminal charges against 46 legal persons and 104 natural persons in 2011. the majority of these charges were related to customs fraud and smuggling.

The Customs Administration Commission on Offences and Sanctions received 901 requests for initiation of offence proceeding in 2011 (against 1.184 in 2010). The Commission resolved 129 cases in urgent procedure where offenders were foreign nationals and collected fines in the amount of EUR 77,650 in MKD counter value. 1,153 cases in the regular procedure were resolved in the same period resulting in collection of fines amounting to EUR 602 thousand and MKD 26 million, as well as mandatory seizure of the goods related to committed customs offences. 190 cases were closed under the settlement and mediation procedures, resulting in payment orders for legal and natural persons and collection of fines amounting to EUR 19 thousand and MKD 643 thousand.

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

Intellectual Property Rights Protection

In 2011, the Customs Administration continued to improve the system for piracy fighting by enhancing its organizational arrangements and technical capacities, through continuous training for the customs officers, raising of the awareness about the consequences from counterfeit goods and protection the competitiveness of national and foreign manufacturers of trademark goods. **At the end of 2011, the Customs Administration received 321 applications for customs actions protecting intellectual property rights.** In 2011, the Customs Administration took action against 92 cases involving suspicions of IPR infringements. 390 thousand pieces of various goods suspected of intellectual property rights infringements were impounded. Some of the most specific examples are shown below:



Toiletries: 102 thousand pieces



Textile products and footwear: 95 thousand pieces



Energy drinks: 77 thousand pieces



Toothpaste: 22 thousand pieces



Sunglasses: 15 thousand pieces



Batteries: 14.5 thousand pieces



Empty CD-R: 12 thousand pieces



Other goods: 53 thousand pieces

The Customs Administration, in cooperation with the representatives of the holders of rights, proceeded to destruction of a total of 304,331 pieces of goods and 180.000 kg of counterfeit washing powder in 2011.

TRANSPARENCY AND COOPERATION IN CUSOTMS MATTERS

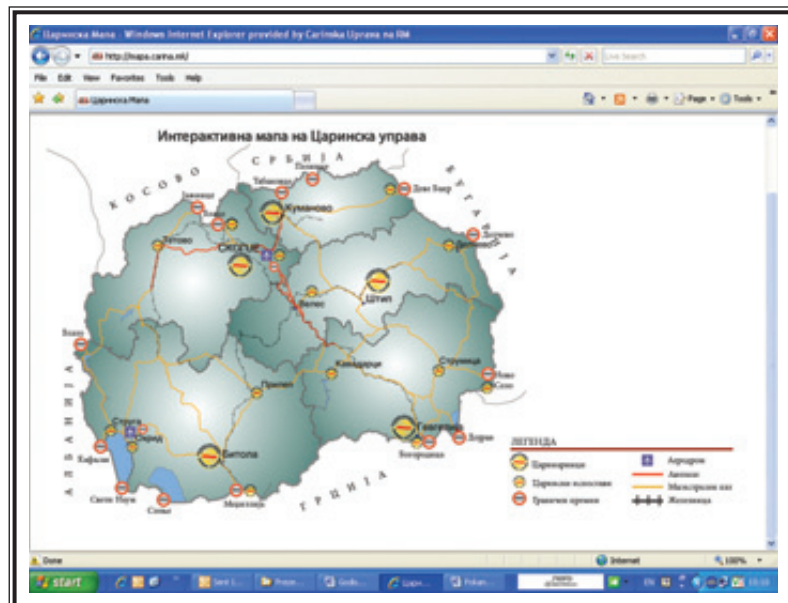
The Customs Administration in this period worked hard to raise the awareness of its staff about the importance of transparency with a view to familiarize the public with its role in society, the plans for its operations and to understand the troubles of its clients. To that end, the Customs Administration was committed to raising the awareness of its employees about the meaning of public opinion about the Customs Administration's activities. Systems and procedures were introduced to increase quantity and quality of public relations.

TRANSPARENCY

In December 2011, the Customs Administration adopted its **Public Relations Strategy** in December 2011, with a view to pursue EU's best practices in the context of customs public relations and communication. The primary purpose of this Strategy is to ensure timely, accurate and organized delivery of information to all target groups. The activities will be focusing on the assurance of better understanding of the Customs Administration's role, maintenance of political and public trust, earning support and positive attitude towards the Customs Administration and its staff by ensuring a two way information flow, presenting and promoting customs results and achievements to the society, public awareness raising to understand the crucial importance of the customs officers' work to the wellbeing and safety of the society..

