



REPUBLIC OF MACEDONIA
MINISTRY OF FINANCE
CUSTOMS ADMINISTRATION

ANNUAL REPORT

CUSTOMS ADMINISTRATION

2012





SUMMARY

It is the Customs Administration of the Republic of Macedonia duty and obligation to protect the financial interests of the Republic of Macedonia, health and life of people, sustain and enhance the competitiveness of the economy of the Republic of Macedonia, and ensure that the criteria for accession to the EU are met. With a view of completing these duties and obligations, in 2012 the Customs Administration made numerous reforms for further enhancement of its administrative and institutional capacities, defined in the Strategic Plan and Multi-annual Action Plan of the Customs Administration, taking into account the EU and WCO standards and other internationally recognized best practices.

Further enhancement of the administrative capacity for human resources management has been achieved through improvement of the regulations, the manner and criteria for recruitment and promotion, training systems, professional development and employees' integrity, as well as in implementation of performance measurement system. The organization of work has also been improved via permanent upgrading of the administrative procedures performance mechanisms, strengthening the security, communication, transparency, ICT support, management of financial and non-financial resources systems. Procedure for implementation of the quality management standard ISO 9001:2008 is ongoing.

In 2012 the Customs Administration continued the reforms for facilitation and acceleration of the customs and excise related procedures, mainly through revision of the existing and introduction of new mechanisms for their simplification, improvement of the conditions for accomplishment of customs and excise formalities and provision of better possibilities for application of e-Customs. As a result, the time necessary for performance of customs procedures and issuing export/import licenses and other customs documents has been reduced, the use of simplified customs procedures, procedures with economic impact as well as the possibilities provided by the free trade agreements have become more frequent. Furthermore, the cooperation with the business community has deepened, the transparency and the openness for cooperation with the public have increased.

Along with the introduced sustainable systems and law enforcement capacity, in 2012 the Customs Administration conducted reforms to improve these capacities, particularly the area of customs intelligence, risk analysis systems, mechanisms and techniques for physical and documentary control and protection of intellectual property rights, as well as the capacities for post-clearance control. The law enforcement activities realized in 2012 led to great number of detected cases of illicit trafficking in drugs, animals subjects to prohibitions, cultural heritage, counterfeits, medicines, food, oil derivatives, cash etc. The documentary controls resulted in detection of cases of submitted false and invalid documents concerning customs value, certificates of origin of goods, tariff classification and other documents to evade import duties. In 2012, the Customs Administration realized and exceeded the revenue collection target plan.

LEGISLATION

Amendments to several laws and by-laws were adopted in 2012, related to customs procedures, facilitation, tariff, excise, intellectual property rights protection and ratification or implementation of international agreements, focused on simplification of customs procedures, reduction of costs for the economic operators and greater competitiveness of the national economy.

CUSTOMS LEGISLATION

In January 2012, amendments to the **Customs Code** ("Official Gazette of the Republic of Macedonia" no. 11/12) were adopted, providing for the **possibility for import duties relief for sport equipment and accessories which sports federations receive as donation from foreign donors** or in cases of imported sports equipment and accessories purchased with donated funds. At the same time, the amendments also provide for postponed application of certain provisions of the Customs Code referring to entry summary declaration and exit summary declaration, the use of which is directly connected with the putting into function of the new Customs Declarations and Excise Documents Processing System (CDEPS), as well as the provisions concerning the types of guarantees and their use and the procedure for deferred payment of customs debt (in context of the latter, amendments to the **Customs Code Implementing Regulation** were also adopted ("Official Gazette of the Republic of Macedonia" no. 14/12). For these reasons, additional amendments to the Customs Code were passed in December 2012 ("Official Gazette of the Republic of Macedonia" no. 171/12), stipulating postponement of the application of the Customs Code provisions concerning entry and exit summary declaration until 01.01.2014.

In March 2012, the Government of the Republic of Macedonia adopted **Amendments to the Regulation on the Closer Criteria and Manner of Application of Import Duties Relief, as well as the value, quantity, kind or purpose of the goods that can be subject to import duties relief** ("Official Gazette of the Republic of Macedonia" no. 38/12), stipulating the conditions and regulating the procedure **for import duties relief for sport equipment and accessories which sports federations receive as donation from foreign donors** or in cases of imported sports equipment purchased with donated funds. In December 2012, new amendments to the Regulation were adopted ("Official Gazette of the Republic of Macedonia" no. 170/12), regulating **the import duties relief agreed for parcels of small value** coming from abroad for consignees in the country, particularly if these parcels contain objects of small value sent from one natural person to other.

In 2012 the Minister of Finance adopted amendments to the **Rulebook for completion of customs declaration and the list of codes** ("Official Gazette of the Republic of Macedonia" no. 61/12 and no. 155/12), introducing codes for application of the amendments to the Customs Code and the new provisions concerning the relief from import duties when filling in customs declarations.

In April 2012 the Government of the Republic of Macedonia passed a **Decision on Classification of Goods by Forms of Import and Export** ("Official Gazette of the Republic of Macedonia" no. 53/12), defining the forms of free export, export, free import and import per tariff codes on grounds of authorisation, consent, decision i.e. certificate for the goods which are exported/imported.

CUSTOMS TARIFF

As part of the anti-crisis measures to stimulate the economic activities, the Government of the Republic of Macedonia continued to reduce customs duty rates for import of raw materials.

In January 2012 amendments to the Customs Tariff Law ("Official Gazette of the Republic of Macedonia" no.11/212) were adopted, **reducing or abolishing 88 customs duty rates for several kinds of goods, including:**

- customs duty rate of 2% for seeds and planting material for agricultural purposes - abolished;
- customs duty rates for raw materials for the food industry and manufacture of juices (mashed and concentrated fruit) - reduced to 5% or abolished;
- customs duty rate for white or other kinds of sugar – reduced from 30% to 5 %;
- customs rate of 2% for moto-cultivators - abolished;
- customs duty rate of 7% for several types of sports equipment, skis and other sport accessories - abolished.

The same amendments to the Customs Tariff Law stipulate **abolition or reduction of customs duty rates for goods classified under other 128 tariff codes**, to be applied from 01.01.2013:

- **customs duty rate of 6%** for primary forms of polyethylene terephthalate and foils of polyethylene terephthalate, massively used in manufacture of food products, graphic and electronic industry - **abolished**;
- **customs duty rate of 15%** for raw materials for automobile spare parts (plating and plaques for brakes, friction products and other parts of untempered cast iron) - **abolished**;
- **customs duty rate of 5%** for tool machines (105 different tool machines) - **abolished**;
- **customs duty rate of 4%** for railway cargo cars - **abolished**;
- **customs duty rate of 10%** for new and 15% for second hand buses - **reduced to 5%**.

A new Decision on abolition of import duties for certain unprocessed precious metals was passed in March 2012 ("Official Gazette of the Republic of Macedonia" no. 32/12), stipulating **abolition of the customs duty rate of 7% (mainly for gold and platinum) until 31.12.2012**.

The reduction and abolition of the afore-mentioned customs duty rates are mainly aimed to provide lower costs and better competitiveness of the agricultural and food products, industrial production and the transport sector.

EXCISE

In 2012 the Minister of Finance adopted **amendments to the Law on Excises Implementing Rulebook** ("Official Gazette of the Republic of Macedonia" no. 29/12, 97/12 and 106/12), introducing one dimension of the excise stamps for tobacco products and introducing a new type of excise stamp for intermediate products and ethyl alcohol and tobacco products, as well as new forms for ordering planned quantities of tobacco products and request for collection of excise stamps for tobacco products.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

In 2012 the Customs Administration prepared **draft amendments to the Law on Customs Measures for Protection of Intellectual Property Rights**, providing for the possibility for abandoning seized goods violating intellectual property rights to government agencies for charity purposes with obligation to remove the signs and trademarks, envisaging offence liability for the persons (legal and natural) who will introduce or export or will attempt to introduce into or export from the customs territory goods violating the same trademark, which had previously been seized from them due to established violation of intellectual property rights.

INTERNATIONAL AGREEMENTS

As from 2012, the Regulation (EU) No 1336/2011 of the European Parliament and of the Council (Official Journal of the European Union L 347/1) on **autonomous trade measures became applicable on the territory of the Republic of Macedonia**. This Regulation envisages exceptional autonomous trade preferences for the Western Balkans until the end of 2015. The Regulation is retroactively implemented as of 1st January 2011. The autonomous trade preferences should provide the Western Balkan countries greater benefits from the preferential trade regime where it provides greater benefits than the Stabilisation and Association Agreement (SAA).

Information was published in the Official Journal of the European Union series C 63/8 of 02.03.2012 that the **possibilities for diagonal cumulation in the cumulation system between the EU countries, Turkey and the participants in the European Union's Stabilisation and Association Process are expanding**. As from 14.11.2012, Bosnia and Herzegovina and Turkey started implementing a new protocol on rules of origin that allows diagonal cumulation with the EU countries and the countries participants in the European Union's Stabilisation and Association Process. This means that the cumulation zone is enlarged and there is greater possibility for obtaining origin for the goods for all countries participating in the diagonal cumulation. Among other benefits, the enlargement of the cumulation, will be of particular importance for the producers in the Republic of Macedonia because of the easier conditions for obtaining preferential origin for the final products, exported in other countries in the cumulation zone.

The Additional Protocol to the CEFTA Agreement with the Republic of Moldova came into force in January 2012 ("Official Gazette of the Republic of Macedonia" no. 117/2011), according to which the import of all agricultural food products originating in the Republic of Moldova is free, except for the goods classified under the tariff code 2204 (wine) for which an annual free of charge quota of 1.000hl is foreseen.

EU INTEGRATION

Fulfilment of all conditions related to the area - Customs Union, as precondition for accession to the EU, is permanent and main agenda of the Customs Administration. The activities are focused on permanent alignment and application of the customs legislation of the EU in the Republic of Macedonia, fulfilment of the technical requirements and harmonization with the organizational requirements, improvement of the administrative capacity, as well as raising the public awareness about the manner and philosophy of the functioning of the Customs Union, particularly in terms of transit.

ALIGNMENT WITH THE EU ACQUIS

With a view of adoption of the EC Implementing Regulation (EU) no. 155/2012, in August 2012 the Government of the Republic of Macedonia passed a **Decision amending the Decision on alignment of and amendment to the Customs Tariff 2012** ("Official Gazette of the Republic of Macedonia" no. 99/2012 of 3rd August 2012). With this Decision, new Additional Note is added in Chapter 85, Section XVI of the Customs Tariff, having legal effect for classification of goods. The amendments provide for alignment of the units of measurement for certain tariff codes with the units of measurement for the same tariff codes in the Combined Nomenclature, which is necessary for statistic purposes. The adoption of this Decision means complete acceptance of the amendments to the relevant EU Regulation, and therefore the Customs Tariff Nomenclature (additional notes and units of measurement) is completely harmonized with the Combined Nomenclature. In the context of the above-mentioned, in December 2012 the Government of the Republic of Macedonia passed a **new Decision amending the Customs Tariff 2013** ("Official Gazette of the Republic of Macedonia" no. 169/12), which is aligned with the amendments to the Combined Nomenclature (Official Journal of the European Union no. L304 of 31 October 2012). Furthermore, the Customs Administration published correlation tables of Customs Tariff 2013/2012 and 2012/2013 on its website, which do not have legal force, but are used as facilitation tool in the implementation of tariff and non tariff measures.

In August 2012 the Government of the Republic of Macedonia passed **amendments to the Regulation on the implementation of the European Commission Implementing Regulation concerning the classification of certain goods in the Combined Nomenclature** ("Official Gazette of the Republic of Macedonia" no.107/2012), thus adopting **47 Commission regulations** concerning the classification of certain goods in the Combined Nomenclature, adopted within April 2011 - April 2012.

Further **amendments to the Customs Tariff Law were prepared**, providing for harmonization with the Council Regulation (EEC) no. 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff, to the end of transposing the regulation into the national legislation and creating legal framework for uniform implementation of the Customs Tariff.

At the end of 2012 the Customs Administration prepared proposal text for **amendments to the Customs Code and the Customs Code Implementing Regulation**. The objective of the amendments is to provide for more precise national legislation with the Convention on a Common Transit Procedure. With the same purpose, **amendments to the Rulebook on completion of the customs declaration and list of codes used, new Guidelines on using and manner of completion of the customs declaration for transit procedure** by using technique of electronic data processing (ERP transit declaration), Guidelines on transit procedure - B-1, Guidelines on guarantees in transit procedure – B-2, Guidelines on transit procedure in railway traffic – B-3, Guidelines on Enquiry and Recovery procedure– B-4 and List of codes used for completion of the customs declaration by using technique of electronic data processing were prepared. All these documents were **elaborated under the IPA 2008 Project for Implementation of New Computerised Transit System (NCTS)**.

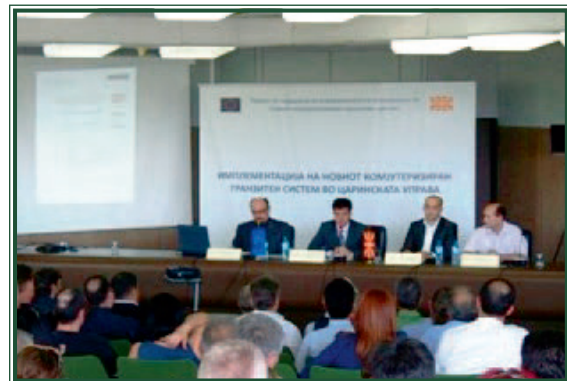
CONNECTION WITH EU CUSTOMS IT SYSTEMS

In accordance with the recommendations of the DG TAXUD ICT Monitoring Mission, conducted in November 2011, upon the proposal of the Customs Administration, in February 2012 the Government of the Republic of Macedonia adopted a revised National Plan for Implementation of the Common Transit System NCTS in the Republic of Macedonia. According to this Plan, activities were determined with deadlines for completion of the main priorities, meeting the technical preconditions, adoption of the necessary legislation, connection and conformance testing with the EU systems, as well as informing all stakeholders, primarily the traders, being end users of the system. The document also determines the structure of the working group to carry out the activities and identifies the main risks of the Project in order to ensure their identification in the course of realization. The plan envisaged completion of the activities by the end of 2012.

IMPLEMENTATION OF THE NEW COMPUTERISED TRANSIT SYSTEM

The activities for development of a system for connection with the EU customs information systems - NCTS that started in 2011 under the EU IPA 2008 Programme **continued in 2012**. NCTS is to provide interoperability of the national transit system with the transit systems of the Member States of the Common Transit Convention. The implementation of NCTS is a condition for accession to the Convention on a Common Transit Procedure of the EU and EFTA countries and a condition for EU membership. In general, the activities include closing of the necessary legislation, possession of proven functional NCTS, organizational adjustment, training and raising of the public awareness. Legislation has generally been set up, amendments to the laws and by-laws have been elaborated and they are in a procedure of adoption or awaiting conditions for start of application. In terms of having a reliable and functional NCTS, by the end of 2012 it was not delivered and this still remains an open issue. With regard to the organizational setup, the Department for Border and Transit Formalities has been equipped. National, regional and local transit coordinators have been appointed and there is ongoing procedure for establishment of a Help Desk by taking into account rational and efficient use of the available resources. In terms of training, preparation of the economic operators and raising the public awareness for NCTS, several activities were realised:

- In February 2012, training on NCTS ICT experts and administrators was held, attended by 9 persons;
- In March 2012, during the regular meeting of the Advisory Council (representatives of the Customs Administration, 7 economic chambers, associations of freight-forwarding agents and transporters, different clusters etc), there was a presentation about the NCTS Implementation Project;
- In April 2012, 4 training courses for 25 NCTS trainers were held, where the attendees acquired theoretical and practical knowledge on the legislation and practical work with NCTS for transit procedures record-keeping;
- In May 2012, the Customs Administration, under IPA 2008 NCTS Implementation Project, organized training for 27 trainers on NCTS guarantee procedures. At the same time, a link was enabled at the regional Customs Houses allowing the regional and local transit coordinators to have access to NCTS;
- In June 2012, the Customs Administration, in collaboration with the IPA 2008 "Management Support to the NCTS Implementation Project" organized a Seminar and presented the NCTS before nearly 70 representatives of freight-forwarding and software companies, as a system which ensures better management and control of customs transit operations, designed to replace the existing paper-based system. At the same time, the necessary technical specification for the needs of the business sector wishing to adapt their own software solutions in accordance with the NCTS requirements, was published on the Customs Administration's website.



NCTS Seminar, Skopje, June 2012

- Under the Customs 2013 Programme, the Customs Administration and the EC DG TAXUD, in July 2012 in Ohrid (St. Naum) organized a **two-day workshop "The path towards accession to the Common Transit Convention and the SAD Convention"**. At the workshop, the representatives of the European Commission presented the main conditions for accession to the Convention, while the delegates of the countries – Contracting Parties to the Convention (Romania, Croatia, Slovenia, Turkey and Austria) shared their experiences in fulfilling the conditions for accession to the Convention. The event was attended by delegates of the EU Member States – Austria, Romania, Slovenia, Hungary plus Croatia, as well as the countries – candidates for EU membership – Iceland, Macedonia, Serbia, Turkey and Montenegro and the potential candidate countries – Albania, Bosnia and Herzegovina, Kosovo and representatives of DG TAXUD.



Family photo of the Workshop held in St. Naum, Ohrid 02-03 July 2012

- In order to broaden the information concerning the domain of customs operations for the business sector, the Economic Chamber of the Republic of Macedonia, in cooperation with the Customs Administration, within the activities of the Advisory Council, in July 2012 organised a Presentation on **"The path of accession to the Convention on a Common Transit Procedure and the SAD Convention"**. The focus of the presentation was the strategic priorities for EU membership through implementation of EU standards in the main areas of customs transit control and alignment with the acquis in the area of Customs Union. The requirements for fully implemented transit procedures of the Community, including development of an automated transit system, compatible with the New Computerised Transit System (NCTS) are preconditions for accession. The objective of this presentation was exchange of information and best practices on the path of accession to the Common Transit Convention of 20th May 1987.



- In October and December 2012, 3 workshops were held attended by 107 persons, aimed to familiarize the internal and external users (economic operators and customs agents) how transit procedures will be realized through the NCTS.
- In order to provide exchange of information concerning the manner of using the system, during July 2012, a Seminar with the software companies developing applications for the participants in customs procedures was organized, presenting the technical specifications for development of software for the needs of traders. Over 70 representatives of software companies attended the seminar.
- With a view of informing about the changes related to the use of bank guarantees in customs procedures in December 2012 a Seminar for the Bank Sector was organized. The Seminar was attended by 33 participants.
- Special tab for NCTS was published on the Customs Administration website, with all relevant information related to the Project: the technical specification for the user application, legal grounds for procedures, presentations for the banks and other promo material.

ACCESSION TO THE EU INTEGRATED TARIFF ENVIRONMENT

In November 2012, the Customs Administration **started implementing the EU Integrated Tariff Environment - (ITE) in the Republic of Macedonia**, financed by the EU IPA 2009 Programme. The implementation will be realized during 24 months through 2 Projects:

- Implementation of the ITE (primarily, software development) and
- Management support to the ITE.

These two Projects will ensure full compatibility and interoperability of the computer system of the Customs Administration with the EU customs IT systems. The Projects are to provide implementation of the following systems: EU tariff system, binding tariff information, allocation of tariff quota, surveillance of goods, as well as the European customs inventory of chemical substances.

EU CUSTOMS 2013 PROGRAMME

Under this programme, aimed at strengthening the administrative capacities of the EU customs services, representatives of the Customs Administration attended the following training courses, seminars and work meetings:

- Meeting of the Electronic Customs Group, legal and IT aspects (March, Belgium),
- IT training on the applications: central services/reference data and central services / information management (April, Belgium),
- Workshop on transit test application (May, Belgium),
- Workshop on „The path towards accession to the Common Transit Convention and the SAD Convention“ (July, Ohrid),
- Electronic Customs Group Meeting (October, Belgium),
- Meeting of the Electronic Customs Group, legal and IT aspects, presenting the current plans for development of new customs IT systems for common use in the EU (November, Belgium),
- New Java Common System Interface (NJCSI) Training Session – JAVA and Common System Interface (CSI) Training Session - C, aimed for a CSI software architects and programmers (Belgium), security policy and applied security standards in CCN/CSI (CCN/CSI Security training), aimed for IT security system engineers to get familiarized with CCN/CSI security concepts and practices; use of security standards: such as ISO27002 to ensure secure and reliable data exchange with the CCN; risk assessment for IT aspect with case-scenarios (Belgium).

In December 2012, under the Customs 2013 Programme, representatives of the Customs Administration participated at the meetings of the Electronic Customs Group with the Trade Contact Group and the Data Integration Committee. The Objective of these meetings was to consider the information of the separate working groups, to discuss and adopt information on mutual recognition between the EU and the USA of the Authorised Economic Operator authorizations, adoption of changes in the NCTS specifications and adoption of a Multi-annual strategic plan of the Customs Electronic Group.

TAIEX

The Customs Administration, through the TAIEX – the instrument for Technical Cooperation, in May 2012 in Ohrid organized a Workshop on “Classification of Goods”. The Workshop was attended by customs officers from Macedonia, Albania and Kosovo. The objective of the workshop was to exchange experts’ interpretation of the Combined Nomenclature, the regulation related to classification of goods in order to overcome the problems which the customs officers face in understanding them, to improve the skills of the customs officers dealing with tariff classification, as well as to strengthen the capacities of the customs services by using best EU-practices.

ADMINISTRATIVE CAPACITY BUILDING BY EU STANDARDS

The realization of the recommendations establishing general criteria, according to which a Customs Administration can measure its administrative capacity, based on best EU practices, is monitored by a Committee specially formed for that purpose. The work of the Committee is regulated with **Rules of Procedure of the Committee for Harmonization and Monitoring of the Realization of the European Commission Customs Blueprints**, adopted in July 2012.

In 2012, in the process of IPA 2012 and 2013 Programme, the Customs Administration prepared 3 Projects aimed at strengthening of its operational and institutional capacities that were accepted by the Government of the Republic of Macedonia and the European Commission:

- Project - Strengthening of the operational and institutional capacities of the Customs Administration, the realization of which is expected to start in 2015. The Project will additionally enhance the administrative capacity of the Customs Administration for efficient and effective controls, and provide for procurement of additional equipment for the customs laboratory to increase its capacity for analysis;
- Project - Upgrade of the customs clearance facilities at the road Border Crossing Point Tabanovce, the realization of which is expected to start in 2014. The Project envisages extension of the existing customs terminal with additional premises.
- Project - Upgrade of the customs clearance and inspection facilities at the road Border Crossing Kafasan, the realization of which is expected to start in 2015. The Project envisages building of a new terminal for customs clearance of goods.

In 2012, the European Commission approved the financing of a Project for Development of Border Infrastructure between the Republic of Macedonia and the Republic of Greece (BORDER IN), under the IPA Cross-Border Programme” 2007-2013. The improvement of the premises on this border and the installation of equipment for traffic regulation will ensure greater functionality and it will save costs for maintenance and functioning of the premises.

HUMAN RESOURCES

Appropriate human resources management is the most important factor for the implementation of Customs Administration's duties and responsibilities. Therefore, investment in the employees remains permanent and most important commitment of the Customs Administration.

At the end of 2012, the Customs Administration employed 1.167 persons (1.184 in 2011). Of the total number of employees, 1012 had the status of customs officers in accordance with the Law of the Customs Administration, 37 had the status of civil servants in accordance with the Law on Civil Servants and 115 had the status of employees under the Labor Relations Law. In terms of qualification, at the end of 2012, 11 employees were employed as master degrees holders, 583 had higher education, 23 were college-educated, 519 had secondary education and 30 had education of a different kind. **This means that over 50% of the total number of employees in Customs Administration have higher education.**

NUMBER OF EMPLOYEES AT THE CUSTOMS ADMINISTRATION PER ORGANIZATIONAL UNIT	
Office of the Director General	7
Department for International Cooperation and Projects	4
Internal Audit Department	4
Department for Administrative Procedure and Court Representation	18
Department for Customs Offence Procedures	20
Sector for Human Resources Management	18
Sector for Administrative and Technical Matters	201
Sector for Information and Communication Technology	25
Sector for Accountancy and Finance	42
Sector for Professional Responsibility	15
Sector for Customs Systems	40
Sector for Control and Investigation	103
Regional Customs House Skopje	229
Regional Customs House Bitola	121
Regional Customs House Gevgelija	134
Regional Customs House Kumanovo	131
Regional Customs House Shtip	55
Total	1,167

LEGAL FRAMEWORK

The grounds for human resource management at the Customs Administration are regulated by the Law on the Customs Administration, the Human Resource Management Strategy, the Collective Labour Agreement, the Committee for Development of Institutional and Administrative Capacity of Customs Administration, as well as other acts and documents¹.

In September 2012, **amendments to the Law on the Customs Administration** („Official Gazette of RM“ No.113/2012) were adopted, which introduce the possibility of redeployment of the Customs Administration staff to positions with different status². These changes allow for flexibility and cost-effectiveness in the management of human resources in order to implement the objectives and responsibilities of Customs Administration.

In 2012, amendments were made to the **Collective Labour Agreement in collaboration with the Independent Trade Union of the Customs Administration**, regulating the procedure of the Commission for Selection of candidates for employment at the Customs Administration. Furthermore, the treatment of customs officers during their probation and mentoring, the manner and procedure of taking the professional exam, as well as the determination of the complexity coefficient and scores of those jobs which, in the Rulebook of Systematization of Job Posts of the Customs Administration, have been added as new job posts were also regulated.

In order to effectively build the institutional and administrative capacity of Customs Administration, in November 2012 new **Rules of Procedure of the Committee for Development of Institutional and Administrative Capacity** were adopted, which regulate the manner of work of the Committee, as well as the rights and responsibilities of the Coordinator, Deputy Coordinator and Members, and the manner of performing professional and administrative activities related to the work of the Committee.

¹ Human Resource Management Strategy of the Customs Administration, Decision establishing a Committee for Development of Institutional and Administrative Capacity of the Customs Administration, Rules of Procedure of the Committee for Development of Institutional and Administrative Capacity of the Customs Administration, Guidelines on access to the electronic personnel records system; User Manual for access to personal files through the eDMS; Manual for the ERP and HR software - electronic personnel records system.

² Depending on the nature and description of the job and tasks and duties, and in accordance with the Law and the Rules on Job Systematization, in the Customs Administration there are positions with a status of Customs Officer, Civil Servant or Employee in accordance with the Labor Relations Law. Among them there are differences in the manner of recruitment, training, performance measurement, salary, powers etc.

EMPLOYMENT

In addition to the existing acts that regulate the manner of selection and employment in Customs Administration³, in 2012, several acts were adopted for improvement of this field. In February, the **2012 Plan for Employment in Customs Administration** was adopted, which is a document that contains the activities planned for employment at the Customs Administration until 2013. In January 2012, **Guidelines for preparation of a test in a selection procedure after placing a public job advertisement** were adopted, regulating the procedure for selection of candidates after a public advertisement for employment of customs officers is placed, the selection of members of the Commission for Test Preparation and their responsibilities; and the method of preparation of the exam questions and their submission to the Commission on Selection. In May 2012, new **Operational Instruction on the conducting and internal call for filling vacant job positions at the Customs Administration was adopted**. This Operational Instruction prescribes the manner of conducting the procedure of internal call to fill in vacant job positions at the Customs Administration. At the beginning of 2012, the Customs Administration adopted a **Volunteering Programme** that establishes the need for hiring volunteers, the types of services needed, and the manner and procedure of providing them. The Volunteering Programme aims to bring the work of public administration closer to the citizens of the Republic of Macedonia, as well as to present an opportunity for young people to gain work experience that would help them easily compete on the labor market. According to the 2012 Volunteering Programme, the Customs Administration made two public calls and selected 10 volunteers, of whom 5 with a university degree and 5 high-school graduates. Over a period of 4 months, the volunteers were deployed to positions and received tasks that match the jobs of Senior Customs Officer and Customs Officer, where one volunteer with higher education and one volunteer with secondary education were deployed at each Customs House. During their volunteering, the volunteers were got acquainted with the responsibilities and tasks for the respective jobs, and about the work processes in the organizational units - Customs Offices.

In 2012, employment in Customs Administration on various grounds was gained by 25 people, and 42 people had their employment terminated.

TRAINING AND PROFESSIONAL DEVELOPMENT

The area of training and professional development is regulated with the **Strategy for Training and Professional Development of Customs Officers**, as well as by other systems and internal regulations⁴. In 2012, the Customs Administration continued its reforms in this area.

Departing from the strategic determination of Customs Administration to strengthen its administrative capacity through professional development and training of its staff, and in accordance with the **Strategy for Professional Development and Training of Customs Officers**, in March 2012, the Customs Administration adopted the **2012 Programme for Training and Professional Development**. This Programme is aimed at increasing the efficiency and effectiveness of the customs officers' task performance and is based on the specific needs imposed by the work process.

A customs officer, during his/her probationary period at the Customs Administration, has a certain treatment in relation to: on-the-job training (mentorship), basic training on customs competencies and taking the professional exam. This customs officer treatment is regulated by a **Rulebook related to the treatment procedure of customs officers during probation and the manner of taking a professional exam and programme**, which was adopted in May 2012 ("Official Gazette of RM" No. 58/12).

In order to determine the effectiveness and efficiency of training, i.e. to see if the training has achieved its set goals, in May 2012, **Guidelines on implementation of a training evaluation procedure** were adopted. The purpose of introducing a training evaluation procedure is to obtain information whether the training has had any influence on the employee which is reflected in his/her work performance, getting information that will help to improve the quality of training and encourage managers to engage in improving the training system.

In December 2012, **Training Needs Assessment Guide** was adopted, which regulate the procedure for training needs determination, which includes: an analysis of the situation and types of training needs assessments, training needs

³ Recruitment Plan, Recruitment Programme of the Customs Administration, Volunteering Programme, User Manual for the modus operandi of the employment and recruitment software, Operational Instruction on the manner and procedure of internal advertisement for filling vacant job positions at the Customs Administration, Guidelines of checking work abilities and procedures for employment through a public advertisement, Guidelines for preparation of tests in a selection procedure after placing a public advertisement

⁴ Strategy for Training and Professional Development of Customs Officers; Instruction for using the Customs Administration National Forum application (Questions & Answers), Mentorship Programme Implementation Guide, Implementation of Training Evaluation Procedure Guide; Training Needs Assessment Guide; Rulebook on the procedure relating to the treatment of customs officers during their probationary period; Programma for taking a professional exam for customs officers with higher education; Programme for taking a professional exam by customs officers who have acquired a higher level of education; Programme for physical training and martial arts for customs officers; WCO Regional Training Centre's Work Strategy; RTC Action Plan; Guidelines on the Documentation Center; Guidelines for using the Customs Administration's e-Learning Programme, Operational Instruction on the procedure relating to the treatment of employees on probation at the Customs Administration; Guidelines on e-system management of e-learning courses - DOKEOS; User Manual for the e-learning platform DOKEOS; Guidelines on Video-conference Learning

indicators, as well as techniques and methods used for data collection. The objective of these Guidelines is to help managers determine whether and what kind of training is required for their employees, which will contribute to the improvement of performance results.

In August 2012, **Implementation of a Mentorship Programme Guide** was adopted, regulating the manner of preparation of mentorship programme, its realization and the preparation of a report on the implementation of the mentorship programme. The purpose of this Guide is to assist mentors in the preparation of the mentorship programme and the manner of filling forms for the implementation of the mentorship programme.

In August 2012, **Guidelines on Conducting Expert Exam at the Customs Administration** were adopted. These Guidelines regulate the manner and procedure of conducting and taking the exam, the composition of the Exam Commission, their competence and manner of work. The purpose of these Guidelines is to provide efficient, fair and transparent procedure for the conducting of the exam.

REALIZED TRAINING AND PROFESSIONAL DEVELOPMENT ACTIVITIES

The 2012 Training and **Professional Development Programme** envisaged 50 activities in the form of training, e-learning courses and presentations. Of the planned 50, a total of 43 activities were realized, or in percentages, 86% of the Programme was realized. The training events in the Programme are divided into 5 groups and their individual implementation is as follows:

- Facilitating and Accelerating of Trade - 100% realized;
- Law Enforcement Control - 74% realized;
- Human Resources - 100% realized;
- Organization of Work - 82% realized; and
- Logistic Support - 75% realized.

According to the 2012 Training and Professional Development Programme, in cooperation with other organizational units of the Customs Administration and external institutions, a total of 290 events were held (256 in 2011) in the form of training courses, presentations, workshops, seminars and study visits. They were attended by a total of 3.189 participants from the Customs Administration (2.578 in 2011). On average, each participant has received approximately 84 hours of training (118 in 2011), while each employee has received 20 hours of training and professional development, i.e. each customs employee has spent an average of about 2.5 days in training during the year.

In accordance with the Professional Development Programmes of newly recruited customs officers, in the course of 2012, basic training on customs competencies was completed by a total of 13 customs officers with secondary education degree and 47 customs officers with a university degree.

In 2012, the Customs Administration actively participated in workshops and study visits organized by the **Instrument for Pre-Accession Assistance TAIEX**. Under this program, 12 workshops were held in the Republic of Macedonia and 10 study visits were organized abroad. Through the Technical Assistance Programme with the Government of the Kingdom of the Netherlands, a total of eight training courses were held in the area of excise duties, management, control of oil and oil derivatives and prevention of illicit import and export of cash. In cooperation with the U.S. Embassy and the Program EXBS, 6 training courses were organized, and in the framework of the Customs 2013 Programme, a total of 12 activities were organized.

Through the e-learning system, courses were uploaded on the following topics:

- Single Authorisation for Simplified Procedures (4 hours) - 119 participants;
- EORI (30 minutes) - 102 participants;
- Control of Precursors (3 hours) - 149 participants; and
- Inspection of Containers (4 hours) - 192 participants.

In 2012, a Course on Control of Excise Goods Movement was translated and uploaded, and a Memorandum of Understanding with the European Commission was signed regarding the translation of the Risk Assessment course.

In 2012, training courses implementation of ISO 9001:2008 were held, as well as on the application of the Guidelines regarding the layout and structure of documentation in the Customs Administration in accordance with the requirements of the ISO 9001:2008 standard for quality management and regarding the Document Depository Procedure.



INTEGRITY

Besides the already established systems for strengthening the integrity and professional attitude of the Customs Administration employees⁵ and preventing corruption and conflicts of interest⁶, 2012 saw the continuation of reforms in this area.

In July 2012, within the Sector for Professional Responsibility, an **Integrity Department was established**. The Department aims at monitoring, identifying and assessing the level of corruption in Customs Administration; it performs supervision over the implementation of the Law on Prevention of Conflict of Interests, the Anti-corruption Law and the international anti-corruption Conventions; it deals with risk profiling and taking measures for prevention of corruption in the Customs Administration organizational units, and electronic recordkeeping of Assets Declarations.

In February 2012, the Customs Administration adopted a **User Manual on recording disciplinary procedures and lawsuits from employees in the eDMS**⁷. The aim and purpose of this User Manual is to enable the eDMS application users, whether Lotus Notes or Web clients, to use the new functionality of the system, which is the single electronic records of disciplinary proceedings and lawsuits by employees.

In order to reduce the risk of any customs officer engaging in improper conduct, corrupt conduct or conflict of interest, and to enable efficient and proper utilization of human resources in the Customs Administration, development of skills and expertise, professional development of customs officers and development of skills to work in various teams, in May 2012, new **Guidelines on Customs Officers' Rotation** were adopted, which define the types of rotation and procedure of customs officers' rotation. At the same time, the conditions for customs officers' promotion have been strengthened with the adoption of a **Regulation amending the Rulebook on the manner of customs officers' promotion in the Customs Administration**.

As basis for a customs officer's personal and professional development planning, his/her motivation for professional development, training and education, reassignment to a job post which he/she shows interest in and has the qualifications and skills to do, and for his/her rewarding, **Operational Instruction regarding a self-assessment system of customs officers' performance** has been adopted. It prescribes the purpose of self-assessment, the period, criteria, methods and procedures of self-assessment of the customs officers, and the content of the self-assessment form.

In order to explore the social climate at work, through opinions expressed by the staff with regard to the organizational structure, management, professional development, performance measurement, motivation, order and discipline, communication, safety and health, working conditions and transparency, in May 2012, **Guidelines on conducting a survey to explore the social climate at the workplace were adopted**⁸. These Guidelines lay down the procedure for conducting a survey within the Customs Administration. Its results will be used as corrective measures for the identified human resource management policies and their development. In the same month, a **Code of Conduct for Customs Officers from the Customs Offence Procedure Department** was adopted, which determines the basic principles of conduct for the customs officers of this department, in order to ensure compliance, legality, professional integrity, efficiency and effectiveness in their performance of duties.

In May 2012, a **Plan for implementation of the activities of the National Programme for Prevention and Repression of Corruption 2011-2015** was adopted, where by its implementation, and by timely, professional, legal and ethical treatment, the integrity of customs officers shall be strengthened, thus contributing to the elimination of the possibility of corruption and conflict of interest.

In December 2012, a **User Manual on access to the personal file through the electronic document management system (eDMS)** was adopted. This way, every Customs Administration employee is enabled to have access only to their own personal file data through eDMS, which can be used for personal and officer purposes.

In August 2012, a new **Order for wearing formal clothing at the Customs Administration** was passed, which establishes mandatory wearing of officer clothing in Customs Houses' job posts, Control and Investigation Sector, Customs Offence Procedure Department and the Department for Customs Administrative Procedure and Court Representation.

⁵ Code of Conduct of Customs Officers; Code of Conduct for Customs Officers in the Department of Customs Offence Procedure; Guide on acting of Customs Administration employees in case they are given, promised or offered a gift or other benefits in order to influence their work in the service; User Manual for the modus operandi with the asset declarations records software; Order on wearing formal clothing at the Customs Administration; Plan for implementation of the activities of the National Programme for Prevention and Repression of Corruption; Order and Disciplinary Rules at the Customs Administration; Integrity and Anti-corruption Strategy of the Customs Administration; Guidelines on the operation of the Sector for Professional Responsibility; User Manual for recording disciplinary procedures and lawsuits from employees in eDMS; Guidelines on the rotation of customs officers; Guidelines for conducting a survey examining the social climate at the workplace; Guidelines on conducting disciplinary procedures at the Customs Administration.

⁶ In January 2012, a Law Amending the Law on Prevention of Conflict of Interest regulating the manner of verification of the contents of Conflict of Interest Declarations was passed.

⁷ Electronic Document Management System

⁸ In October 2012, for the first time, a survey of this kind was conducted where 70.27% of the total number of employees took part. The questionnaire contained 50 questions divided into nine areas as follows: 1. Organizational structure; 2. Management; 3. Professional development; 4. Performance measurement; 5. Motivation; 6. Order and discipline; 7. Communication; 8. Health and safety at work and working conditions; and 9. Transparency. The results of the survey showed that, in particular, there are open issues in the area of Motivation and Health and safety at work and working conditions. The survey aims to identify areas and measures for improving the situation.

The Sector for Professional Responsibility continued its activities to strengthen the integrity of employees and the systems for prevention and detection of cases of disciplinary violations and misuse of office on the part of the staff, as well as with regular inspections of the implementation of customs regulations by all Customs Administration organizational units. **In 2012, 87 internal investigations were**

conducted on the basis of regular and extraordinary controls, and information and complaints from individuals and legal entities were received. Hence, in 28 cases there were reasonable suspicions established that the customs officers had violated legal provisions, regulations, instructions, and acted contrary to the Customs Administration Order and Disciplinary Rules and the Code of Conduct of Customs Officers. In collaboration with the Ministry of Interior, 5 controls were also conducted regarding the conduct and actions of customs officers during their regular task performance.

In 2012, there were **49 internal inspections** on the basis of which actions were taken to eliminate the irregularities and initiate procedures in order to establish liability for the perpetrators. Based on the inspections carried out, in 6 cases there were reasonable suspicions that customs officers had violated the legal provisions and regulations. In 2012, through the customs hotline (197), 75 complaints were received. Of the total number of complaints filed, in 11 cases, internal investigations were conducted and final reports prepared about the same, while in the remaining 64 cases, after activities had been taken to establish the truthfulness of the allegations made in the calls, it was determined that they were unfounded.

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In 2012, 72 decisions were passed in procedures for determining responsibility for breaking the work order and discipline or failure to perform work tasks, of which **14 decisions on termination of employment contract**, 7 decisions on stopping the procedure because of an impossibility to impose a disciplinary measure due to statute of limitation with defined responsibility, one decision on stopping the procedure because of non-established responsibility, 41 decisions on imposing a fine as a disciplinary measure, and 9 decisions on issuing a written warning were made. **73 decisions were passed determining reduction amounting to 15% of the basic current month salary** to customs officers, who due to lack of engagement in their performance of duties and tasks, as well as performance of tasks and duties without the required quality and in the way it was planned, programmed or ordered, did not achieve the average or anticipated work results.

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PERFORMANCE MEASUREMENT

In order to obtain a perception about its successfulness in certain areas of its operations, as a basis for consideration of the possibilities for improving operation efficiency, the Customs Administration introduced a number of systemic solutions in the past period⁹. As in other areas, the Customs Administration continued with reforms in the area of performance measurement.

In June 2012, the Customs Administration amended its **Operational Instructions on the system of customs officers'**

NUMBER OF CONDUCTED INTERNAL INVESTIGATIONS PER ORGANISATIONAL UNIT

Organisational unit	2008	2009	2010	2011	2012
Headquarters	20	44	65	40	41
Regional Customs House Skopje	33	24	18	15	16
Regional Customs House Kumanovo	22	24	15	10	15
Regional Customs House Shtip	18	11	3	8	5
Regional Customs House Gevgelija	22	12	6	8	5
Regional Customs House Bitola	25	12	5	12	5
Total	140	127	112	93	87

NUMBER OF CONDUCTED INTERNAL INSPECTIONS PER ORGANISATIONAL UNIT

Organisational unit	2008	2009	2010	2011	2012
Headquarters	17	35	53	3	20
Regional Customs House Skopje	9	8	14	20	11
Regional Customs House Kumanovo	2	4	5	4	6
Regional Customs House Shtip	8	4	3	4	4
Regional Customs House Gevgelija	5	2	10	7	4
Regional Customs House Bitola	5	5	1	7	4
Total	46	58	86	45	49

PRONOUNCED DISCIPLINARY AND OTHER MEASURES

Kind of measure	2008	2009	2010	2011	2012
Reduced salary	110	90	85	64	73
Fine	35	42	13	17	41
Termination of employment	46	27	10	5	14
Criminal charges -employee	111	10	11	5	3
Suspension		16	1	5	3
Total	302	185	121	100	143

⁹ User Manual for the modus operandi with the performance measurement software; Guidelines on measuring the successfulness of disciplinary procedures; Guidelines on measuring the successfulness of criminal charges brought; Guidelines on measuring the successfulness of requests for initiation of offence proceedings; Guidelines on measuring the successfulness of administrative procedures; Guidelines on measuring the successfulness of court representations; Operational Instruction on the system of customs officers' performance measurement; Operational Instruction on the self-assessment system in customs officers' performance measurement

performance measurement with regard to the period of performance measurement. Instead of once a year, the customs officers shall be evaluated semi-annually in the current year. The purpose of this amendment is to get a realistic picture of the individual's contribution to the work, efficiency, quality and professionalism in the performance of officer duties, i.e. achievement of goals of the Customs Administration organizational units and functions for each half of the year.