Internet and Intranet

The complete, timely and automated updating of data and information on the Customs Administration's internet and intranet page is regulated with Guidelines on the Internet and Intranet Publication Procedure, which was revised on several occasions in 2011. The Internet page also hosts a **"Frequently Asked Questions" forum** enabling economic operators to post questions and receive answers related to customs-approved treatments or use of goods. It also contains an **"info"** contact e-mail address to which economic operators can write to and inquire about any customs related open issues. A



number of 557 pieces of information were published on the website of the Customs Administration in 2011, and 850 pieces of information were published on the intranet portal. The website was visited 1,750,000 times in 2011 by about 13,000 visitors. Most visited tabs were "News" (57,280 times), "Search the Customs Tariff" (9,139 times), "Frequently Asked Question" (7,491 times) and "Laws and Regulations" (2381 times). In November 2011, **an interactive map of Customs Houses (regions) and border and inland Customs Offices** was introduced, showing all Customs Houses, border and inland customs offices in the Republic of Macedonia, and providing information about the approved customs procedures, any limitations posed on certain customs procedures and the presence of inspection authorities within each organizational unit of the Customs Administration. The map also contains clear marking of the roads providing access to the Customs Administration's organizational units (regional road, motorway, railroad or airport). Further improvements are under way.

Citizen's Charter

Around the end of 2011, the Customs Administration introduced a new **Citizen's Charter** showing all the services that the public can obtain from the Customs Administration, clearly identifying the competencies of the organizational units and the required response standards. At that same time, new **Guidelines on the Proceedings with the Citizen's Charter Forms** was adopted, prescribing the handling of the Citizen's Charter completed forms, the placement of the Citizen's Charter mailboxes and its publishing on the Customs Administration's website.

Customs Hotline - 197

A total of 31,658 phone calls were received over the customs hotline – 197 in 2011. Following adequate processing, 104 pieces of information were assigned to be processed in a customs officers' improper conduct procedure, while 71 pieces of information were assigned to be processed under customs and other frauds procedure.

Complaints, Proposals and Free Access to Information

In 2010, the Customs Administration adopted the **Guidelines on Proceedings upon Complaints and Proposals to the Customs Administration**, with a view to ensure protection of the rights and interests of the applicants, the public interests as identified with the laws and the launching of other initiatives of public interest. A total of 7 complaints and proposals were received in 2011, upon which the appropriate proceedings were pursued. A total of 29 applications were received in relation to the Law on Free Access to Public Information in 2011. The Customs Administration provided positive replies to 27 applications.

Publications

Aiming to increase public trust in the Customs Administration, as a professional, transparent and service oriented administration, in March 2011, Customs adopted a **Programme on the Publication of the Monthly Newsletter "Царина-Customs" 2011/2012**. Each month, the Customs Administration produces and publishes detailed information about its activities and achieved results.

CUSTOMS COOPERATION

In 2011, the Customs Administration was intensifying its cooperation activities in all segments and was setting the grounds for further cooperation improvements.

Cooperation with the Business Sector

Pursuant to the standards of the Revised Kyoto Convention for strengthening of the cooperation with the business sector, in January 2009, the Customs Administration, the Chamber of Commerce of Macedonia, the Union of Chambers of Commerce of Macedonia, the Chamber of Commerce of Northwest Macedonia, MAKAMTRANS - The Association of Independent Unions of Transporters of Republic of Macedonia, SIZ "Makedonija soobrakaj" A.M.E.R.I.T and the Group of International Freight Forwarders and Logistics Operators signed a Memorandum Establishing Advisory Communication and Cooperation and a **Memorandum on the Creation of an Advisory Council**. In October 2009, the Advisory Council was joined by the American Chamber of Commerce and **in May 2011, three new members joined the Advisory Council (the Textile Makers Association – the Textile Cluster, the Leather Processing Industry Association and the Macedonian ICT Chamber of Commerce – MASIT)**. The Advisory Council has its own Rules of Procedure and holds meetings at least once a month for which minutes are taken and an updated sheet is maintained for the conclusions and their implementation.

The Advisory Council held 12 meetings in 2011, bringing 41 conclusions and implementing 26 conclusions until the end of the year. In the period 2010 and 2011, the Customs Administration and the Advisory Council members held 15 meetings, conferences and presentations in 9 towns in Macedonia, where immediate contacts were made with representatives of over 100 companies.

In November 2011, the Customs Administration organized an open Conference entitled „Control of the Legitimate Trade in Tobacco Products – Trends and Future Perspectives”, in joint cooperation with the “Imperial Tobacco TKS” (Tobacco Industry Skopje). The objective of this Conference was to present the legal regulations, the results achieved by the exercised controls and the future actions of alignment of the legislation with the latest trends related to the control/traceability of tobacco products.

Customs – Customs Cooperation

The Directors of the Customs Administrations of Macedonia and Kosovo signed a Customs Cooperation and Joint Assistance Agreement on behalf of their respective Governments on 11th February, 2011. This is the seventeenth bilateral agreement promoting cooperation between two Customs Administrations and creating legal grounds for joint and constructive cooperation to facilitate customs procedures, develop trade and transport, exchange professional, scientific and technical assistance to introduce higher customs standards, as well as prevention and suppression of cross-border crime and customs frauds.