With the same purpose, based on the results of the measurement performed in 2011, in October 2012, the **Guidelines on measuring successfulness of administrative procedures at the Customs Administration** were revised.

Given the large number of internal procedures adopted at the Customs Administration and the need for systematic and permanent monitoring of whether and how they are applied, in 2012, the **Internal Audit Department performed 20 audits on the basis of which, 73 recommendations were proposed to the relevant organisational units to improve their operations**. Of the proposed 73 recommendations, 61 recommendations have already been implemented, and 12 are currently being implemented.

REWARDING AND PROMOTION

Besides the established systems for rewarding and promotion of customs officer¹⁰, in December 2012, **Guidelines on giving awards and acknowledgements**, which regulate the layout, criteria and procedure of granting awards to employees and officers of the Customs Administration or state bodies or other bodies, local government authorities and the City of Skopje, to public office holders and individuals, were adopted. Awards are granted on the occasion of the Customs Administration's Day – 14th April.

By amendments to the **Rules on the manner of customs officers' promotion** („Official Gazette of RM“ No. 59/12), the system for customs officers' promotion has been strengthened in accordance with the grades envisaged as follows: “outstanding”, “satisfactory”, “partially satisfactory” and “unsatisfactory.”

Within the established system and the available budget in 2012 the following awards and acknowledgements were granted:

- CO Bogorodica, the best border CO in the I and II quarter of 2012;
- CO Tabanovce-Motorway, the best border CO for the III and IV quarter of 2012;
- CO Skopje 3, the best inland CO for the I, II and III quarter of 2012;
- CO Skopje 2, the best inland CO for the IV quarter of 2012.

On the occasion of the jubilee 20 Years of the Establishment of the Customs Administration- 14th April, the following were awarded:

- jubilee coins - pieces of silver for 10 years of service to 19 employees;
- jubilee coins - pieces of gold for 20 years of service to 6 employees;
- jubilee coins - a piece of gold for 30 years of service to one employee;
- certificates of appreciation to five customs officers;
- customs plaques to 4 customs officers;
- customs plaques to 7 external organizations and 9 individuals;
- monetary prizes for 3 best-written essays from students of higher education institutions on the topic “Borders Divide, Customs Connects”; and
- monetary prizes to 10 best drawings made by primary school pupils on the topic “Borders divide, Customs connects”.

In 2012, **59 decisions for 15% raise of the current month basic salary** were rendered for customs officers who had been exceptionally diligent in the activities and tasks in their workplace or in other specified activities and who had performed them with particular quality and had achieved above-average results, i.e. they had performed their work with remarkable success and quality.

NEW PROJECTS

Besides the reforms undertaken so far in the area of human resource management, in 2012, the Customs Administration launched and implemented a number of new projects, such as the following:

- Preparation of a new Rulebook on Job Posts Systematization;
- Adoption of a Plan for the implementation of the WCO Compendium on Human Resource Management;
- Introduction of a Statement of Safety at Work and an Elaborate on Safety at Work;
- Provision of ISO standard “Investors in People”;
- Conducting a survey to assess satisfaction with the services of Customs Administration;
- Adoption of new Rules on Customs Officers' Uniforms;

¹⁰ Rules on the manner of customs officers' promotion; Decision establishing the criteria for selection of the best border and inland customs office; Guidelines on the manner of assignment and replacement of customs officers' ranks; Guidelines on granting awards

- Adoption of Guidelines on Training Department's Operation;
- Signing a Memorandum of Understanding with Sweden regarding development;
- Introduction of standard modules for implementation of mentorship for each job post;
- Organizing the implementation of the responsibilities of CA as a Chair of CEFTA's Subcommittee of Customs;
- Introducing a system for monitoring the development of staff and the possibility for their promotion;
- Establishing a system for periodic and extraordinary testing of customs officers' knowledge;
- Revision of the Guidelines on Working Hours by specifying the limits of reported hours on the basis of shift work, night work and holiday work; examining the need for new Guidelines on the manner of reporting and recording working hours;
- Adoption of Guidelines on activities in case of temporary work disability/sickness;
- Introducing a mandatory minimum of misdemeanor cases to be resolved during the month, and criteria for successfulness of officers in resolving misdemeanor cases;
- Introducing quantitative targets for revenue collection by type by Customs Houses, Customs Offices, Central Administration, monthly, quarterly and annually, as well as regulating the obligation to administer and update the administrative control of realization (tables, reports, measures etc.);
- Setting quantitative targets for the work performed by organizational units and principles for distribution among staff, as well as administering the implementation of quantitative targets;
- Introducing a new e-learning module: Excise Movement Control System - EMCS;
- Organizing an International Conference on Special Equipment Use (including X-ray machines) for Customs Control;
- Organizing an International Conference on the protection of cultural heritage and cultural event of the Customs of Azerbaijan in cooperation with the Ministry of Culture;
- Introduction of special investigative measures for the collection of relevant evidence of corrupt and illegal conduct of customs officers;
- Conducting self-assessment of certain high-risk processes susceptible to corruption in the overall operations of Customs Administration;
- Establishing criteria and methods of conducting surveys to measure perceptions of corruption at all levels of Customs Administration (benchmarking);
- Implementing the Methodology for a relevant statistical system of monitoring the anti-corruption policy and connecting with the national center that will manage the data obtained, which will result in appropriate analyses;
- Updating the Guidelines on the operation of the Sector for Professional Responsibility (SPR) with provisions for mandatory quality assurance and implementation of internal control systems of the organizational units that are subject to internal inspection, and all other relevant internal acts;
- Providing access for the State Anti-Corruption Commission to the electronic database of customs officers' property declarations, and to other databases associated with the work of the Commission;
- Updating the Operational Instructions of SPR with the responsibilities of the Integrity Department.

UNION ACTIVITIES

In 2012, the Independent Union of the Customs Administration was active in many fields, such as: it allocated one-time financial assistance to 13 Customs Administration employees; on several occasions it provided tickets for cultural and entertainment events; it actively participated in the adoption of amendments to the Collective Labour Agreement of the Customs Administration.



In 2012, the Independent Union of the Customs Administration continued the tradition of organizing Union Sports Games. The Games were organized in Ohrid and covered eight disciplines: minor football, basketball, volleyball, archery, chess, table tennis, darts and rope-pulling. About 220 customs officers participated in them. Friendship and cooperation between Customs Administration employees through sports games contributes to improvement of communication and further building and strengthening of teamwork.



COMPETENCIES AND ORGANISATION

Appropriate organization structure is essential for realization of duties and responsibilities and execution of powers of the Customs Administration on one hand and simplification of customs procedures and reduction of costs for the economic operators, on the other. In this context, during the previous years, the Customs Administration implemented several system solutions establishing suitable organization structure¹¹, in the period of last few years. As in other areas, the Customs Administration continued with the reforms in this area as well. Part of the reform activities were realized in 2012, while other are in a phase of implementation and are planned to be finalized in 2013 and in the forthcoming years.

In conformity with the directives given by the Government of the Republic of Macedonia, in 2012 the Customs Administration started with activities for **implementation of the quality management standard ISO 9001:2008**. The selected contractor made the initial screening of the existing processes at the Customs Administration and submitted a Report and Action Plan with defined activities for introduction, implementation and control of the quality management system with fixed deadlines for their realization. The adopted Action Plan for Implementation of the Quality Management Standard ISO 9001:2008 is under realization.

LEGAL GROUNDS

The Rulebook on business organization of the Customs Administration and the Rulebook on systematization of job posts at the Customs Administration were subject to amendment on several occasions in 2012 to ensure successful realization of the Project of the Government of the Republic of Macedonia "No wrong door". The amendments led to changes in the organization structure of the Control and Investigation Sector, forming a Coordination and Communication Unit and Analytics and Statistics Unit. A new Integrity Department was established in the Sector for Professional Responsibility. The Office of the Director General was restructured, becoming a Department consisting of three units: Public Relations Unit, Unit for Correspondence and Administrative, Technical and Organizational Affairs and Translation Unit.

In 2012, **the Committee for alignment with the European Commission's Customs Blueprints and monitoring of their implementation** was re-established and **Rules of Procedure of the Committee** were adopted. The Committee is responsible for permanent monitoring of the progress in this field and update of the status of realization of the recommendations for each blueprint. The Rules of Procedure regulate the work procedures of the Committee, the rights, duties and obligations of the President and the members, the manner of work and the expert and administrative matters in competence of the Committee.

By the end of 2012, Guidelines on the manner of forming of working bodies and monitoring of their work were passed, regulating the manner of creating working bodies, keeping relevant records, monitoring of and notification on the working activities and realization of the tasks. These Guidelines also lay down the procedure to be observed when nominating employees in working bodies created outside the Customs Administration or nominating persons whose responsibilities come from laws, by-laws or Guidelines.

ADMINISTRATIVE PROCEDURES

The accomplishment of the administrative procedures at the Customs Administration is based on systematic, computerized and organized structure, regulated by great number of internal acts and other documents¹². In 2012, the Customs Administration

¹¹ Rules of Procedure of the Collegium of the Customs Administration, Rules of Procedure of the Committee for alignment with the European Commission's Customs Blueprints and monitoring of their implementation, Guidelines on internal control system at the Customs Administration, Guidelines on searching through internal acts, international customs terms and definitions in the EDMS, Internal Audit Charter, Guidelines on depositaries of regulations at the Customs Administration, Guidelines on recordkeeping and safeguard of the history of the Customs Administration, Guidelines on the manner of forming working bodies and monitoring of their work

¹² Application for registration into the Customs Administration's Electronic Communication Portal, User's Guidelines for archive processing of client applications/requests in electronic form, User's Guidelines for archive processing of any application/request in electronic form, User's Guidelines on submission of documents to the clients through the Internet Portal, User's Guidelines on electronic submission of request to the Customs Administration, User's Guidelines on record-keeping of administrative procedure related files in the EDMS, User's Guidelines on using particular Rules of procedures, User's Guidelines on operation with the EDMS intended for web client users, User's Guidelines on record-keeping of administrative fees, User's Guidelines on web document scanning, Rules and requirements for registration on the Portal for electronic communication with the Customs Administration, Manual EDMS web portal – digital signing of documents, Manual on internal communication between the organizational units in the EDMS, Procedure on depositary of documentation, Guidelines on the manner and technique of dealing with the documentary and archive material at the Customs Administration, Guidelines on the layout and structure of the documentation at the Customs Administration, Guidelines on processing documents in form of invoices in the EDMS, Guidelines on preparation of acts at the Customs Administration, Guidelines on the operation with the electronic document management system, Guidelines on operation with classified information, Guidelines on using stamps and seals at the Customs Administration, User's Guidelines on the interoperability system, Guidelines on the use of the system for notifications related to changing of data of companies and status of their personnel, Guidelines on translation and interpretation at the Customs Administration

was devoted to legal, procedural and optimal accomplishment of the administrative procedures and additional reformation and modernization of the existing system.

The first acts related to the implementation of the ISO 9001:2008 standard were adopted in December 2012: **Guidelines on the layout and structure of the documentation at the Customs Administration**, regulating the layout and structure of documentation in conformity with the quality management standard ISO 9001:2008 and a **Procedure for depositary of documentation** enabling verification of the appropriateness of the internal documents before their issuance, re-consideration, updating and re-verification of the documents if necessary, identification of the made alterations and the latest publication, assured availability of the latest publication at any location where the relevant documentation is applied and prevention of unexpected application of documentation with expired validity and provided possibility for correct identification of the invalid documentation if, for some reason, it is still kept.

In November 2012, the Customs Administration passed **User's Guidelines for archive processing of client electronic applications/requests**, which provides for systematic organization of the records on unprocessed applications (new applications for which no documents have been created), processed applications, sent messages (if e-mail is sent from the same mail box to corresponding persons for approval), as well as other documents (list of documents created on basis of the received applications/requests).

User's Guidelines on Interoperability System were passed in December 2012. The Interoperability System is a project of the Government of the Republic of Macedonia under which the public authorities, acting ex-officio for the needs of the external users, acquire documents from other public authorities through electronic single-window process. The system should eliminate the waiting at different counters and doors to obtain documents necessary for doing business or other activities. The system, a Pilot Project under further development, includes the Customs Administration, the Central Registry, the Public Revenue Office, the Cadastre, the Health Insurance Fund of Macedonia etc. Currently, the Customs Administration uses the system to obtain information necessary for the issuance of customs and excise licenses, collection of tax related claims, conduct controls and investigations etc. **200 employees of the Customs Administration have access to the Interoperability System and by the end of 2012, it was used 4.554 times.**

The electronic Document Management System (eDMS), introduced in 2009 and mandatory for use since 2010, provides for electronic circulation of documents at the Customs Administration. Currently, **more than 180 work flows** are being managed through the system, with pre-defined business processes that resulted from the analyses made. The system supports two modes of access of the end-users: via IBM Lotus Notes Client and via WEB Search. **In 2012, 1.161 users created 73 thousand files with 186 thousand documents.**

SECURITY AND COMMUNICATION

Besides the already introduced system solutions for security and communication at the Customs Administration¹³, in 2012 the Customs Administration **enabled videoconference links of the government office-bearers to participate at the Economic System Commission and Government sessions** via the video-conference system of the Customs Administration. The Customs Administration installed sophisticated equipment for video-conference calls. In order to ensure appropriate use of this equipment, **Guidelines on operation with the video-conference system were passed** in September 2012. **200 users of the government authorities are included in the system** and by the end of 2012, **1.934 videoconference links were realized at the Economic System Commission and government sessions. 50 users are included within the Customs Administration, who realized 1.545 video-conference calls** in 2012.

Guidelines on the manner of issuance and withdrawal of officer identification card to/from customs officers were passed in May 2012, regulating the procedure for issuing and withdrawing officer identification card to/from customs officers and record-keeping on issued and withdrawn officer identification card. The form, contents and the manner of issuing and withdrawing officer identification card to/from customs officers are enacted by the Rulebook on the form, contents and manner of issuing and withdrawing officer identification card to/from customs officers ("Official Gazette of the Republic of Macedonia" no. 159/2011).

¹³ Rulebook on the form, contents and manner of issuance and withdrawal of officer identification card to/from customs officers, Radiation Protection Manual, Programme for protection from radiation while operating with MT1213LH mobile x-ray scanner, Guidelines on the operation with video-conference system, Guidelines on the manner of issuing and withdrawing officer identification card to/from customs officers, Guidelines on securing property and persons in the Customs Administration, Guidelines on proceeding in case of detected dangerous and harmful substances, Guidelines on manipulation with communal waste and other types of non-dangerous waste material, Protocol on reception of and realisation of meetings with high representatives of national and foreign institutions and organizations, Guidelines on proceeding in case of damage caused by vehicles that circulate at border crossing point or at customs terminal, Manual on e-diary of the Coordination and Communication Department, Guidelines on operations of the Coordination and Communication Department, Guidelines on proceeding in case of detected high level of ion radiation, Rules of Procedure of the Radiation Control Commission, Guidelines on the operation with the radio-communication system of the Customs Administration, Guidelines on operation with the Customs Administration's CCTV system for video surveillance, video recording and transmission, Guidelines on working hours at the Customs Administration, Guidelines on protection from fire and procedure for fight against fire

Pursuant to the provisions of the Law on Health Protection and Safety at Work, **the Customs Administration purchased defibrillators in 2012 and organized training for their proper use.** In 2012, the Customs Administration adopted **Plans for protection and salvage operations.**

In 2012 the Customs Administration **upgraded the video-surveillance system** and installed surveillance equipment at control points and at the Customs Offices that were not previously covered by this system and by dislocation of the cameras in order to improve the video surveillance. The upgrading of the system will continue in 2013.

ICT SUPPORT

ICT is grounds for development of the Customs Administration. Enormous resources for development of the hardware, communication and application support for realization of the responsibilities and execution of the duties of the Customs Administration and its systematic organized application¹⁴ have been invested so far. The investments in ICT are inevitable both for implementation of the national requirements, as well as for the fulfillment of the conditions for accession to the EU and participation in the work of the regional and other international associations and organizations.

In order to ensure taking of timely and appropriate measures to prevent possible reduced functionality or unavailability of these systems, in May 2012 the Customs Administration adopted **Guidelines on preventive maintenance of the ICT systems**, defining the procedures for continuous monitoring, control, checking and maintenance of the ICT systems and ancillary equipment necessary for ensure their uninterrupted function.

In November 2012, **Guidelines on ensuring uninterrupted functioning of the business processes in case of technical problems related to the Customs Declaration Processing System – MAKCIS** were adopted. These Guidelines regulate the procedures to be followed in case of serious technical problems in the functioning of the Customs Declaration Processing System lasting more than 2 hours, to guarantee uninterrupted functioning of the business process and processing of paper documents under import and transit customs procedures. The Guidelines define the responsibilities for initiation of a fall-back procedure on paper, the obligation for notification of the relevant parties, rules of processing of customs declarations in case of fall-back procedure on paper and rules about data entry into the MAKCIS system after the technical problem has been resolved.

At the end of 2012, **43 applications were in function** at the Customs Administration, supported by massive hardware and communication equipment. Their use is regulated by guidelines, manuals and standardized operational procedures. Each application has a designated Functional Project Manager and ICT Support Engineers. The average availability of the ICT systems and applications was 99.7%, which means that the targeted goal of 99,5% has been reached.

In September 2012, **the Guidelines on operation with the ICT systems from aspect of ICT security were amended.** The amendments concern the management of usernames and privileges for access to ICT systems of the Customs Administration, rights for VPN access to the ICT systems for internal and external users, protection from viruses and the responsibilities of the users of ICT systems and equipment in terms of ICT security.

The Guidelines on application life cycle and ICT systems management were amended in September 2012, with provisions supplementing the methodology of application life cycle and ICT systems management with a new phase – cancelling of usage of the application. This phase was deemed necessary due to the frequent changing and upgrading of the present applications and ICT systems or development of new ones, completely replacing certain applications. Furthermore, amendments regulating the work of the members of the Applications Life-cycle and ICT systems Management Committee were made.

¹⁴ Administrator's Manual on the operation with the Electronic Communication Portal, User's Manual for electronic signing of documents, User Manual on changing password on the Customs Administration's web site, National Project Plan on Implementation of a Common Transit System, Rules of operation with the EDMS Helpdesk system, Projects Management Manual, Programme for uninterrupted functioning of the ICT systems at the Customs Administration, Customs Administration's ICT Development Strategy, Strategy on the Implementation of the EU Common Transit System in the Republic of Macedonia, Guidelines on operation with active, passive and permanent database in the EDMS, Guidelines on record-keeping of the applications and ICT equipment at the Customs Administration, Guidelines on how to ensure uninterrupted functioning of the business processes in case of technical problems in functioning of the Customs Declaration Processing System – MAKCIS, Administrator's Manual on adaptation of the possibilities for automatic notifications, Guidelines on the operation with the ICT systems from ICT security aspect, Guidelines on preventive maintenance of the ICT systems, Guidelines on the manner and conditions for access to the ICT system of the Customs Administration, Guidelines on application life cycle and ICT systems management, Guidelines to ensure uninterrupted functioning of the ICT systems outside the working hours

SOFTWARE APPLICATIONS OF THE CUSTOMS ADMINISTRATION			
	Name of the application	Number of users	Number of accesses
1	ASYCUDA - Customs Declaration Processing System	2,132	2,047,812
2	EXIM - Electronic System for Import and Excise Licenses	3,540	69,701
3	EXIM - Electronic System for Tariff Quota	3,540	3,937
4	EXIM - Electronic System for Transit Licenses	634	8,294
5	eDMS - Electronic Document Management System	1,161	325,424
6	PEC - Portal for Electronic Communication with External Users	350	15,391
7	Customs Administration's Internet Portal	163,148	1,868,907
8	Customs Administration's Intranet Portal	1,161	1,652,316
9	LUCA - System for Human Resources Management and Recordkeeping of Financial and Material Operations	115	84,239
10	System for Recordkeeping of Disciplinary Measures	73	31
11	National Customs Value Database	1,161	1,398
12	Customs Forum	1,161	786
13	Intelligence Database	38	3,544
14	Intelligence Database for Recordkeeping of Files	10	1,297
15	TRACKER - System for Recordkeeping of Dual Use Goods Management	11	2
16	ANPR- Automatic Number Plate Recognition System	30	1,732,388
17	System for Recordkeeping of Criminal Charges	8	103
18	System for Recordkeeping of Seizures	11	721
19	CASE DB - Data Management Database	19	1,078
20	Foreign Currencies Control Books	418	515
21	SEMS - South-East European Messaging System	202	1,511
22	Revenue Collection System	701	251,187
23	E- Lohn System for Exchange of Data with Holders of Authorisations	197	359
24	GPS Tracking vehicles system	36	291
25	Separate Recordkeeping for the Intelligence Department's Needs	12	1,484
26	Registration of Received Clients	12	56
27	Help Desk	5	3,560
28	Working Hours Registration	1,161	977,387
29	E-Learning	446	4,408
30	System for recordkeeping of Deferred Collection of a Customs Debt - Authorisations Module	927	361
31	System for Suspended Collection of a Customs Debt - Guarantees Module	12	1,586
32	SEED 2 - Systematic Electronic Exchange of Data with Neighbouring Countries	83	198,252
33	MIS - Management Informaion System	645	39,477
34	MIS- Module for Electronic Issuance of TIR Certificates	645	582
35	MIS- Module for Risk Analysis and Results of Conducted Controls	645	30,459
36	MIS- Module for Volume of Work	645	9,977
37	MIS- Customs Duty Payers Database Module	645	37,809
38	MIS- Excises Module	645	5,508
39	EDDA - Electronic Diary	645	10,583
40	CLS - Central List of Suspects	73	632
41	MIS- Market Surveillance Module	645	220
42	BORDER - Electronic Control Book for Closing Customs Procedures	927	657,021
43	System for Targeting Different Profiles and Stop Lists	927	4,236

TRANSPARENCY

The Customs Administration has established system mechanisms to ensure transparency in its work and permanent communication with the public¹⁵. In 2012, the Customs Administration used the established mechanisms to the highest degree possible and worked to make them stable and publicly known, as it is **presented in the section "Transparency and cooperation in customs matters" of this Report.**

¹⁵ Customs Administration's Service Charter, Programme for publishing of the monthly newsletter "Customs", Public Relations Strategy, Guidelines on processing forms of the Service Charter for evaluation of the services rendered by the Customs Administration, Guidelines on the manner and procedure of publishing contents on the Customs Administration Internet and Intranet portal, Guidelines on proceeding upon complaints and suggestions submitted to the Customs Administration, Guidelines on internship at the Customs Administration, Guidelines on operation with the customs hotline 197

MANAGEMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

The proper organization of work and appropriate administrative support are basis for rational use of the resources and efficient execution of the Customs' responsibilities. The management of the financial¹⁶ and non financial assets¹⁷, aiming at providing normal execution of the responsibilities and powers of the Customs Administration, is regulated by great number of internal acts concerning the planning of the financial assets, use and control of the expenditures. In addition to the system solutions, introduced in the previous years, the Customs Administration continued promoting the systems and procedures for management of all types of resources in all areas.

New **Guidelines for the preparation and execution of the Financial Plan, the Investment Plan and the Procurement Plan of the Customs Administration** were adopted in November 2012, with defined programmes representing the strategic priorities of the Customs Administration. The objective of the programme budgeting is to increase the transparency, efficiency and effectiveness of spending of the public funds. This method of budgeting enables to plan the public finances in conformity with the long term priorities, improve the accountability and make more precise assessment of the use of the public funds.

In line with the Law on Public Internal Financial control, a **Plan on introduction and development of financial management and control** was adopted. The realization of this Plan will improve the existent and introduce new criteria for proper and efficient control process. The development of control techniques and implementation of computerized controls will result in higher level of transparency, which is also basis for rational use of the resources and efficient realization of the work processes.

New **Guidelines on Business Trips in the Customs Administration** were passed in 2012, regulating, among other things, **the recording and use of airline bonus miles from business trips** and the manner and procedure of determining the amount for compensation to customs officers transferred to a location which is not their place of living.

User Manual on the modus operandi of the ERP software – Monitoring of the Realization of Public Procurements Contracts Module was prepared in 2012 that enables to recordkeeping of the public procurements contracts per contractor and monitoring of their realization from financial and quantitative aspect.

Furthermore, the Customs Administration adopted a **Manual for recordkeeping, assessment and collection of terminal stay-over fee**, regulating the manner and procedure of assessment and collection of a fee for stay-over at a terminal for vehicles participating in customs procedure, with exemption of payment in cases where the stay of the vehicles does not exceed 4 hours.

PLANNED AND CURRENT ACTIVITIES

Besides the implemented system solutions, in 2012 the Customs Administration started other projects that are currently underway for improvement of the organization to provide for more efficient execution of the Customs Administration's responsibilities. The ongoing or planned activities are related to:

- Guidelines on preparation and monitoring of the realization of Strategies and Plans
- Guidelines on operation in situations of crisis at the Customs Administration
- Consolidation and virtualization of the hardware platforms
- Improvement of the procedure of ICT problem management
- Upgrade of the operational systems of users' computers working on windows 7

¹⁶ User Manual on the modus operandi of the software-Budget Module, Accounting rules for recordkeeping of stocks at the Customs Administration, Guidelines on settling accounting documents at the Customs Administration, User Manual on the modus operandi of the ERP software –Financial matters Module, User Manual on the modus operandi of the software –Nominal Ledger Module, User Manual on the modus operandi of the software – Salaries Module, User Manual on the modus operandi of the system "Revenue Collection" –Inflow-Outflow Module, User Manual on the modus operandi of the system "Revenue Collection" – Deposits Module, User Manual on the modus operandi of the system "Revenue Collection" – Guarantee Module, User Manual on the modus operandi of the system "Revenue Collection" – Subsequently Assessed Customs Debt Module, User Manual on the modus operandi of the system "Revenue Collection" – Allocation of Funds Module, User Manual on the modus operandi of the system "Revenue Collection" – Report-making on collected revenues and receipts for paid duties Module, User Manual on the modus operandi of the system "Revenue Collection" – Refund Module, User Manual on the modus operandi of the software – Business trip order Module, Manual on the modus operandi of the Guarantee Module of the application for record-keeping of deferred payment of customs debt, Guidelines on using of budget funds for representation purposes, Guidelines on using mobile phones owned by the Customs Administration, Guidelines on the use of the static telephone control and limitation system, Guidelines on collection of customs terminal fee, Guidelines on processing payments on the bank account of the Customs Administration, Guidelines on calculating compensatory duty, compensatory interest and penalty interest, Guidelines on the procedure of issuing decision on established right to compensation for renting a flat, Guidelines on business trips of employees of the Customs Administration, User Manual on the modus operandi of the ERP software – Public Procurement Plan Module, Guidelines on public procurement, Guidelines on preparation and realization of the Financial Plan, Investments Plan and Procurement Plan, Guidelines on procurements at the Customs Administration, Decision on forming a Commission for Customs Administration's assets and liabilities management, Rules of procedure of the Commission for Customs Administration's assets and liabilities management, Guidelines on operation with the material and financial operations software, Primary Accounting Policies of the Customs Administration, Accounting rules for recordkeeping of donations at the Customs Administration, Guidelines for the procedures related to withholding amounts of money from the employee's salary, User Manual for discharge of entry at customs terminal by using alternative proofs.

¹⁷ User Manual on the modus operandi of the ERP software – Capital Assets Module, User Manual on the modus operandi of the software for rent invoicing, User Manual on the modus operandi of the software for recordkeeping of laboratory materials, User Manual on the modus operandi of the software for Capital Assets Inventory, Operational Instruction on the manner of making an inventory and alignment, Guidelines for the manner and procedure for renting/leasing the business premises and the publicity areas at the road Border Crossings Points, Guidelines on the use of the Customs Administration's officer vehicles, User Manual on the modus operandi of the software for recordkeeping of seized goods, User Manual on the modus operandi of the ERP software – Recordkeeping of operating supplies Module, Guidelines on proceeding in case seized goods are abandoned to State

- Provision of electronic recordkeeping of alterations (change of data in SAD documents)
- Regulation of the requirements and responsibilities of the organizational units in terms of delivery of IT services
- Introduction of configuration management process
- Improved control and management of distributed ICT equipment
- Uniformity of technical requirements for databases
- Provision of possibility for common replacement of platforms
- Publication of summary quarterly reports from EXIM operations on the Customs Administration's web site, concerning the volume of issued licenses and average time of issuing licenses via EXIM, by 10th day following the end of the reporting quarter
- Establishment of a system for publication of quarterly reports on issued licenses via EXIM, per kind and issuer
- Guidelines on administration safekeeping and detailed off-balance records of all types of bank guarantees and other securities (mortgage, lien etc.)
- Preparation of accounting records on revenues in conformity with EU regulations
- Guidelines on declaration and recordkeeping of costs for judicial procedures
- Publication and promotion of citizens and clients rights regarding the deadlines and other legal provisions that must be respected by the Customs Administration (related to the Customs Service Chapter)
- Publication of data on import of vehicles in new formats (CSV, html, XML)
- Preparation and adoption of Act regulating the work of the inter-department coordinators, liaison officers and other individual engagements of the employees in and outside the Customs Administration and the Republic of Macedonia
- Guidelines on the layout and contents of Reports, responsibilities and deadlines for their submission to the Customs Administration
- Regulation of the number of original samples and copies per kind of documents processed in the EDMS of the Customs Administration.

FACILITATION AND ACCELERATION OF CUSTOMS FORMALITIES

As before, in 2012 the Customs Administration continued with activities for further facilitation and acceleration of the customs procedures and hence the country's economic activities in general. Significant role in this area was played by the **Committee for simplification and acceleration of customs procedures**, which on regular basis analyses regulations, international accepted standards and agreements and their practical implementation, organizational set-up for accomplishing formalities under import, export and transit procedures and proposes measures for trade and transport facilitation and acceleration. The Committee monitors the compliance with the national legislation and the internal acts of the Customs Administration, promotes the cooperation with the Advisory Council and suggests measures for simplification and expedition of the customs procedures. In November 2012, new **Rules of Procedure of the Committee for simplification and acceleration of customs procedures** were adopted, regulating the manner of work of the Committee and the rights and obligations of the Coordinators, the Deputy Coordinator and members, the manner of executing expert and administrative affairs related to the Committee's work.

SIMPLIFICATION OF THE CUSTOMS AND EXCISE PROCEDURES

Import¹⁸, export¹⁹, transit²⁰ customs procedures, customs procedures with economic impact²¹, simplified customs procedures, protection of intellectual property rights, issuance of different customs and excise licenses and permits²² and authorizations, are regulated by several internal acts. On grounds of conducted analyses, findings and cooperation with the business sector, in 2012 the Customs Administration continued with activities for introduction of new and revision of the existing procedures for simplification of customs procedures.

In March 2012, the Customs Administration adopted **Guidelines on assessment of the criteria for the amount of the comprehensive guarantee**. Reduced amount or waiver of guarantee is granted for customs warehousing procedures and inward processing with deferred payment of duties to economic operators with reliable commercial and transport records management system and are proved as solvent.

In April 2012, the Customs Administration adopted amendments to the **Guidelines on the manner and procedure for granting deferred payment of customs debt**. The Guidelines provide for possibility to use one guarantee to secure customs debt, irrespective of whether it is a matter of deferred payment within 30 days or regular payment within 10 days.

Guidelines on issuance and use of Binding Origin Information (BOI)²³ were adopted in June 2012. The provisions of these Guidelines regulate the procedure of issuing BOI, determining the origin of the goods in order to issue BOI, proceeding in export customs clearance procedure where BOI is issued and recordkeeping of received requests for BOI and issued BOI.

In September 2012, the Customs Administration adopted **Guidelines on acceptance of customs declaration before presenting the goods to the customs authorities**. The provisions of these Guidelines enact the formalities of acceptance, verification, control and assessment of the documents related to the goods introduced into/exported from the customs territory of the Republic of Macedonia, as well as risk assessment, before presentation of the goods at the Customs Offices of entry/exit. This ensures conditions for faster and more efficient customs formalities at the border crossing points.

In September 2012, the Customs Administration passed **Guidelines on the implementation of the Law on Passenger Transport**, regulating the responsibilities, competences and procedures to be applied by the customs officers during survey of passenger transport in international road traffic.

¹⁸ Guidelines on the manner and procedure of issuing authorization - approved exporter in conformity with the Agreements/Free Trade Agreements, Guidelines on the manner and procedure of authorizing printing houses to print and distribute EUR forms, Guidelines on the manner of operation with customs seals

¹⁹ Guidelines on the manner and procedure of approving deferred payment of customs debt, Guidelines on customs formalities for temporary admission of good for hunting tourism, Guidelines on the implementation of the Law on Medicines and Medical Aids, Guidelines on the implementation of the Law on Veterinary Health

²⁰ Manual on the modus operandi of the application for import and transit of consignments of pets of non-commercial nature, Guidelines on transit procedure B - 1

²¹ Guidelines on issuing authorization for use of accounting separation method, User Manual on the modus operandi of the web application for processing requests for inward processing authorization

²² Guidelines on the manner and procedure of issuing excise license, Guidelines on issuance of excise preferential use permits, User Manual on the modus operandi with the information system "Danis", Guidelines on excise duty refund to individual entities, Guidelines on excise duty refund for liquid oil gas (TNG) in manufacture process

²³ BOI is a system that enables the producers to obtain a certificate for the status of origin of the produced goods to the end of: simplification of the procedure of issuing or preparing proofs of origin (EUR.1, EUR-MED, declaration of origin made in an invoice, declaration of origin made in an invoice EUR-MED; ensured regular and uniform application of the rules of origin, ensured appropriate legal guarantee concerning the origin of the goods in the period of validity of the BOI.

In January 2012, the Customs Administration introduced the WCO IPM-Interface Public Members Platform²⁴, with access for about 200 customs officers and possibility for their greater number. The IPM enables the holders of rights to publish information relating to fight against counterfeiting and provides real-time training for customs officers concerning specific goods registered by holders of rights. With a view of achieving more significant results in the repression of counterfeiting and piracy, in the second phase of the project, the Customs Administration organized a presentation of this platform before the Advisory Council to ensure familiarization with the technical possibilities and advantages of the platform, and the possibility for access to the platform by the members of the Chambers of Commerce. In addition to these activities, **software tracking all data on registered trademarks** (photographs, presentations, validity) **is being finalized** within the IIS²⁵, which shall allow tracking down of data concerning trademarks subject to requests for customs intervention for protection of their rights and cases in customs procedure where there is doubt about presence of goods infringing intellectual property rights, with provided possibility for timely report-making concerning the status of these cases.

As in the previous years, the Customs Administration prepared the **2013 Handbook on Customs Tariff**, which is available free of charge on the Customs Administration's website. Besides the data on Customs Tariff, this Handbook also contains preferential duties applied in accordance with Free Trade Agreements, VAT rates, excises and applicable non-tariff measures. **The 2013 Customs Tariff is available in English and Macedonian** on the website of the Customs Administration, together with correlation tables for Customs Tariff 2013/2012 and 2012/2013.

When the Customs Administration took over the competences for administrating excises on the entire territory of the Republic of Macedonia, it also took over the software solution used by the Public Revenues Office – **"DANIS"** without new installations, i.e. only client installations on the Customs Administration's working environment. **User Manual on the modus operandi with the information system "DANIS"** was passed, regulating the manner and responsibilities of the Customs Administration in this domain, processing and recording data on issued excise licenses and excise preferential use permits, excise declarations and payments of excise duties made. Considering the fact that the application does not meet the requirements for overall excise administration and its further upgrade is impossible, this imposed the need for development of a **software solution for excise administration** as temporary solution to be used until the CDEPS²⁶ becomes functional. Development of software solution for excise management falls within the framework of the Contract for IIS upgrade. Furthermore, the activities for development of **software application for surveillance of the raw materials storage process, printing and delivering control stamps for tobacco and alcoholic products** is are in their final phase.

Apart from the reforms made in 2012 and the previous years, the Customs Administration started several projects for facilitation and expedition of the customs procedures, the realization of which is underway: 1) new Guidelines on transit procedure, 2) new Guidelines on guarantees presented in transit procedure, 3) Guidelines on compliance with the territorial requirements defined by Agreements/Free Trade Agreements, 4) Methodology on planning public revenues on the basis of which the Customs Administration administrates and controls the revenue collection, 5) Guidelines on Enquiry and Recovery Procedure, 6) new Guidelines for transit procedure in railway traffic, 7) regulation of the work of the national transit coordinators, 8) Methodology for control of persons authorized to use TIR carnet, 9) New categorization of the border crossing for each kind of traffic, 10) Starting with reconstruction of the BCP Tabanovce (IPA Project), 11) Starting reconstruction of the BCP Bogorodica (EU funded), 12) Starting reconstruction of BCP at the border line with the Republic of Bulgaria (EU funded), 13) Starting reconstruction of the BCP Kafasan (IPA Project), 14) Preparation of methodology for measurement of the time for accomplishing procedures at BCPs by all participants, 15) Regulation of the procedure of import and customs clearance of samples, 16) Guidelines on the manner and procedure of applying customs valuation methods, 17) Guidelines on determination of the elements included or non included in the customs value, 18) Guidelines on issuing BTI, 19) Guidelines on application of Customs Tariff in customs procedures, 20) Guidelines on procedure of successive import, 21) Guidelines on proceeding with proofs of preferential origin, 22) Guidelines on determination of debts, deadlines, recordkeeping and submission of decision on additionally calculated customs debt and collection, 23) Introduction of import customs clearance at the CO Tabanovce Motorway Customs Office, 24) Internal interoperability between internal and external customs documents, 25) Guidelines on approved economic operator, 26) Revision of the Guidelines on simplified customs procedures, 27) Guidelines on collection of charges for tobacco products in conformity with the Law on tobacco and tobacco products, 28) Guidelines on collection of charges for tobacco products in conformity with the Health Protection Law, 29) Regulation of the manner and procedures for collecting charges for cigarettes, 30) Revision of the form and contents of all kinds of requests submitted to the Customs Administration, 31) Definition of data sets and manner of their exchange via web services, within the interoperability system, 32) Introduction of single submission of document for all customs procedures, which will be valid throughout the Customs Administration, 33) Guidelines on the procedure of destruction of goods under customs surveillance (with focus on distruction of secondary products from inward processing procedure), 34) introduction of concept for report-making and their publication concerning the quantity of issued licenses and average time for their issuance, 35) Amendment to the Guidelines on proceeding with seized goods and goods abandoned to State, 36)

²⁴ World Customs Organisation

²⁵ Integrated Information System

²⁶ Customs Declarations and Excises Processing System

Guidelines on preparation, signing, recordkeeping, notification, monitoring of the application of Memoranda, Agreements and other bilateral and multilateral documents concerning cooperation in customs and other matters with national and foreign entities, 37) establishment and publication of databases on most frequent errors and faults in customs procedures and customs surveillance, 38) Guidelines on the contents and coverage of the Customs Tariff and its amendments, 39) Monthly bulletin of new and amended regulations and sub-laws concerning the Customs Administration, 40) Establishment of internal operability of internal and external documents for realization of customs procedures etc.

CONDITIONS FOR ACCOMPLISHMENT OF CUSTOMS FORMALITIES

As from January 2012, **complete export customs clearance at the BCP²⁷ Tabanovce (border with Serbia) has been enabled**. Previously, only transit formalities and formalities for passenger traffic were accomplished at this BCP. The introduction of 24/7 (including holidays) export customs clearance on this BCP, where the greater part of the Macedonian export gravitates, with no charges for terminal stay-over, ensures lower costs for the economic operators and better planning of their business activities. Furthermore, in April 2012 **new business premises were provided** for the customs officers and for accommodation and transparent access for the transporters, economic operators and customs agents.



In February 2012, in cooperation with Macedonian Railways – Infrastructure, a **new CO²⁸ for customs procedures in railway traffic was opened**. The new CO is located in the industrial zone Skopje where large number of customs and other warehouses, industry facilities and other COs are located and where all required conditions for physical examination have been provided. At the same time, the CO Railway Station – Trubarevo, 20 km away from Skopje, has been abolished. This ensures faster, more efficient and cheaper accomplishment of customs procedures in the railway traffic, as well as more efficient customs surveillance.

In October 2012, **the Customs Administration introduced export customs clearance** of easily perishable goods and goods easy for physical examination **at the BCP Kafasan**. The customs clearance formalities can be accomplished 24/7, free of charge for terminal stay-over, i.e. the customs clearance procedure is performed on the border exit lane, being great opportunity for the export-oriented economic operators to use it more frequently.

In order to eliminate the unnecessary duplication of customs procedures and transit of uncleared goods through the customs territory of the Republic of Macedonia, **CO Post Office Bitola was abolished** in 2012. All customs formalities in the postal traffic are now carried out in the CO Post Office Skopje, a location where all postal parcels coming from abroad were also processed until now.



In May 2012, the Customs Administration provided new transparent conditions for direct opened communication with the economic operators, transporters and customs agents **at the Bogorodica CO** (border with Greece), which together with the CO Tabanovce is most frequent Customs Office in terms of traffic. New windows have been opened and premises have been built for accommodation of clients.

Considering the enormous interest in import of vehicles, in order to ensure faster customs procedures, **in 2012 the Customs Administration increased the number of COs where import customs clearance of vehicles can be accomplished to 20**.

At the end of 2012, the Customs Administration prepared **new Guidelines on the minimal conditions and manner of determination of the working space where goods transported by freight motor vehicle are presented for inspection to customs authorities** (following reached agreement and alignment with the Advisory Council, the Guidelines were adopted in February 2013). It aims to ensure better competitiveness and more favourable conditions for realization of customs procedures, lower costs for the economic operators and better customs surveillance.

²⁷ Border crossing point
²⁸ Customs Office

E _ CUSTOMS

NEW SOFTWARE FOR CUSTOMS DECLARATIONS PROCESSING

In May 2012, the Customs Administration signed a Contract with the most favourable bidder in the published procurement procedure and started the activities for **development of a new Customs Declarations and Excise Processing System (CDEPS²⁹)**. The new CDEPS will provide for interoperability and interconnectivity with the EU customs information systems, management of customs declarations and excise documents (submission, recordkeeping, acceptance, processing and archiving), excise and customs goods movement control via exchange of standardized electronic messages with the economic operators, efficiency in conducting controls regarding collected and refunded customs duties, excises, taxes and other duties, trade facilitation through faster movement of goods, increased level of security of the supply chain, in conformity with the EU and WCO standards. The new CDEPS will meet all pre-conditions for complete electronic operation, and therefore it will enhance and accelerate customs procedures and reduce the costs for the economic operators. **At the same time, the new CDEPS is to enable connectivity with the EU customs information systems** (particularly with the Import Control System – ICS, the Export Control System – ECS and the EU Integrated Tariff Environment – ITE).