On 24th June 2011, the Directors General of the Customs Administrations of the Republic of Macedonia and the Republic of Poland signed a Memorandum of Cooperation in Combating Customs Fraud and Development of Partnership Relations. The Memorandum represents the basis for further enhancement of the bilateral cooperation between the two Customs Administrations. Its objective is to support the joint actions against illegitimate trade and trans-border crime, to ensure protection of the financial interests and security and to facilitate common training programmes for specialisation of customs officers.

High officials of the Customs Administration made a working visit to the Customs Administration of Azerbaijan on 17th October 2011, on the occasion of the official opening of the Regional Capacity Building Office in Baku. The Customs Administrations of the Republic of Macedonia and the Republic of Azerbaijan initialed the text of the Agreement on Mutual Assistance and Cooperation in Customs Matters between the Government of the Republic of Macedonia and the Government of the Republic of Azerbaijan. The primary purpose for the conclusion of this Agreement is to promote the cooperation of the two Customs Administrations and to create legal grounds for joint and constructive cooperation to facilitate customs procedures, develop trade and transport, as well as prevention and suppression of cross-border crime and customs frauds.

In October 2011, the Customs Administration launched an initiative to sign Agreement on Mutual Assistance and Cooperation in Customs Matters between the Government of the Republic of Macedonia and the Government of the Republic of Montenegro. The objective of this Agreement would be to enrich and promote the good cooperation already existing between the two countries' customs authorities.

Recognizing the need for deeper and better customs cooperation, the Customs Administration drafted proposals for Agreements on Mutual Assistance and Cooperation in Customs Matters and initiated signing of such agreements with the respective authorities of Hungary, Republic of Romania and the People's Republic of China.

The Second workshop of the regional project "System for Electronic Exchange of Data (SEED) in the countries of the Western Balkans" was held in Ohrid in March 2011. The workshop was attended by representatives of the Customs Administrations of Macedonia, Albania, Bosnia and Herzegovina, Kosovo, Serbia and Montenegro. This system needs to provide automated exchange and writing-off of information relating to transit, between the project's participating countries.

In July 2011, the Customs Administration, in cooperation with the Customs Administration of Slovenia, organized a taxation seminar entitled "Familiarization with the Legislation on Excise Goods and the Practical Application in the Republic of Slovenia". The purpose of this seminar was to improve the administrative and operational capacities of the Macedonian Customs, in order to ensure greater efficiency of customs and fiscal activities related to excise.

As from December 2011, the SECI Centre was re-organized and renamed into South European Law Enforcement Center - SELEC¹⁶.

Inter-Institutional Cooperation

In April 2011 the Government of Republic of Macedonia passed a Decision establishing Central Investigation Office for Suppression of Money Counterfeiting. The Central Office is established in the Mol and several competent ministries are represented. The Central Office will cooperate with the respective national central offices and international organizations with competence in the subject matter, by coordinated joint investigations, analysis and information exchange.

In December 2011, a Memorandum of Cooperation on the Adoption and Implementation of NATO Standards was signed by the Ministry of Defense, the Ministry of Interior Affairs, the Ministry of Foreign Affairs, the Ministry of Economy, the Ministry of Transport and Communication, the Cadastre Agency, the Civil Aviation Agency and the Customs Administration. That has confirmed the common interest and commitment to establish a system enabling continuous adoption and implementation of NATO standards by all signatories, by various means of cooperation, coordination and mutual support and assistance.

Several meetings of the Market Monitoring Coordination Body were held in 2011. Amongst other activities, the final version of the Guidelines on the Cooperation of the Market Monitoring Authorities and the Customs Administration, related to market monitoring and goods safety, was reviewed and confirmed.

In 2011, the Government of Republic of Macedonia tasked the Customs Administration to coordinate all Inspection authorities in the Republic of Macedonia, to take active part and to propose measures promoting the institutional and administrative capacities of all Inspection authorities. A detailed Elaborate was prepared, containing proposals for systemic reforms of the Inspection authorities.

Cooperation with Institutions of the Educational System

In 2011 also, the Customs Administration continued its cooperation with Macedonian High Education Institutions. In that context, the manner of internships was prescribed under the **Internship Guidelines**, adopted in March 2011. In accordance with the provisions of these Guidelines, the Customs Administration in 2011 organized summer internship programs for students from the Faculty of Economics, the Faculty of Law and the Faculty of Security Studies. The program accepted 55 students who, in accordance with the Internship Guidelines, were introduced to the roles and the powers of the Customs Administration, as well as the business processes at the organizational units which hosted them. The students were tasked to write essays upon the completion

¹⁶ South European Law Enforcement Center

of the program, describing their opinions about the implementation of the internship program, the practical experiences gained during the internship programme, as well as their ideas for improvements. The Customs Administration awarded Internship Certificates to all students who delivered their papers. The Customs Administration has concluded cooperation agreements with 4 High Education Institutions including: the Faculty of Economy at the Ss. Cyril and Methodius University in Skopje, the Faculty of Security in Skopje, Faculty of Tourism and Hospitality at the St. Clement of Ohrid – Bitola and the Faculty of Economics at the University of Tourism and Management – Skopje.

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