In the meantime, in order to assist the external users in their adaptation to the changes required following the migration from one provider to another within the current CDPS – ASYCUDA, the Customs Administration prepared two User Manuals of informative character: **Manual on changing IP addresses of VPN users from the public authorities** and **Manual on ASYCUDA client server name changing for the users of the external domain**.

EXIM

The electronic system for issuing import and export licenses and tariff quota - EXIM is available on the website of the Customs Administration since November 2008 and ever since, it is massively used by the economic operators (the operation of the EXIM is regulated by several internal acts of the Customs Administration³⁰, and a Regulation adopted by the Government of the Republic of Macedonia).

EXIM RELATED STATISTICS				
Description	2009	2010	2011	2012
Number of involved public institutions	15	15	16	16
Number of economic operators users of the EXIM	300	520	1,857	3,540
Import, export and transit licenses issued via EXIM	28,614	52,118	66,781	71,467
Applications for tariff quota submitted via EXIM	5,616	5,202	3,860	4,091
Average time for obtaining a license via EXIM	7.4 h	5.6 h	2.5 h	1.5 h

In 2012, **3,540 economic operators were registered in and using the EXIM** (compared to 300 in 2009, 520 in 2010 and 1,857 in 2011), which via EXIM could apply in over 13 (total of 16 registered) public institutions for obtaining **62 different import and export licenses** and tariff quota. **The average time for obtaining a license was about 1.5 hour** (compared to 7.4 hours in 2009, 5.6 hours in 2010 and 2.5 hours in 2011). In 2012, **over 71 thousand import and export licenses were issued via EXIM** (over 66 thousand in 2011 and 52 thousand in 2010) and over 4 thousand tariff quota. The majority of the licenses concerns import of food products, veterinary documents, certificates of organoleptic examination and consents for customs clearance of items of common use.

²⁹ Customs Declaration and Excise Processing System

³⁰ Guidelines on the information system for processing electronic data and electronic signature at import, export and transit of goods, via the Single Window Information System - EXIM

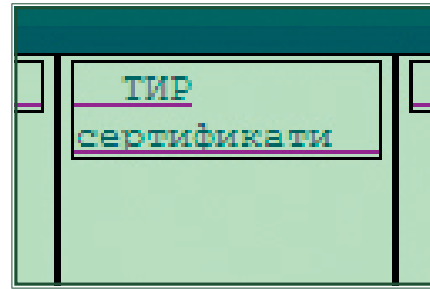
IMPORT AND EXPORT LICENSES ISSUED VIA EXIM				
Type of license	Number of issued licenses			
	2009	2010	2011	2012
Authorisation for import of veterinary - medicine products	112	147	166	145
Document for veterinary examination of animal feed at import	153	234	295	432
Veterinary entry document for live animals	353	361	520	609
Veterinary entry document for products of animal origin	1,282	3,010	12,694	12,893
Consent for consignments of food, products or materials that come in contact with food to enter the territory of the Republic of Macedonia	14,037	23,972	25,277	27,375
Authorisation for transfer of firearms and ammunition on import	33	90	108	106
Precursors export license	91	191	186	164
License for export of narcotic drugs and psychotropic substances	128	555	523	524
Precursors import license	69	214	234	220
Authorisation for import of medicines	741	2,500	2,763	3,226
Authorisation for import of medical aids	550	1,983	3,165	3,717
Authorisation for import of hazardous and other types of chemicals	223	712	827	1,146
License for import of narcotic drugs and psychotropic substances	35	150	159	143
License for transport/transit of hazardous substances	204	815	880	907
Consent for customs clearance of goods of common use	3,883	6,891	7,710	8,237
Certificate for organoleptic examination and sampling	1,636	5,406	8,596	9,464
Authorisation for import of plant protection products	21	166	195	140
Certificate for export and exit of unprotected cultural goods	351	285	257	266
Other licenses	4,730	4,399	2,263	1,750
Total:	28,632	52,081	66,818	71,464

Apart from the current use of the EXIM, in 2012 new additional functions were upgraded in it and the administration of its use was improved. In June 2012, **User Manual on processing tariff quota via EXIM** was adopted. In August 2012, **Guidelines on allocation of tariff quota according to the principal "first come, first served"** were passed, regulating the manner and procedure of allocation of tariff quota according to the principal "first come, first served". In June 2012, the Customs Administration adopted **Guidelines on the use of paper documents (paper fall-back procedure) in case of technical problems in EXIM**, which regulate the issuance of import and export licenses in cases of serious technical problem causing unavailability of the EXIM in its entirety or certain segment, lasting more than 2 hours, i.e. processing of data from requests and licenses by using paper documents as fall-back procedure. **Guidelines on exercise of Customs Administration's powers concerning EXIM administration** were adopted in September 2012, regulating the manner and responsibilities of the Customs Administration for management of this system. The same month, **Manual on EXIM administration** was adopted, providing for detailed description of the manner of using the available EXIM functionalities covered by particular modules, through which the customs officers execute actions of allowing access and privileges to users from the Customs Administration and the users of the EXIM, reference data management, registration of economic operators, administrative and technical support to the system functioning and system change management.

New **Transport Licenses Module in EXIM** was promoted in September 2012, prepared in cooperation with the Ministry of Transport and Communications, The module establishes a system for electronic processing of licenses for international transport of goods and passengers, which was until then done on paper. The new module provides for: electronic recordkeeping in the system of license quota data related to international transport of goods, electronic verification of the license validity, on-line access by the Ministry of Transport and Communications and the State Transport Inspectorate in the data related to the manner of international transport and use of licenses, issued on grounds of bilateral agreements, as well as insight for the State Transport Inspectorate concerning the manner of conducting international transport of passengers by national and foreign transporters. This way, the national transporters are protected from unfair foreign competition. Detailed description of the manner of using the available functionalities of the Transport Licenses Module, which are part of the EXIM and are available for access for the users having privilege for access, is given in the **Manual on the modus operandi of the Module for transport licenses into EXIM**, adopted in **September 2012**. The users carry out activities in this module as laid down in the **Guidelines on implementation of the Law on Passenger Road Transport**, adopted in September 2012.

ELECTRONIC ISSUANCE OF TIR CERTIFICATES

In order to improve the operation of the Module for electronic issuance of TIR certificates, within the Management Information System - MIS³¹, in May 2012 the Customs Administration adopted **Guidelines on electronic issuance of TIR certificates**, regulating the manner of their issuance, competences and responsibilities of the formed Commissions for operation with the Module. 1.515 TIR certificates were issued through this Module until the end of 2012.



ELECTRONIC MANAGEMENT OF CUSTOMS PROCEDURES WITH ECONOMIC IMPACT

With the financial support of the World Bank, **the application for issuance of inward processing authorizations was upgraded in 2012**. The upgraded application (called E-Lohn) enables to apply electronically for authorizations for all procedures with economic impact and provides for monitoring of the discharging of the inward processing procedure through exchange of electronic messages between the holders of authorizations and the customs authority competent in surveillance. The system is still in its infancy and therefore the Customs Administration plans to directly present the system to the economic operators. By the end of 2012, the Customs Administration prepared a **Manual on the modus operandi of the system for customs procedures with economic impact (E-Lohn)** and **Guidelines on the operation with the electronic system for customs procedures with economic impact**. So far, 197 users are registered in the system and they have submitted 359 requests, 65 of which were approved. There are ongoing promotions to bring the system to life.

PORTAL FOR ELECTRONIC COMMUNICATION (PEC)

A Portal for Electronic Communication – PEC has been installed on the Customs Administration's website, through which the **external users can search over 70 standardized electronically controlled requests** that are electronically achieved, processed and re-sent to the applicants. Through the PEC, the users have access to the services offered by the Customs Administration 24/7, and benefit from time saving and reduced costs as a result of the electronic submission and undertaking of the documentation and shorter time for obtaining response to the submitted applications.

Over 350 external users were registered in the PEC at the end of 2012, (compared to 314 in 2011 and 188 in 2010). **In 2012**, the external users submitted **over 12,7 thousand electronic requests** to the Customs Administration, via PEC (19.7 thousand in 2011 and 4 thousand in 2010), of which 11,5 thousand were responded electronically by the Customs Administration (4.6 thousand replies in 2011 and 4 thousand replies in 2010).

The PEC enables the external users to search and submit in electronic form 70 standardized requests, such as: simplified application for authorisation for temporary admission procedure, authorisation for using incomplete declaration, Binding Tariff Information, relief from import duties, withdrawal of control stamps, authorisation for using simplified import procedure, status of authorised consignee, authorisation for simplified import procedure, summary export under cargo manifest (express mail), application for pre-arrival control, Order for planned quantities etc.

ELECTRONIC PAYMENT OF ADMINISTRATIVE FEES

In 2012, the Customs Administration made it possible for the economic operators and natural persons to pay administrative fees up to MKD 250 via SMS.

³¹ Besides this Module, the following applications were developed and put in production in 2012, within the SIM:
Market Surveillance – developed in the SIM application, in accordance with the Law on Safety Products, aiming to provide an electronic database, uniform approach and facilitated information exchange with the market surveillance authorities.
Module for pre-arrival selection of consignments via the SEED application. The module consists in one segment for importing excel table exported from the SEED application and another segment for comparison and connection with subjects that already exist in the control and investigation records, with aim to make correct risk assessment for the consignments before their arrival and proper engagement of the resources at the Border Customs Offices where the SEED application is in function. The application is in a phase of harmonization with the "SEED" 2.
RAAVIO – system for exchange of electronic pre-arrival and pre-departure airline information and automated analysis and selection of passengers and goods.

VOLUME OF WORK

CUSTOMS AND EXCISE LICENSES AND PERMITS

REPRESENTATION IN CUSTOMS PROCEDURES

At the end of 2012, **354 economic operators** were holders of authorization granted by the Customs Administration for representation activities in customs procedures, 15 more than in 2011. At the end of 2012, **1.036 natural persons** were holders of licenses for representation in customs procedures, issued by the Customs Administration, 123 licenses more than the number of licenses at the end of 2011. The increased number of holders of authorizations and licenses for representation in customs procedures should provide for greater competition in this area, lower costs and better quality services for the economic operators.

ISSUED CUSTOMS AND EXCISE LICENSES			
Type of authorisation	2011	2012	2012/ 2011
Authorisation for customs representation	339	354	15
License for customs representation	913	1,036	123
Customs procedures with economic impact	326	421	95
Inward processing authorisation	234	337	103
Outward processing authorisation	13	4	-9
Customs warehousing authorisation	78	66	-12
Other types of authorisations	1	14	13
Simplified customs procedures	200	314	114
Authorisation for local import clearance	46	77	31
Authorisation for local export clearance	76	105	29
Authorisation-authorized consignee in transit	55	96	41
Authorisation for authorised consignor	23	36	13
Excises	457	479	22
Excise licenses	113	115	2
Excise preferential use permits	344	364	20
Binding Tariff Information	580	770	190
Authorisation for authorised exporter	57	77	20
Total	2,872	3,451	579

CUSTOMS PROCEDURES WITH ECONOMIC IMPACT

Customs procedures with economic impact are very common form of economic activities in the Republic of Macedonia, particularly inward processing in the textile industry, manufacture of footwear, metallurgy etc., as well as customs warehousing. **At the end of 2012, there were 421** holders of authorizations for customs procedures with economic impact, being **95 more than the number of authorizations in 2011**. The number of authorizations for inward processing, registered at the end of 2012, has increased for 103 (a total of 337 authorisations at the end of 2012), which indicates increased number of orders from abroad and favourable conditions for using this customs instrument. The number of holders of authorization for customs warehousing procedure has reduced for 12, being an indicator of rationalization of the huge number of holders of this kind of authorization, particularly concentrated in the region of Skopje.

SIMPLIFIED CUSTOMS PROCEDURES

The number of holders of authorizations for simplified customs procedures has significantly grown in 2012 - **314 at the end of 2012, or 114 more than the number of authorizations at the end of 2011** (a total of 200). Increase has been noted with all types of simplified procedures: authorized consignee in transit procedure (96 authorisations at the end of 2012, compared to 55 authorisations at the end of 2011); local import customs clearance (77 authorizations at the end of 2012, compared to 46 at the end of 2011); local export customs clearance (105 authorisations at the end of 2012, compared to 76 authorisations at the end of 2011) etc. Furthermore, the number of holders of authorizations - authorized exporter has also seen increase in 2012 (77 at the end of 2012 compared to 57 authorisations at the end of 2011). The aforementioned shows that simplified customs procedures are getting into the economic operators' philosophy of work in the Republic of Macedonia, which means improved capacities of both the economic operators and the Customs Administration for risk management, import and export operations facilitation and reduction of the relevant costs.

BINDING CUSTOMS INFORMATION

In 2012, the interest of the economic operators in using Binding Tariff Information (BTI) saw a real "boom": **the number of issued BTI was increased for 190 and at the end of 2012 there was a total of 770 BTI issued**, compared to 580 at the end of 2011. The greater use of BTI contributes to simplification and acceleration of the customs procedures, increased predictability of the economic operators' operations under customs procedures. The requests for Binding Origin Information are still not very much used.

EXCISES

Increased interest in obtaining excise licenses was registered in 2012. At the end of 2012, there were **115 economic operators holders of excise licenses**, or 2 more than the number of excise license holders in 2011. The economic operators' interest was focused on excise preferential use permits. At the end of 2012, there were **364 economic operators holders of excise preferential use permits**, being 20 more than the number of excise preferential use permits in 2011.

PREFERENTIAL ORIGIN OF GOODS

The Republic of Macedonia has concluded Free Trade Agreements with Turkey, Ukraine and the EU, EFTA and CEFTA Member States. The total realized foreign trade in 2012, subject to **proof of preferential origin**, amounts to MKD **282 billion**. **The largest part of the exchange was realized with the EU Member States (73.9%), followed by the EFTA countries (21.6%).**

Contracting Party	Export		Import		Total	
	Value	Participation (%)	Value	Participation (%)	Value	Participation (%)
EU	103.621	71,5	105.132	76,4	208.754	73,9
EFTA	672	0,5	506	0,4	1.178	0,4
CEFTA	37.795	26,1	23.195	16,9	60.990	21,6
Albania	2.619	1,8	861	0,6	3.480	1,2
B and H	4.076	2,8	2.294	1,7	6.370	2,3
Montenegro	1.484	1,0	71	0,1	1.555	0,6
Kosovo	12.718	8,8	787	0,6	13.505	4,8
Serbia	13.162	9,1	14.351	10,4	27.513	9,7
Croatia	3.727	2,6	4.802	3,5	8.530	3,0
Moldova	10	0,0	29	0,0	39	0,0
Turkey	2.348	1,6	8.602	6,3	10.950	3,9
Ukraine	507	0,3	117	0	623	0
Total	144.943	100,0	137.553	100,0	282.496	100,0

PROCESSED CUSTOMS DECLARATIONS AND REVENUE COLLECTION

PROCESSED CUSTOMS DECLARATIONS

One million customs declarations were processed in 2012, being by 2,5% less than the number of declarations processed in 2011. The largest part of the processed customs declarations concern transit procedure (over 41%) and import (about 39%), then export (about 17% of the processed customs declarations).

Lower number of processed declarations has been registered in transit procedures (4,2%) and export procedure (6,7%). The import and export customs declarations lodged under simplified procedures participate with 30% in the total number of processed declarations, being a 2% increase in comparison with the declarations processed in 2011. In this context, the participation of simplified procedures takes 40% in the entire export and 25% in the whole import. The customs declarations lodged for goods transported in **road traffic are predominant with over 90%**, while the customs declarations for goods in railway traffic participate with about 7% and customs declarations for goods in air traffic with about 3%.

Type of customs procedure	2012	2011	2012/2011
Transit	419,232	437,650	-18,418
Export	178,224	190,973	-12,749
Regular export procedure	102,402	111,958	-9,556
Simplified export procedure	73,714	77,182	-3,468
Temporary exportation	2,108	1,833	275
Import	394,188	388,920	1,820
Regular import procedure	256,552	266,988	-10,436
Simplified import procedure	100,045	86,021	14,024
Customs warehousing	7,446	9,112	-1,666
Temporary admission	20,937	20,895	42
Import of temporary exported goods	2,516	2,660	-144
Processing under customs surveillance and distruction	458	636	-178
Incomplete declarations	6,234	2,608	3,626
Re-export	23,734	23,717	17
Total	1,015,378	1,041,260	-29,330

Kind of transport	Number of processed declarations (in thousand)			
	Import	Export	Transit	Total
Road traffic	370	191	356	917
Railway traffic	4	3	63	69
Air traffic	19	8	0	28
Postal traffic	2	0	0	2
Other modes of transport	0	0	0	1
Total	395	202	419	1,016

Largest part of the total number of customs declarations was processed by the Regional Customs House Skopje (33,3%). The Customs House Gevgelija processed 30,6% of the customs declarations, followed by the Customs House Kumanovo - 22,1%. The remaining 14% of the customs declarations were processed by the Shtip Customs House (6,8%) and Bitola Customs House (7,2%).

CUSTOMS DECLARATIONS PROCESSED IN 2012 PER CUSTOMS OFFICE (IN THOUSAND)								
Customs Office	Import		Export		Transit		Total	
	Number	%	Number	%	Number	%	Number	%
Customs House Skopje	203.7	51.6	88.2	43.7	46.8	11.2	338.7	33.3
1 CO Skopje 1	61	15.3	2	1.2	13	3.0	75	7.4
2 CO Skopje 2	42	10.6	49	24.2	15	3.6	106	10.4
3 CO Skopje 3	56	14.1	7	3.7	1	0.3	65	6.4
4 CO Skopje 4	3	0.7	2	1.1	2	0.4	7	0.7
5 CO Free Zone	10	2.5	3	1.4	2	0.5	15	1.4
6 CO Post Office Skopje	2	0.4	0	0.1	1	0.3	3	0.3
7 CO Trubarevo	0	0.1	0	0.2	0	0.1	1	0.1
8 CO Airport Skopje	19	4.7	8	3.9	5	1.1	31	3.1
9 CO Blace	5	1.4	12	6.2	8	1.9	26	2.5
10 CO Tetovo	7	1.8	4	1.8	0	0.1	11	1.1
11 CO Jazince	0	0.0	0	0.0	0	0.0	0	0.0
Customs House Kumanovo	39.8	10.1	19.1	9.4	165.4	39.5	224.3	22.1
12 CO Kumanovo	31	7.8	8	4.1	3	0.8	42	4.2
13 CO Tabanovce	0	0.0	9	4.5	113	27.0	122	12.0
14 CO RS Tabanovce	0	0.0	0	0.0	32	7.6	32	3.1
15 CO Deve Bair	9	2.3	2	0.9	17	4.0	28	2.7
16 CO Pelince	0	0.0	0	0.0	0	0.0	0	0.0
Customs House Shtip	32.4	8.2	25.6	12.7	11.4	2.7	69.4	6.8
17 CO Shtip	24	6.0	19	9.4	4	0.9	46	4.6
18 CO Delcevo	4	1.0	5	2.2	8	1.8	16	1.6
19 CO Veles	4	1.1	2	1.1	0	0.0	7	0.7
Customs House Gevgelija	90.3	22.9	48.4	24.0	172.2	41.1	310.9	30.6
20 CO Bogorodica	0	0.0	16	7.9	113	26.9	129	12.7
21 CO RS Gevgelija	30	7.5	0	0.0	29	7.0	59	5.8
22 CO Kavadarci	51	12.8	21	10.5	1	0.1	72	7.1
23 CO Strumica	5	1.4	6	2.9	0	0.1	12	1.1
24 CO Novo Selo	5	1.2	5	2.7	6	1.4	16	1.6
25 CO Dojran	0	0.0	0	0.0	23	5.6	23	2.3
Customs House Bitola	28.7	7.3	20.6	10.2	23.4	5.6	72.7	7.2
26 CO Bitola	9	2.3	3	1.3	0	0.0	12	1.2
27 CO Post Office Bitola	0	0.0	0	0.0	0	0.0	0	0.0
28 CO Medzitlija	1	0.2	7	3.6	5	1.2	13	1.3
29 CO Prilep	4	1.0	6	3.0	0	0.0	10	1.0
30 CO Ohrid	2	0.5	1	0.3	0	0.0	3	0.3
31 CO Airport Ohrid	0	0.0	0	0.2	0	0.0	0	0.0
32 CO Struga	13	3.2	4	1.8	0	0.1	17	1.6
33 CO Cafasan	0	0.0	0	0.1	17	4.1	17	1.7
34 CO Stenje	0	0.0	0	0.0	0	0.1	0	0.0
35 CO Sveti Naum	0	0.0	0	0.0	0	0.0	0	0.0
36 CO Blato	0	0.0	0	0.0	0	0.0	0	0.0
Total	395	100.0	202	100.0	419	100.0	1,016	100.0

Similarly to the previous years, greater part of revenues was collected by the Customs House Skopje (62%), followed by Customs House Gevgelija (19,9%), and the remaining part of revenues was collected by the other three Customs Houses (Kumanovo- 6,3%, Shtip-5,6% and Bitola- 6,1%).

REVENUES COLLECTED PER CUSTOMS OFFICE (IN MILLION DENARS)										
Customs Office	CUSTOMS DUTIES		VAT (entry)		EXCISES (import)		CHARGES		TOTAL	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Customs House Skopje	2996	74,1	25.585	63,8	433	17,5	790	67,2	30.280	62,0
1010 CO Skopje 1	952	23,6	9.212	23,0	238	9,6	295	25,0	10.697	21,9
1013 CO Skopje 3	998	24,7	8.297	20,7	94	3,8	376	31,9	8.556	17,5
1014 CO Skopje 4	37	0,9	1.276	3,2	21	0,9	6	0,5	1.341	2,7
1015 CO Skopje 2	783	19,4	4.730	11,8	53	2,1	109	9,2	5.675	11,6
1020 Co Bunardjik	10	0,2	0	0,0	0	0,0	0	0,0	10	0,0
1025 Co Post Office	3	0,1	17	0,0	0	0,0	0	0,0	18	0,0
1030 CO Trubarevo	3	0,1	161	0,4	0	0,0	0	0,0	1.875	3,8
1050 CO Airport Skopje	84	2,1	738	1,8	0	0,0	1	0,1	880	1,8
1075 CO Blace	41	1,0	310	0,8	21	0,8	3	0,3	245	0,5
1080 CO Tetovo	84	2,1	843	2,1	5	0,2	0	0,0	983	2,0
Customs House Kumanovo	251	6,2	2.678	6,7	105	4,2	41	3,5	3.075	6,3
2010 CO Kumanovo	200	5,0	1.962	4,9	45	1,8	13	1,1	2.221	4,6
2030 CO Tabanovce	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
2050 CO Deve Bair	51	1,3	716	1,8	60	2,4	28	2,4	855	1,8
Customs House Shtip	102	2,5	2.449	6,1	44	1,8	89	7,6	2.747	5,6
3010 CO Shtip	55	1,4	1.706	4,3	12	0,5	75	6,4	1.848	3,8
3030 CO Delchevo	8	0,2	319	0,8	14	0,6	5	0,4	408	0,8
3050 CO Veles	39	1,0	425	1,1	18	0,7	10	0,8	491	1,0
Customs House Gevgelija	480	11,9	6.987	17,4	1.794	72,4	221	18,7	9.724	19,9
4020 CO Gevgelija	387	9,6	5.027	12,5	1.789	72,2	213	18,1	7.417	15,2
4040 CO Kavadarci	38	0,9	1.288	3,2	1	0,1	0	0,0	1.570	3,2
4050 CO Strumica	38	0,9	465	1,2	0	0,0	0	0,0	503	1,0
4060 Co Novo Selo	17	0,4	207	0,5	3	0,1	7	0,6	234	0,5
Customs House Bitola	212	5,2	2.385	5,9	101	4,1	36	3,0	2.972	6,1
5010 CO Bitola	78	1,9	1.023	2,6	13	0,5	15	1,3	1.129	2,3
5015 CO Post Office Bitola	0	0,0	1	0,0	0	0,0	0	0,0	3	0,0
5020 CO Medzitlija	2	0,0	162	0,4	0	0,0	0	0,0	164	0,3
5030 CO Prilep	22	0,6	280	0,7	5	0,2	5	0,5	313	0,6
5040 CO Ohrid	21	0,5	152	0,4	6	0,2	6	0,5	211	0,4
5042 CO Airport Ohrid	0	0,0	0	0,0	0	0,0	0	0,0	211	0,4
5060 CO Struga	89	2,2	766	1,9	77	3,1	9	0,8	941	1,9
5070 CO Kafasan	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
Total	4.041	100,0	40.084	100,0	2.477	100,0	1.177	100,0	48.799	100,0

TRAFFIC OF FREIGHT MOTOR VEHICLES

In 2012 the border crossings points of the Republic of Macedonia were **transited by 982 thousand FMV³²**, of which 437 thousand were registered at entrance and 545 thousand at exit from the country. The largest part of the traffic (409 thousand vehicles or about 42%) was realized at the border crossing points with Greece, at the Bogorodica BCP followed by the border crossing points with Serbia - 247 thousand FMV (BCP Tabanovce). The decreased number of transiting FMV at the borders with Kosovo, Bulgaria and Albania shows the volume of trade exchange and possibilities for its improvement.

TRAFFIC OF FREIGHT MOTOR VEHICLES (FMV) IN 2012																				
Kind of traffic	Kosovo			Serbia			Bulgaria			Greece				Albania				Total		
	Blace	Jazince	Total	Tabanovce	Pelince	Total	Deve Bair	Delcevo	Novo Selo	Total	Dojran	Bogorodica	Medzitlija	Total	Stenje	Kafasan	Sveti Naum		Blato	Total
Entry	67.9	3.1	71.0	119.9	0.0	119.9	21.7	15.1	11.8	48.6	31.7	120.6	10.5	162.8	1.4	30.5	0.9	1.5	34.3	436.6
Loaded	7.5	0.0	7.5	110.6	0.0	110.6	17.1	10.9	4.3	32.3	23.0	110.9	4.2	138.1	0.4	17.0	0.6	0.1	18.1	306.6
Empty	60.4	3.1	63.5	9.3	0.0	9.3	4.6	4.2	7.5	16.3	8.7	9.7	6.3	24.7	1.0	13.5	0.3	1.4	16.2	130.0
Exit	73.5	1.2	74.7	127.3	0.0	127.3	24.0	13.5	22.3	59.8	11.4	224.4	10.3	246.1	1.3	33.8	0.9	1.2	37.2	545.1
Loaded	65.5	0.0	65.5	93.4	0.0	93.4	10.3	5.3	12.1	27.7	3.0	49.5	3.0	55.5	0.3	21.3	0.6	0.5	22.7	264.8
Empty	8.0	1.2	9.2	33.9	0.0	33.9	13.7	8.2	10.2	32.1	8.4	174.9	7.3	190.6	1.0	12.5	0.3	0.7	14.5	280.3
Total	141.4	4.3	145.7	247.2	0.0	247.2	45.7	28.6	34.1	108.4	43.1	345.0	20.8	408.9	2.7	64.3	1.8	2.7	71.5	981.7
Loaded	73.0	0.0	73.0	204.0	0.0	204.0	27.4	16.2	16.4	60.0	26.0	160.4	7.2	193.6	0.7	38.3	1.2	0.6	40.8	571.4
Empty	68.4	4.3	72.7	43.2	0.0	43.2	18.3	12.4	17.7	48.4	17.1	184.6	13.6	215.3	2.0	26.0	0.6	2.1	30.7	410.3

³² Freight motor vehicle

LAW ENFORCEMENT CONTROL

It is the Customs Administration's duty to conduct law enforcement controls in terms of collection of budget revenues, prevention of illicit trafficking and unfair competition, prevention of trade in prohibited goods and financing terrorism, protection of people's life and health, as well as protection of the environment and cultural heritage. In 2012 as well, the Customs Administration intensively worked on promotion of its institutional and administrative capacities in this area, primarily by improving its customs control systems based on risk analysis, customs intelligence, trade companies control, the operation of the customs special units, and through permanent and dynamic development of information and communication support and introduction of modern technologie and tools.

LEGAL FRAMEWORK

Aiming at organized and sustained performance of its competences in this area, as in the previous years, the Customs Administration adopted:

- Revised Risk Management Strategy;
- Annual Action Plan for implementation of the 2012 Risk Management Strategy;
- Revised Strategy for Prevention of Illicit Trafficking in Tobacco and Tobacco Products;
- 2012 Action Plan for implementation of the Strategy for Prevention of Illicit Trafficking in Tobacco and Tobacco Products;
- Revised Strategy for Prevention of Illicit Trafficking in Narcotic Drugs;
- 2012 Action Plan for implementation of the Strategy for Prevention of Illicit Trafficking in Narcotic Drugs;
- Revised Strategy for Protection of Intellectual Property Rights;
- 2012 Action Plan for implementation of the Strategy for Protection of Intellectual Property Rights;
- 2012 Minimum Quantitative Targets for Prevention of Illicit Trafficking and Trade Facilitation by Organizational Units³³.

In order to improve and increase the work efficiency of the Control and Safety Committee and the Risk Management Committee, formed in 2011, in 2012, **amendments were made to the Rules of Procedure of the Control and Safety Committee and the Rules of Procedure of the Risk Management Committee** (November 2012).

Taking into account the benefits of agreements concluded on customs cooperation with customs administrations of other countries, in 2012 the Customs Administration prepared a **Strategy for mutual recognition of customs controls with the neighboring countries, it fully harmonized a Customs Cooperation Agreement with Montenegro**; and initiated a **procedure for concluding an Agreement on Customs Cooperation with the Customs Service of China**. In relation to the established Joint Contact Center Gjueshevo for police and customs cooperation between the Republic of Bulgaria and the Republic of Macedonia, in June 2012, the Customs Administration adopted **Guidelines on the Use of the Joint Contact Center Gjueshevo** regulating the manner of communication with all parties involved.

In March 2012, the Director General of the Customs Administration was appointed by the Government of the Republic of Macedonia as **Coordinator of the Inspection Council** (with members of State Administration Bodies' officers with powers to conduct inspections), and in accordance with the Inspection Law. In order to consolidate inspections, the Customs Administration conducted a detailed analysis of the situation in the area of inspection, where based on the analysis of about 160 laws stipulating inspections, it was found that in the Republic of Macedonia, there are at least **31 state executive authorities with powers to perform inspections**, at least **60 types of inspectors** and more than 5 thousand offence provisions, among other measures. The Customs Administration prepared a **Plan for consolidation of inspections in the Republic of Macedonia**.

Taking into account the findings of the customs control of trade in electricity, in 2012 the Customs Administration prepared and harmonized a **Memorandum of Understanding with MEPSO**³⁴ to promote customs supervision and take actions for prevention and avoidance of irregular application of customs legislation in the area of trade in

³³ Guidelines on establishing and monitoring minimum quantitative targets for prevention of illicit trafficking and trade facilitation (2008 and 2011, on the basis of which the following annual plans are adopted: Plan for a minimum number of Reports determining the customs value, Plan for a minimum number of Reports determining undeclared goods, Plan for a minimum number of Reports determining origin of goods, Plan for a minimum number of Reports determining tariff codes, Plan for a minimum number of Reports establishing violation of intellectual property rights, Plan for a minimum number of checks (invoice, origin, sample), Plan for a minimum number of detailed inspections, Plan for a minimum number of Reports on customs offenses, Plan for a minimum number of Reports on foreign currency offenses, Plan for a minimum number of Statements for abandoning goods to the Republic of Macedonia, Plan for a minimum number of Reports on intellectual property rights' protection, Plan for a minimum number of Reports on other grounds.

³⁴ Macedonian Electricity Transmission System Operator (MEPSO)

electricity. In order to take preventive action in the area of trade in oil and oil derivatives, the Customs Administration initiated signing of a **Memorandum of Understanding with Lukoil**. Due to logistical problems associated with high costs of maintenance and use of special X-ray equipment for control of large vehicles and containers, as an important element of regional control of illicit trafficking, in late 2012, the Customs Administration started the organization of an **International Conference on the Use of Special Customs Surveillance Equipment**, which is planned to be held in the first half of 2013. In collaboration with the Azerbaijan Customs Service, the Customs Administration started the organization of an **International Conference on Customs Measures for Protection of Cultural Heritage**, which is to be held in the first half of 2013. In this context, in 2012, the Customs Administration started its activities for **establishment of a system for information exchange with the Office for Protection of Cultural Heritage**, in line with the Law on Cultural Heritage Protection.

In 2012, Customs Administration continued with the promotion of its work in the area of administrative procedures and court representation and prepared a **Work Process for Customs Administrative Procedure** and **Work Process for Court Representation**, which are to be adopted in 2013. In order to strengthen the logistic support for conducting criminal, offence, civil, disciplinary and other procedures, the Customs Administration commenced the preparation of **Guidelines for Safekeeping of Evidence associated with all types of investigations and court proceedings** (criminal, offence, civil, administrative, disciplinary and other cases).

CUSTOMS INTELLIGENCE

Customs intelligence is regulated and organized by a number of adopted laws and systems introduced in the previous years³⁵. At the beginning of 2012, the Customs Administration adopted **new Guidelines on the Intelligence Department Operation**, where the manner of work of the Intelligence Department was more accurately regulated and laid out in more detail, both within the Department and in terms of its relationship with the other organizational units of Customs Administration; 18 forms were introduced in relation to various activities undertaken in the intelligence cycle, either by the Department or by other organizational units and special record-keeping was introduced, where the activities of the Department and other organizational units defined by the Guidelines are recorded.

The Customs Administration seeks to establish a complete overview of the information published in the electronic media relating to customs operations. Therefore, in May 2012, **Guidelines on modus operandi with the News Search Engine** were adopted. Data from these media can be used with the assistance of a search engine through which search is performed on the websites of news agencies and other media.

In June 2012, the Customs Administration adopted **Guidelines on the modus operandi with the Application for Foreign Currency Control Forms**, which regulate the manner of work with the application for Foreign Currency Control Forms of Customs Administration used to record the imported and exported cash and securities through the customs line of the Republic of Macedonia and to communicate with the Financial Intelligence Office. Simultaneously, the **User Manual for Using the Foreign Currencies Application** was reviewed (**the review of the Certificate for temporarily seizure of effective foreign currencies** is also underway).

In addition to the above-mentioned, in 2012 the Customs Administration launched a new project for consolidation of the intelligence database and implementation of the National Intelligence Database, National Coordination Centre for Fight against Organized Crime and Corruption, and National Criminal Intelligence Model.

RISK ANALYSIS

Risk analysis is a basic tool for the implementation of customs control aiming at closer profiling and selection of targets, without undue delay and burdening of legal trade, and therefore, this area is subject to permanent regulation and promotion by the Customs Administration³⁶.

In order to have a more efficient insight into and control of importers in terms of the application of the Law on Market

³⁵ Guidelines on Central List of Suspects; Guidelines on Work with Informants; Guidelines on Work with the Application "Southeast Europe Messaging System - SEMS"; User Manual for Using the Southeast Europe Messaging System - SEMS; Guidelines on the Intelligence Department Operation

³⁶ User Manual for the Management Information System; Manual for using the application for control of foreign vehicles' stay in the customs territory of the Republic of Macedonia; Manual for using stop lists at exit from Macedonia; Manual for using the information (notifications) system regarding changes in the data of companies and the status of persons therein; User Manual regarding work with the Risk Management Module at border customs offices; User Manual for SEED use; Guidelines for pre-arrival selection of shipments through the SEED application; User Manual for the systematic electronic data exchange application - SEED 2; Guidelines for work with the systematic data exchange application - SEED 2; Guidelines for work with the TRACKER application regarding control of dual-use goods and technologies; Manual for keeping statistics on import, export and transit, their analysis and proposals for measures; Instructions on performing selective controls in customs operations; Guidelines on the application of the Law on Market Surveillance.

Surveillance, in accordance with the Customs Administration's Action Plan for the period 2012-2014, in May 2012, the Customs Administration started the implementation of new software solutions in relation to the implementation of the Law on Market Surveillance. **The application "Market Surveillance"** will accelerate the process of preparation and recording of **"Notices to prevent the release of goods for free circulation"**, it will enable to record the responses received from the responsible institutions and to link the data from Notices with the data from other applications within the Management Information System.

In September 2012, the Customs Administration adopted a **Manual for using the application for control of foreign motor vehicles' stay on the customs territory of the Republic of Macedonia**, which regulates the use of ANPR³⁷ regarding control of temporary import and stay of vehicles with foreign license plates.



In November 2012, the Customs Administration adopted **Guidelines on using the information (notifications) system regarding changes in the data of companies and the status of persons therein**. These Guidelines regulate the manner of using information of particular interest, relating to individual persons and companies, which is provided by the information system of the Central Registry of the Republic of Macedonia.

By the end of 2012, the Customs Administration adopted **Guidelines for pre-arrival selection of shipments through the SEED 2 application**, regulating the manner of selection of shipments before their arrival at the national territory by using information from the SEED 2 application. This application provides data from foreign Customs Administrations regarding transport of customs goods and empty trucks sent to the Republic of Macedonia, before their arrival, and regarding their availability to customs officers at border crossings that border the country concerned, as well as to the Department of Control and Investigations. SEED enables real-time electronic exchange of data between Customs Administrations of two countries. At the same time, a **User Manual for the modus operandi with the shipment selection module through SEED 2** was adopted, which provides practical instructions and directions for use of the module.

In November 2012, the Customs Administration also adopted **Guidelines for keeping statistics on import, export and transit, their analysis and proposals for measures**, regulating the manner of keeping statistics on imports, exports and transit, volume analysis, establishment of quantity and quantitative indicators of import, export and transit, reasons for the same and determination of indicators on possible existence of risk or probability of its occurrence, as well as the consequences caused by such risk and making proposals for taking appropriate measures.

By the end of 2012, the Customs Administration started a project for **automation of pre-arrival and pre-departure selection at airport customs offices** in passenger traffic and for the part that refers to express mail shipments - RAAVIO Module.

Besides the already regulated areas, in 2012, the Customs Administration started preparing a **selective control system based on risk analysis of production and internal trade in excise goods**, which should be operational by the end of the first half of 2013, it also started preparation of an internal act **regulating the statistics and analysis of truck traffic at border crossings, signing memorandums of understanding with airlines and introducing new risk profiles for cultural heritage protection**. In 2012, the Customs Administration started preparing **Guidelines for operation of the Risk Analysis Department and application of the risk analysis process in Customs Administration**, which should be adopted in the first half of 2013. In the area of risk management, in accordance with the specifics, activities have been initiated for risk determination and profiling and ways of customs supervision of: mail, fast shipments and cargo, customs clearance of goods for every Customs Office (road, rail, air and other traffic), passengers and personal luggage for each individual Border Crossing (road, air and rail traffic), simplified customs procedures, and customs warehouses. In addition to the foregoing, in the area of customs offenses, preparation of Guidelines on proceeding when offences are detected and further conducting of offence procedure and Guidelines on evaluation of criteria for imposing a particular sanction is underway.

³⁷ Automatic Number Plates Recognition (system)

CUSTOMS CONTROL AND INVESTIGATIONS

In 2012, the Customs Administration continued to improve its existing systems for customs control and investigations, and to research and introduce new methods³⁸.

In light of the foregoing and in accordance with the provisions foreseen in the new Criminal Procedure Law (CPL), in December 2012, the Customs Administration adopted **new Guidelines on the Investigation Department's Operation**. The new Guidelines on the Investigation Department's Operation provide for the existence of judicial police, which include Investigation Department customs officers working ex officio or upon an order of the Public Prosecutor's Office in relation with the implementation of measures and activities for detection of crimes, apprehension and reporting the perpetrators and gathering evidence. According to the CPL, the Guidelines provide for work of customs inspectors in investigation centers for a definite time period upon a request of a Public Prosecutor by issuing an internal call; customs officers may, when necessary, be assigned to work with the Public Prosecutor; the customs officers working in Public Prosecution shall be available to the Public Prosecutor's Office and work under its control; customs inspectors may undertake "police reconnaissance" (photographing the suspect, taking prints of papillary lines and collecting residues of biological material), etc.

By the end of 2012, the Customs Administration finalized the **Guidelines for acting upon a written order for application of special investigative measures** (adopted in January 2013). These Guidelines prescribe the manner of actions to be taken after receiving a written order for application of special investigative measures by a judge of the preliminary investigation or the public prosecutor, which has to be implemented by the members of the judicial police employed in the Customs Administration.

In May 2012, the Customs Administration adopted **new Guidelines for verification of evidence of preferential origin of goods**, regulating the manner of control and verification of proof of origin under the free trade agreements signed with the EU, EFTA, CEFTA, Turkey and Ukraine, in order to more effectively protect the fiscal interests of the Republic of Macedonia, to prevent and detect tax evasion, money laundering etc.

In May 2012, the Customs Administration adopted **Guidelines amending the Guidelines for filing criminal charges**, with a view to harmonize them with the new Criminal Procedure Law.

The manner of updating and using electronic records of criminal charges is regulated by the **Guidelines for the modus operandi with the electronic records of criminal charges**, adopted in June 2012. The Guidelines specify the procedures from the moment of making criminal charges by customs officers in the Investigation Department - Office for Fight against Economic Crime and Anti-Smuggling Unit, to their officer verification and submission to the Public Prosecution. The Guidelines also regulate the options for data input and retrieval in the electronic records of criminal charges.

In June 2012, the Customs Administration adopted new **Guidelines on the manner and procedure of apprehension, arrest and detention of suspects**, regulating the manner and procedure of apprehension, arrest and detention of suspects under the new Law on Criminal Procedure, the application of which has been postponed by two years. Apprehension, arrest and detention are enforced by the Judicial Police - customs inspectors from the Department of Investigation working on crime detection, undertaking measures and activities to apprehend and report the offenders, provide evidence of crimes and other measures that facilitate the smooth running of the criminal proceedings. Arrests are performed on persons charged with a crime. Arrests and detention are performed on persons suspected of having committed a crime which is prosecuted ex officio.

In December 2012, the Customs Administration adopted **Guidelines on transporting suspects**, regulating the transportation (transport) of a person suspected of having committed a criminal offense, from the place of the commission of the crime to the court, Public Prosecutor's Office, or detention facility depending on the type of procedure.

In order to achieve higher security standards, in June 2012, the Customs Administration adopted new **Guidelines on handling and use of firearms and ammunition in the Customs Administration**. The Guidelines' provisions define stricter safety rules for storing, carrying, handling and use of weapons and ammunition, conditions to be met for issuing weapons and the procedures implemented at return of the firearms and ammunition.

³⁸ Instructions for using the national database of the Customs Administration of the Republic of Macedonia regarding value information; User Manual for administering fines in the eDMS; Procedure for provision of conditions of storage and working environment in the Customs Laboratory; Guidelines for performance of customs supervision and control of shipments of goods with a higher risk of fraud; Guidelines for keeping, training and using customs drug sniffing dogs; Guidelines for additional verification of documents in order to determine customs value; Guidelines for photo-documentation and photo-archiving; Instructions on the procedure of weighing on a weighing scale; Instructions for filing criminal charges; Guidelines on proceeding upon detected double invoicing; Guidelines on the application of the Law on Prevention of Money Laundering and Other Proceeds of Crime and Terrorist Financing; Manual for EAR-Customs: foreign currencies Application; Guidelines on the manner and procedure of apprehension, arrest and detention of suspects; Guidelines for the Investigation Department; Guidelines on the Mobile Scanner Units Operation; Guidelines for modus operandi with the Automatic Number Plate Recognition system; Guidelines on the operation with electronic detectors of narcotics and explosives; Guidelines for the operation with customs patrol boats; Handbook for operation with a customs patrol boat; Guidelines for the receipt, use and control of measurement and technical equipment used in the Customs Laboratory; Manual for Customs Laboratory premises, maintenance and access of officers and external persons; Procedure of conducting analysis in the Customs Laboratory; Procedure for provision of conditions for storage and working environment in the Customs Laboratory; Guidelines on sampling and handling of samples for laboratory examination; Guidelines for sampling of oil and oil derivatives; Guidelines for handling and use of firearms and ammunition at the Customs Administration; Manual on passenger personal luggage scanning with a mobile scanner; Guidelines on the application of the Law on Market Surveillance; Guidelines for verification of evidence of preferential origin of goods.

In June 2012, the Customs Administration upgraded the Management Information System using a **module for recording notifications that prevent the release of goods for free circulation**, which aims to increase the efficiency in implementing the Law on Market Surveillance. Electronic records of notices that prevent the release of goods for free circulation are governed by the **Guidelines for the modus operandi with the Market Surveillance Module**, adopted in June 2012.

In December 2012, **Guidelines on the modus operandi with the electronic records on seizures** were adopted, which regulate the manner of updating and use of seizures electronic records maintained in the Office of Analysis and Statistics at the Control and Investigation Sector. The electronic records contain information on seizures prepared by customs officers in all customs houses of all customs offices, the Investigation Department and Operations Department at the Control and Investigation Sector.

In November 2012, the Customs Administration adopted **Guidelines on the application of the Law on Medicines and Medical Apparatus**. They regulate the subject, responsibilities and procedures carried out by the Customs Administration's organizational units in import of medicines and medical apparatus in cargo and passenger traffic.

Taking into account the interest shown in the activation and operation of the business facilities in the inter-border area (as regular taxpayers, and not as duty free shops), in September 2012, the Customs Administration adopted **Guidelines on customs control over goods intended for stores at border crossings**. These Guidelines govern the control implemented by the competent customs offices over the goods supplied to the shops at border crossings.

Towards the end of 2012, the Customs Administration finalized the **Guidelines for temporary seizure of goods that are subject of crime and their transportation** (adopted in January 2013). These Guidelines regulated the manner and procedure of temporary securing and seizure of items used to commit a crime, as well as items resulting from a crime and their transportation.

In addition to the already implemented reforms in 2012, the Customs Administration initiated preparation of new reforms in this area, which should be implemented in 2013 and on. More significant are the following:

- Amendments to the Guidelines for the modus operandi with the system for automatic number plate recognition system - ANPR in order to introduce a weekly control over the discharge of transit of trucks, and control of transit and temporary import of foreign vehicles;
- Guidelines for control of importation and clearance of energy (electricity, gas, oil and oil derivatives) transmitted through fixed piping or electrical grids;
- Regulation of statistics and reports on truck traffic;
- Establishing a system for checking the origin of assets in cooperation with the Public Revenue Office;
- Providing legal basis under which CA shall perform preliminary control of products entering the RM, at their entry, for the account of the relevant inspection services;
- Ensuring insight into overseas payment operations for individual transactions and entities;
- Organizing risk analysis in MAKCIS for joint controls with the State Market Inspectorate (including RAPEX), sampling and laboratory analysis;
- Guidelines on the operation of the Internal Audit Department (each audit shall contain a review of the internal control systems and risks);
- Developing checklists for checking individual groups of products in terms of the application of the Law on Market Surveillance in the area of Customs Administration competencies;
- Guidelines on the operation with the Case Management Database;
- Establishing systems for data exchange with neighboring countries regarding transfers of money and securities;
- Guidelines on the manner of transport of detected narcotics, psychotropic substances and precursors;
- Guidelines on types of records, methods of recording and ensuring record confidentiality and reliability of Customs Laboratory;
- Guidelines on internal verification, inconsistent analysis management, and corrective and preventive measures in the Customs Laboratory;
- Preparation of a Customs Laboratory Manual in accordance with the requirements of ISO 17025;
- Guidelines for determination of measurement uncertainty in the Customs Laboratory;
- Guidelines on validation of Customs Laboratory analytic methods.

POST-CLEARANCE CONTROL AND SUPERVISION OF CUSTOMS AND EXCISE PERMITS HOLDERS

Post-clearance control is getting an ever growing role in detection of customs frauds (particularly with regard to fiscal aspects), but also in sending a message that customs control does not end with the clearance of the goods. Taking into consideration: the facilitations obtained under the authorizations issued by the Customs Administration for procedures with economic impact; simplified customs procedures and excise licenses; as well as the risks of their misuse, the control over authorizations of this kind is also getting an ever greater importance. The manner of exercising control in this area is regulated by several internal regulations and systems, introduced in the previous period³⁹.

In June 2012 (revised in November 2012), the Customs Administration adopted **Guidelines on conducting on-site controls of holders of authorizations for customs procedures with economic impact**. These Guidelines govern the planning, preparation and manner of performance of on-site control of holders of authorizations for customs procedures with economic impact (customs warehousing, inward processing, processing under customs control, temporary import and outward processing).

In addition to the adopted reforms in 2012, the Customs Administration started revising and harmonizing the existing Guidelines on Company Control with the recommendations of the WCO, as well as activities for establishing a system for control over the production of excise goods based on legislation.

CUSTOMS AND OTHER CONTROL

In 2012, the Customs Administration continued with its intense customs and other controls, in cooperation with other national institutions responsible for the control of law enforcement (Ministry of Interior, Food and Veterinary Agency, State Agriculture Inspectorate, Financial Police Directorate, Public Revenue Office, State Transport Inspectorate, etc.), in cooperation with customs services of other states, and in collaboration with international organizations and institutions. In terms of customs control, significant results have been achieved in performing physical and documentary control, as well as in performing control after the conducted customs procedure.

PHYSICAL CUSTOMS CONTROL

Physical customs control includes control of the legality of the entry, exit and transit of goods and passengers on the customs territory of the Republic of Macedonia and the declaration of the type and quantity of goods for their clearance.

By applying the risk analysis system and by cooperating with other government agencies responsible for law enforcement control, as well as on the basis of immediate assessment on the part of customs officers, physical customs control has resulted in a number of successful actions, among which the more interesting ones are shown below, such as seizures and impounded goods in over 430 cases in the following areas:

Groups of seized and impounded goods	No. of actions	Unit	Quantity
Prevention of illicit trafficking in narcotic drugs, psychotropic substances and precursors	25	kg	700
Prevention of illicit trafficking in weapons and explosive materials and objects	11	piece	1,877
Protection of cultural heritage of the Republic of Macedonia.....	2	piece	460
Prevention of illegal trade in live animals	5	piece	2,264
Prevention of illegal migration.....	6	person	14
Prevention of illicit transfer of cash and securities.....	25	euro	705,000
Prevention of unauthorized trade in medicines and medical apparatus	31	piece	118,000
Prevention of unauthorized trade in foodstuffs	25	piece	30,000
		kg	5,600
Prevention of illicit trafficking in cigarettes and other tobacco products	60	piece	310,000
Prevention of prohibited use of extra light fuel.....	28	piece	28 ⁴⁰
Prevention of illegal trade in clothing, fashion accessories, textiles, raw materials	86	piece	78,000
		kg	4,500
		m ²	17,000
Prevention of illegal trade in jewelry, accessories and jewelry items made of precious metals	32	piece	16,000
Prevention of illegal trade in cosmetics, perfumes, hygiene items etc	15	piece	31,000
Prevention of illegal trade in other goods	82	piece	95,000

³⁹ Guidelines on performing external control of holders of excise licenses, permissions and users of excise goods; Manual for performing on-site company control

⁴⁰ 28 impounded vehicles, which, against the law, used the so called "red" oil as fuel

PREVENTION OF ILLICIT TRAFFICKING IN NARCOTIC DRUGS, PSYCHOTROPIC SUBSTANCES AND PRECURSORS

In 2012, independently, or in cooperation with the Ministry of Interior, **25 smuggling attempts were discovered with about 700 kg of narcotic drugs**, psychotropic substances and precursors, as follows:

- in 9 raids, 630.5 kg of marijuana were discovered
- in 12 raids, 62.6 kg of heroin were discovered
- in 2 cases, 1,278 tablets of methadone were detected
- in 3 cases, 50 kg of acetone, 70 g of psilocin - magic mushrooms and 8 kg of hydrochloric acid were discovered.

Most of the seized narcotics (and in particular marijuana and heroin) have been seized during their transit through the Republic of Macedonia to the EU Member States.



513 kg of marijuana seized in December 2012 at its entry at BC Kafasan (Albania), in coordination of the Customs Administration and the Ministry of Interior. The drugs were hidden in a special bunker in a truck carrying cement.



25 kg of marijuana seized in December 2012 at its exit at BC Tabanovce (Serbia). The drugs were hidden in the internal parts of the doors and the dashboard of a passenger vehicle.



1,650 kg of heroin seized in December 2012 at its exit at BC Tabanovce (Serbia). The drugs were hidden on a passenger on a bus traveling to Vienna as a final destination.



9.4 kg of heroin seized in October 2012 at its exit at BC Deve Bair (Bulgaria). The drugs were hidden in the bumpers of a passenger vehicle.

PREVENTION OF ILLICIT TRAFFICKING IN WEAPONS AND EXPLOSIVE MATERIALS AND OBJECTS

In 2012, **six attempts of illicit trafficking in arms and ammunition were discovered**, where one gun, one revolver, and 374 pieces of live fire and hunting ammunition were found. Also, in 5 attempts, 1,389 pieces and 73 packs of pyrotechnic means and explosive materials were found, as well as 40 pieces of brass knuckles.



120 pieces of ammunition confiscated in October 2012 at BC Kafasan (Albania)-entry, from a Macedonian citizen. The ammunition was hidden in a plastic bag under the co-driver seat of a passenger vehicle.



40 pieces of brass knuckles seized in December 2012 at the BC Blace (Kosovo) from a Macedonian citizen. The brass knuckles were hidden in a plastic bag on a bus from Skopje to Novi Pazar.

PROTECTION OF CULTURAL HERITAGE OF THE REPUBLIC OF MACEDONIA

In two cases in 2012, the **Customs Administration seized 460 items - cultural heritage** of the Republic of Macedonia (399 coins and 61 other artifacts). Most of them originate from the II and IV century, and some of them are from the period BC. The Customs Administration continuously undertakes activities to enhance its capacity for identification, protection and prevention of illegal export of the Republic of Macedonia's cultural heritage.



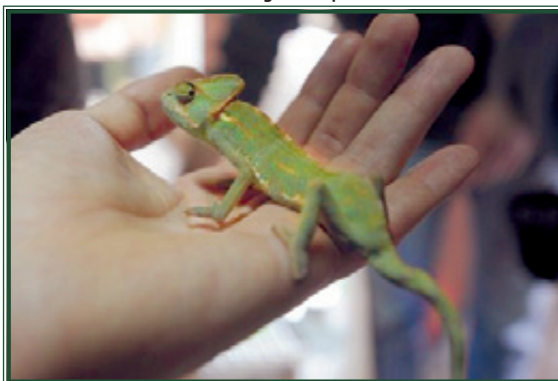
262 artefacts from the territory of Macedonia (coins, lead seals, etc.) seized in September 2012 at the Alexander the Great Airport in Skopje from a foreign national. Most of them originate from the III-IV century, and the rest are from different time periods, including the period BC



143 coins and 55 artefacts from the territory of Macedonia seized in September 2012 at BC Tabanovce (Serbia)- railway station. Most of them originate from the II - III century

PREVENTION OF ILLEGAL TRADE IN LIVE ANIMALS

In 5 actions in 2012, the Customs Administration seized over 2,264 live animals, of which around 1,350 pond sliders, about 900 pieces of decorative aquarium fish and 20 exotic animals, 6 of which are protected by CITES - the Convention on International Trade in Endangered Species of wild fauna and flora..



4 chameleons (*Bradypodion pumilum* - Cape dwarf chameleon) protected by CITES - Convention on International Trade in Endangered Species of wild flora and fauna seized at BC Tabanovce (Serbia) in November 2012



2 royal pythons (*Python regius*-ball python), protected by CITES - Convention on International Trade in Endangered Species of wild flora and fauna seized at BC Tabanovce (Serbia) in November 2012



450 pond sliders, discovered in March 2012 at their exit at BC Tabanovce (Serbia). The animals were found in a bag, with a passenger, Macedonian national on a bus traveling from Ohrid to Belgrade



Around 900 decorative aquarium fish seized in March 2012 at their entry at BC Tabanovce (Serbia). The fish were found in a travel bag in the bathroom of a bus, for which the driver said they were his

PREVENTION OF ILLICIT TRANSFER OF CASH AND SECURITIES

In the course of 2012, **25 attempts for illegal across-the-border transfer of cash and securities** in different currencies were detected, amounting to an **equivalent of about 705 thousand Euros**, of which EUR 193 thousand in cheques (in 2012, around 201 thousand Euros were seized in 10 cases)..



900 thousand Denars impounded on entry at BC Kafasan (Albania). The Denars were hidden in a plastic bag in the luggage compartment of a passenger bus.



318 thousand Euros impounded in November 2012 on their exit at BC Tabanovce (Serbia). They were concealed in a backpack of the driver of a passenger vehicle.

A curiosity is the prevention of the illegal entry of 900 thousand Macedonian Denars. Most of the cash and securities have been seized on exit from the Republic of Macedonia and are denominated in Euros. The detected cases of this type are reported to the Financial Intelligence Agency with the aim to detect any connection with money laundering; to the Public Revenue Office in order to determine the origin of money and money taxation; and according to the specifics of the case, to the Ministry of Interior, Financial Police Directorate and other national and international institutions competent in this field.

PREVENTION OF ILLEGAL IMMIGRATION

In 6 cases, in 2012, Customs Administration discovered 14 foreign nationals who tried to illegally cross the borders of the Republic of Macedonia. The largest number of foreign illegal immigrants has been detected during their transit through Macedonia, and their ultimate destinations were EU Member States. Most foreign illegal immigrants did not have any personal identification documents.



An illegal immigrant discovered at BC Bogorodica (Greece) while entering the country in June 2012. The immigrant was hidden in the booth of a passenger vehicle in the part intended for a spare tire.



4 foreign illegal immigrants discovered in August 2012 on their entry at BC Bogorodica (Greece). The immigrants were hidden in a truck with Turkish license plates loaded with motor oil destined for Kosovo.

PREVENTION OF ILLEGAL TRADE IN MEDICINES AND MEDICAL APPARATUS

In 2012, **in 31 raids, about 100 thousand pieces of medicines and about 18 thousand pieces of medical equipment and apparatus were seized.** Most of the seized medicines were from the group of sedatives, antibiotics, hormones, medications for impotence, skin diseases, etc., intended for treatment of diseases of schizophrenia, infertility, viral infections, Parkinson's disease, severe depression, and medical supplies for dentistry and medicine. When seizing drugs and medical devices, the Customs Administration cooperates with the competent Bureau for Drugs in order to determine other (not just customs) effects on people's health and life and to take other measures against the perpetrators and final recipients of the goods.



3269 medicines and medical equipment seized at their entry on the Alexander the Great Airport in October 2012. The medicines were found in 4 suitcases belonging to US citizens.



78 thousand medicines seized in December 2012 at BC Tabanovce (Serbia). The medicines were found in the luggage area of a passenger vehicle with Macedonian license plates

PREVENTION OF ILLEGAL TRADE IN FOODSTUFFS

In 2012, **in 25 cases, smuggling of about 30 tons and about 5.6 thousand pieces of foodstuffs was prevented,** as well as a smaller amount of alcoholic beverages. Most of the seized foodstuffs relate to confiscated fish, meat and meat products, confectionery, and other products. In seizing foodstuffs, the Customs Administration cooperates with the Food and Veterinary Agency, with the aim to identify any other breaches of the law in terms of health and life of people and proper treatment of the seized goods.



2,000 kg live fish Tolstolobik seized in December 2012 at BC Novo Selo (to Bulgaria).



4,500 pieces of sandwich flat-bread seized in November 2012 at BC Deve Bair (to Bulgaria)

PREVENTION OF ILLICIT TRAFFICKING IN CIGARETTES AND OTHER TOBACCO PRODUCTS

In the course of 2012, **in 60 cases, around 310 thousand pieces of cigarettes and other tobacco products were seized.** It is characteristic that for the most part, the seizures were realized on exit from the customs territory of the Republic of Macedonia, at the border crossings with neighboring EU Member States.



345 packs of cigarettes detected on exit at BC Delchevo (Bulgaria) concealed under the skirt, in the tights of the Bulgarian car driver's wife



150 cartons of cigarettes detected at BC Deve Bair (Bulgaria). The cigarettes were concealed in the gearbox and in the driver's windshield area of a bus with Turkish license plates

PREVENTION OF ILLEGAL USE OF EXTRA LIGHT HEATING OIL

Due to the unlawful use of extra light heating oil (the so called «red oil» intended for heating, the excise tax of which is significantly lower than the excise on diesel) as fuel, in 2012, **28 vehicles were impounded**, a fine and additional excise collection was imposed. The penal provisions provide for a total fine of about 4,000 - 5,000 Euros (for the driver, company and company manager), payment of diesel fuels excise duty on a base equal to 100 tanks of the specific vehicle that used red oil, as well as seizure of that vehicle. The total fine pronounced for the 22 offenses committed thus far amounts to 2 million Denars, and the total additional excise liability imposed is 13.1 million Denars.



Taking fuel from a tank for laboratory analysis



Impounded truck because it used red oil

PREVENTION OF ILLEGAL TRADE IN CLOTHING, FASHION ACCESSORIES, TEXTILES AND RAW MATERIALS

According to the quantities of seized goods, clothing, fashion accessories and textiles are among the most abundant products that are subject to trafficking, smuggling and customs fraud in the Republic of Macedonia. **In about 75 raids**, in 2012, **Customs Administration impounded about 42 thousand pieces and 3 tons of ready-made clothing** (including sports clothing), about 16 thousand pieces of various accessories to clothing (in 3 instances), more than 17 thousand m² of textiles and textile products (in 5 instances) and about 20 thousand pieces and over 1.5 ton of raw materials (in about 3 instances). Clothes and fashion accessories are most frequently smuggled in small shipments that are not easily detected, which confirms the fact that in 2012 there were about 75 cases of impounded goods of this type.



Textile and other products seized in May 2012 near Demir Kapija by the Customs Administration special units



Over six thousand pieces of raw materials for clothing (zippers, rivets, decorative ribbon, thread, tape, buttons, elastic band, embroidery needles, etc.) seized in October 2012 at BC Bogorodica (Greece).



Skins of tame rabbit seized on entry at BC Medzitlija (Greece) in October 2012.



More than 2000 kg of textile material seized from a company in Shtip, for which import duties were not paid.

ILLEGAL TRADE IN ACCESSORIES AND JEWELLERY

Based on physical examinations, the customs officers in 9 cases seized around 13 thousand pieces of jewellery, in 9 cases 1,800 watches and their parts, in 14 cases about 1,000 pieces of wallets, handbags, belts, sunglasses etc.



4,500 pieces of jewellery and 6 kg of beads seized in July 2012 at BC Bogorodica (Greece)

ILLEGAL TRADE IN COSMETICS, PERFUMES, HYGIENE ITEMS ETC.

In the course of 2012, about **15 cases** of physical customs control resulted in **the seizure of over 31 thousand pieces of cosmetics** and accessories, perfumes and hygiene items.



More than 28 thousand cosmetic products seized in July 2012 at BC Bogorodica (hair removers, sterilizers, wax melting machines, hair-dryers, perfumes, gels, shampoos, soaps, razors, shaving brushes, hair brushes, bleeding sticks etc.).

PREVENTION OF ILLEGAL TRADE IN OTHER GOODS

In addition to the previously mentioned groups of goods, in 2012, **in more than 82 cases, over 95 thousand pieces** and several thousand kilograms of different goods which had not been declared for clearance (machinery, equipment, furniture, appliances, kitchen accessories, mobile phones, automobile spare parts car accessories, shoes, etc.) were seized.



770 luxury models of mobile phones (iPhone 4, HTC, NOKIA, SAMSUNG) seized in January 2012 at the Alexander the Great Airport



35 thousand various knives seized in September 2012 at BC Bogorodica (Greece). They had not been included in the presented documents for customs clearance.



Over 5 tons of fertilizer type "SMIKS FDUR A 039-EVP-0070DL" seized in July 2012 at CO Strumica. The fraud was discovered by simply comparing the actual weight with the documented truck weight



Over 3.3 thousand parts for combines (nails, screws, nuts, bolts, wedges and ring-breakers) seized in May 2012 at the BC Blace (Kosovo). The goods were concealed in the spare tire space of a passenger vehicle, as well as in two boxes, placed in the back seat of the vehicle.

DISREGARD OF RULES ON STIRRING FOREIGN VEHICLES AND PUBLIC TRANSPORT VEHICLES

Due to **disregard of regulations on stirring foreign motor vehicles** in the Republic of Macedonia, in 2012, the Customs Administration, **in 119 cases, impounded 119 vehicles** of which 81 cars, 5 trucks, 29 motorcycles, 1 four-cycle, 1 tricycle and 2 motorbikes. Independently or in cooperation with the State Transport Inspectorate, in 2012, the Customs Administration discovered **97 cases of violation of regulations in international transport of passengers**, where 11 offence procedures were initiated, 21 fines imposed, 62 decisions prohibiting entry or exit were issued and 3 decisions on removal of detected flaws were passed.

DOCUMENTARY CUSTOMS CONTROL

Documentary customs control includes control of customs documents and other customs procedure documents' compliance with the regulations. This control is performed upon import, export, transit, temporary admission, legal entities and their managers, as well as on private individuals, regardless of whether it is for residents or non-residents. Based on direct documentary customs control (Customs Offices, Department of Investigation, Department of Operations, Customs Laboratory), **in over 22 thousand cases**, inadequate documents for clearance and compliance with the trade policy measures have been found, of which **over 20 thousand cases are about invalid, falsified and other improper documents in order to display lower customs value** for the calculation of import duties, nearly **300 cases of invalid certificates of preferential origin of goods** in order to avoid paying import duties, **over 600 cases of improper tariff classification in order to pay lower import duties** and over 1,000 cases of presenting other inappropriate documents to avoid payment of import duties or trade policy measures.

Type of document	Invalid	Falsified	Other	Total
Invoices (undervaluation)	16,588	12	3,692	20,292
Certificates of preferential origin	218	11	64	293
Incorrect tariff classification of goods	457	0	115	572
Other documents concerning import duties assessment	1,059	0	12	1,071
Other types of invalid documents	29	0	0	29
Total	18,351	23	3,883	22,257

With the detected invalid and forged customs and other documents, the importers tried to avoid paying around 875 million Denars of import duties. An interesting point is that most of the invalid and forged documents on customs value refer to the import procedure for used vehicles. The cases detected in terms of the classification of goods in inappropriate tariff codes, tariff classification, primarily relate to meat and other food products, liquefied petroleum gas, technical goods, and so on. In addition to the findings revealed directly by Customs Offices and Department of Investigation and the Operational Matters Department, a significant role in identifying the inappropriate tariff classification of the goods was played by the Customs Laboratory.

CUSTOMS LABORATORY

In 2012, **513 samples were analyzed** (430 in 2011) in the Customs Laboratory⁴¹. Most of the samples are related to oil and oil products, foodstuffs and chemical products. Thus, out of a total of 513 samples analyzed, in 285 cases (55%,

⁴¹ The Customs Laboratory operates on the premises of the Chemistry Institute at the Faculty of Mathematics. The methods of analysis are jointly prepared by a professional team consisting of the academic and research staff of the Chemistry Institute and the employees of the Customs Laboratory Department at the Customs Administration.

152 of which on the basis of technical documentation analysis, 133 based on laboratory analysis), it was found that the goods were classified in inadequate tariff codes. Inadequate tariff classification was intended for classification of goods in tariff codes with lower or no customs duty or VAT rate, and for avoidance of prohibitions and restrictions on the import of goods, determined by the trade policy measures. In these analyses it was found that the importers, by their inadequate tariff classification, tried to avoid paying a total of 22 million Denars on import duties and to avoid the trade policy measures on imports of oil and oil products (greater content of sulfur, using extra light heating oil as fuel, gasoline with less octane than allowed, etc.). Against the perpetrators, measures have been taken in accordance with the law.

RESULTS OF POST-CLEARANCE CONTROL

Post-clearance control includes control of companies after their clearance was conducted and supervision of holders of authorizations for customs procedures with economic impact, permits for simplified customs procedures, licenses for representation activities in customs procedures etc.

In 2012, **1.927 controls of companies were performed**, including holders of customs and excise licenses of any kind. During 55 company controls, **34 cases of attempts to evade import duties totaling 354 million Denars** were detected. Attempts to avoid import duties primarily relate to non-reporting of costs (costs of international transport, demurrage and storage, royalties and licenses), incorrect tariff classification, undeclared imports of goods, improperly declared preferential origin. Regarding the detected irregularities, appropriate charges have been filed in accordance with the law.

Type of control	Number of controls	
	2012	2013
Control of trade companies	55	52
Control of excise permit holders	55	43
Control of holders of authorisations for inward processing	222	227
Control of holders of authorisations for customs warehousing	153	148
Control of holders of other authorisations with economic impact	36	18
Control of holders of authorisations for simplified customs procedures	1.175	972
Control of holders of customs representation authorisations	231	0
Control of holders of other authorisations	0	1
Total	1.927	1.461

During 55 controls of holders of excise authorizations, three attempts to evade excise duty totaling 119 million Denars were discovered, for which charges were filed in accordance with the law. Due to non-compliance with the prescribed conditions, 7 excise licenses have been taken away.

During 222 controls conducted on holders of authorizations for inward processing, 7 cases were detected of import duties evasion amounting to 1.3 million denars. Due to non-compliance with the conditions, no authorizations of this type have been revoked, but 18 thousand square meters and over 8 thousand kg of textiles and other materials have been seized. During the control of holders of customs warehousing authorizations, 13 cases of import duties evasion totaling 6 million Denars were discovered. In 2012, 11 cases of non-compliance with the terms of simplified customs procedures were discovered, because of which 11 authorizations for simplified customs procedures were revoked.

Intriguing case

The control of import, export and transit of electricity conducted in the premises of 4 companies, it was established that **they had not reported imports of 576.9 thousand MWh of electricity**, i.e they had not cleared and paid 325 million Denars of VAT. At the same time, in the control of customs documents and contracts of one of these companies, it was found that **it had imported 42.5 thousand MWh of electricity at significantly higher prices than declared**, by which it avoided paying 7.3 million Denars of VAT. Against these companies, measures have been taken in accordance with the law.

Intriguing case

During the regular control of a holder of authorization for customs goods warehousing, customs officers discovered a lack of 200 tons of frozen pork and beef, with a value of about 30 million Denars. It is assumed that the meat was processed and as such illegally released for free circulation. This way, the company attempted to evade import duties totaling about 10 million Denars.

LEGAL MEASURES TAKEN WITH REGARD TO DETECTED IRREGULARITIES

In addition to the direct, imposition of payment of larger amounts of import duties on grounds of a Report and seizure of customs and excise authorizations, for the established irregularities, the Customs Administration issues administrative decisions on subsequent collection of import and excise duties and files civil and criminal charges.

DECISIONS ON SUBSEQUENT COLLECTION OF IMPORT AND EXCISE DUTIES

In 2012, the Customs Administration adopted 1.047 Decisions on subsequent collection of import and excise duties.

Regarding subsequent collection of import duties, 1.017 decisions were issued in a total amount of 646 million Denars, including:

- 98 Decisions on subsequent collection of a total amount of 9 million Denars due to improper classification of goods in tariff codes with lower (or zero) rates of import duties;
- 164 Decisions on subsequent collection of a total amount of 46 million Denars due to the declared lower value of goods as the basis for calculation of import duties, established by checking the invoices and other documents regarding customs value at the exporters' customs services;
- 145 Decisions on subsequent collection of a total amount of 10 million Denars due to invalid proof of preferential origin of goods, based on the authentication of exporters' customs services;
- 543 Decisions on subsequent collection of a total amount of 400 million Denars based on uncleared goods, invalid and incomplete documents for establishment of the base for customs debt calculation, identified by control of companies.

Regarding subsequent collection of excise and other taxes, 30 Decisions totaling 156 million Denars have been passed.

CHARGES FOR CUSTOMS, FOREIGN CURRENCY AND EXCISE OFFENCES

In 2012, **737** offence charges were filed, of which:

- 584 for committed customs offenses;
- 90 for offenses related to stirring of passenger motor vehicles with foreign license plates;
- 18 for committed foreign currency offences; and
- 45 for excise offenses.

A total of 1,657 offence cases were solved (filed primarily in the previous years), and **the perpetrators were fined with an equivalent of about 91 million Denars**. In 1,307 cases, in addition to the fine, a special measure for confiscation of the goods subject to offense was pronounced, and in 28 cases of committed foreign currency offenses, a measure - seizure of foreign currency assets in different currencies was issued, in an equivalent of about 17.5 million Denars.

CRIMINAL CHARGES

In 2012, the Customs Administration filed **91 criminal charges against 111 individuals and 31 legal entities**. Most of the criminal charges filed (47 criminal charges against 52 individuals and 26 entities) refer to forged and invalid documents submitted with lower-than-real values as customs bases for calculation of import duties, where payment of about 300 million Denars of import duties was evaded. Due to illicit trafficking in narcotic drugs, in 2012, the Customs Administration filed 15 criminal charges against 21 individuals. Due to smuggling of various types of other goods, in 2012, the Customs Administration filed 11 criminal charges against 18 individuals and 2 legal entities.

CRIMINAL CHARGES BROUGHT IN 2012			
Grounds for filing criminal charges	Natural entities	Legal entities	Total number of cases
Illicit traffic in narcotic drugs	21		15
Illicit traffic in cigarettes	2		2
Illicit traffic in weapons and explosive materials	4		4
Illicit traffic in medicines	3		3
Smuggling of precious metals	3		3
Smuggling of other kinds of goods	18	2	11
Falsification of other documents	2	1	2
Presentation of falsified invoices	22	2	22
Presentation of falsified certificates of origin of goods	1	1	1
Presentation of undervaluated invoices	30	24	24
Unauthorised manufacture and release in free circulation of hazardous substances	2		2
Exportation of archaeological materials, monument of culture	1		1
Abuse of public procurement procedure	2	1	1
Total	111	31	91

PARTICIPATION IN INTERNATIONAL OPERATIONS

In 2012, the Customs Administration took part, coordinated and organized at national level the following international operations and projects:

- **Project FAIR PLAY II** for protection of the intellectual property rights of the logo of the Olympic and Paralympic Games held in London;
- **Project GLOBAL SHIELD** for information exchange among the countries-participants in the project for legal import, export, transit and trade in high-risk chemicals;

- **Operation DEMETER II** focusing on fight against illegal trade in hazardous waste material;
- **Operation SHADOW V** focusing on suspicious shipments of cigarettes and raw tobacco through the countries of South-East Europe;
- **Operation GREEN PANDORA** for detection, control and prevention of illegal trade in goods transported by containers, having dangerous influence on nature and the environment;
- **Project CAN** the objective of which was detection and seizure of non-standard, damaged or counterfeit pharmaceutical products, food or electrical appliances and their spare parts or equipment;
- **Operation ATHENA III** focused on illegal trafficking of cash and other means of payment;
- **Operation HERMET** for fight against illegal trade in heroin and methamphetamines and
- **Operation ORION** the objective of which was prevention of illegal exportation of protected birds, caught by Italian hunters.

In 2012, the Customs Administration inserted **130 seizures in the CEN database of seizures**, the majority of which refer to violations of intellectual property rights (59), seizures of drugs (22), seizures of foreign currencies (12), seizures of medicines for human use (11) etc. 20 pieces of information on seizures of drugs were submitted to ZKA Balkan Info and 38 pieces of information on seized goods to the SELEC Centre. Representatives of the Customs Administration also participated in the SELEC working groups meetings.

The Customs Administration continued the regular cooperation with the UNDOC, with the Customs Services of Serbia, Kosovo, Albania, Bulgaria, Croatia, Germany, France and Sweden, as well as the continuous exchange of information through the EU TWIX (network for exchange of information related to protection of endangered plant and animal species).

The European Commission 2012 Progress Report for the Republic of Macedonia gives most favourable evaluation note in the part concerning customs cooperation, noting that the Customs Administration has made good progress in terms of participation in international operations and exchange of information for fight against cross-border crime.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

As in the past, in 2012 also, the Customs Administration continued with the activities for enhancement of its capacities for protection of intellectual property rights. Activities were realized to improve the administering and to raise the interest of the holders of brands to register requests to the Customs Administration for protection of their intellectual property rights, to raise the public awareness about the harmful consequences from production, trade and use of counterfeits, as well as enhancement of the capacity for risk analysis and identification of counterfeit goods.

In this context, in 2012 the Customs Administration introduced the **WCO IPM (Interfaced Public-Member) Platform** – a database of protected goods with intellectual property rights, available to all Customs Offices as a tool for better recognition and control of counterfeit goods, and prepared **Guidelines on administration and use of the IMP platform**. Training was organized on how to access and use the IPM platform and user accesses were granted to about 200 customs officers. Besides the afore-mentioned, in January 2012, the Customs Administration started a new Project for development of a separate module within the Integrated Information System for electronic record-keeping and administration of the activities related to protection of intellectual property rights, as a temporary solution until full implementation of a new electronic customs declaration processing system, which will also include full electronic administration of the customs measures for protection of intellectual property rights.



WCO Operation VICE GRIPS 2 carried out in the region of Africa, July 2012, where a representative of the Customs Administration took part



Operation TIGRE-2 in El Salvador, conducted in the region of Middle America and part of South America, December 2011, where a representative of the Customs Administration took part

Among other international activities, **under the WCO Programme for Protection of Intellectual Property Rights, the Customs Administration of the Republic of Macedonia took part** with its own accredited and technical advisor (trainer- expert) **in three subsequent WCO operational missions:** TIGRE-2 in El Salvador, carried out in Middle America, the Caribbean and part of South America, December 2011; VICE GRIPS 2 conducted in the region of Africa, preparation activities in Togo and operation in Kenya, July 2012 and EASTERN GATE carried out in the region of East-Africa, preparations on Djibouti and operations in Kenya, December 2012.

At the end of 2012, there were **222 trade marks registered for customs protection of their intellectual property rights**, 77 of which were registered for the first time, while 145 are trademarks with renewed request for protection of their intellectual property rights (321 in 2011, 223 in 2010, 250 in 2009).

Among many, requests for customs protection of their intellectual property rights to the Customs Administration have registered the following brands: Puma, Adidas, Nike, Zara, Lacoste, Mercedes, Prada, Cialis, Nutella, Coca Cola, Schweppes, Herba, Natreen, Always, Ariel, Oral-B, Durex, Rexona, Fa, Labello, Kosili, Kosmodisk, Eucerin, Nivea, Colgate and others.

In 2012, **in 149 actions** on grounds of reasonable suspicions that the goods in question infringe intellectual property rights, **341 thousand pieces of goods were seized**. As it can be seen from the table, clothing (mainly sports) continues to dominate in the total quantity of seized goods on these grounds being over 31%. There is also an increase in the seizures of car accessories of about 9%. As for the origin of the seized goods due to suspected violation of intellectual property rights, China is predominant with 43%, followed by Turkey with 38% of the total quantity of seized goods. Below are interesting cases of seized goods due to suspicions that they infringe intellectual property rights.

PRODUCTS SEIZED IN 2012 DUE TO SUSPICION THAT THEY INFRINGE INTELLECTUAL PROPERTY RIGHTS

Type of products	Unit	Quantity (thousand)
1 Clothes, accessories and other related products and raw materials	piece	106
2 Footwear and accessories	piece	21
3 Perfumes, deodorants, cosmetics etc.	piece	58
4 Telephones, IT, audio, video spare parts and equipment etc.	piece	74
5 Automobile spare parts and equipment	piece	31
6 Medicines	piece	6
7 Other products	piece	45
Total		341



Over 43 thousand packs of counterfeit shoe polish of the Slovenian brand Ilirija seized in January 2012. The declared value of the counterfeit goods was 0.3 denar per item, while the market value of the original product is 35 denars, i.e. over 10 times higher.



Over 1.500 pieces of counterfeit medicines of the trademarks Viagra, Pfizer, Cialis, Kamagra, Oral Jelly and Levitra. The counterfeit medicines were seized in a specially organized action on a motorway pay-toll.

In 47 cases of the total number of cases of seized goods due to reasonable doubts that they infringe intellectual property rights, the representatives of holders of rights informed that the goods do not violate their intellectual property rights, and therefore the goods were released (about 59 thousand pieces, mainly CDs, DVDs and razor blades). Additional 28 thousand pieces of this type of goods were released as a result of the disinterest of the representatives of the holders of the rights to register request for customs protection of their intellectual property rights or they withdrew from legal proceeding.

Due to violations of intellectual property rights, **144 thousand pieces of goods were destroyed** under customs surveillance in 2012.



About 20.000 pieces of counterfeit car air fresheners of the brands BMW, Audi, Mercedes-Benz and JULIUSS AMANN LTD, the market value of which could reach about 700 thousand denars



Over 7.000 pieces counterfeit children's slippers of the trademark NIKE, seized in June 2012. The declared value of the goods was 320 thousand denars, while the market value of the original products would be about 2 million denars.

REVENUES COLLECTED

The Customs Administration administers and collects customs duties, import VAT, excise duties (production, import and trade), charges on tobacco products and oil products (production and import). **In 2012, the Customs Administration collected a total of 63.9 billion denars of revenues**, being 3.5% more than the collected revenues in 2011 when 61.7 billion denars were collected.

REVENUES COLLECTED IN 2012 (IN MILLION DENARS)			
Customs duties	4,066	3,779	287
VAT	41,041	41,322	-287
Excise duties	16,587	15,559	1,028
Other charges	2,231	1,064	1,167
Other charges	2,231	1,064	1,167
Total	63,925	61,724	2,201

CUSTOMS DUTIES

In 2012, a total of **4.07 billion denars of customs duties** and other customs charges having equivalent effect **were collected**, being almost equal with the planned amount and 7% more than the collected customs duties in 2011, when 3.8 billion denars were collected.

Increase in the collected revenues from customs duties was registered with:

- Import of meat and other edible meat offal (12%), where increase in both imported quantity (4%) and its value (12%) was recorded. The increase is also a result of the controls of the Customs Administration of the tariff classification, customs value and preferential treatment;
- Import of tobacco and manufactured tobacco substitutes (17%), where increase in both imported quantity (23%) and its value (28%) was recorded. This is also due to the physical inspection measures of the Customs Administration;
- Import of aircraft, spacecraft and parts thereof (312%) due to the import of aircrafts for the needs of the state;
- Import of electrical machinery and equipment and part thereof, sound recorders and reproducers, television image and sound recorders and reproducers and parts and accessories of such articles (12%), with simultaneous increase of the import value (4%);
- Import of sugar and sugar products (39%), mainly due to the increased volume of import which is not subject to preferential treatment customs duty relief.

VAT

The collected revenues from import VAT in 2012 amount to 41 billion denars, which is 0.7% less than the collected VAT revenues in 2011. Increase in the VAT revenues is registered from import of mineral oils and products of their distillation, bituminous substances, mineral waxes and miscellaneous products. Decrease in the collected VAT revenues was recorded from import of iron and steel, vehicles other than railway or tramway locomotives, rolling-stock and parts thereof, as well as optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus, parts and accessories thereof.

EXCISE DUTIES

16.6 billion denars were collected as excise duties in 2012, which is 6.51% more than the collected excise duties in 2011 (15.5 billion denars). Increased revenue collection was recorded from mineral oils and derivatives (4%), tobacco and tobacco products (13%) and alcohol and beer (4%), while there was decrease in the excise duties collected only with passenger vehicles (7%).

OTHER CHARGES

2.231 million denars were collected as other charges, which is 53% more compared to 2011 when 1.064 million denars were collected. The increase is a result of the taking on of the competence for collection of fees pursuant to the Law on Health Protection (Official Gazette of the RM no.43/12) by the Customs Administration, as well as the increase of the charges for tobacco and tobacco products (29%).

TRANSPARENCY AND COOPERATION IN CUSTOMS MATTERS

In 2012 as before, the Customs Administration continued to intensively work on raising the awareness of its employees and the public about the meaning of openness and transparency in the context of making the public familiarized with the role of the Customs Administration, informing about its plans and work, identifying the client problems and understanding the public opinion about the work of the Customs Administration. Systems and procedures were introduced to increase and improve the communication with the public. The cooperation with new domestic and foreign institutions was institutionalized at Customs-Customs, Customs – Business level as well as other type of relations.

on the occasion of the jubilee – 20 years of the establishment of the Customs Administration as independent Customs Service, a jubilee symbol was introduced which was used in all officer documents of the Customs Administration throughout the year of 2012.



In 2012, the Customs Administration upgraded its video-conference system thus, besides its use within the Customs Administration, **enabling video-conference links with the members of the Government of the Republic of Macedonia and the Directors of the executive government bodies and their attendance at the government sessions and the sessions of the Economic System Commission.** This ensures fast and efficient communication between the Government of the Republic of Macedonia, the Customs Administration and the other executive government bodies, regional Customs Houses and Offices. The operation with the video-conference system is regulated with **Guidelines on the Operation with the Video-Conference system**, adopted in September 2012.

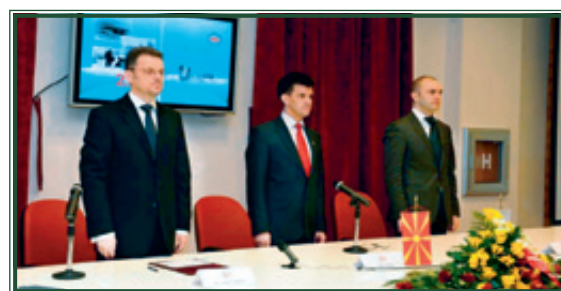
PUBLIC RELATIONS

20 YEARS OF INDEPENDENT AND AUTONOMOUS CUSTOMS SERVICE OF THE REPUBLIC OF MACEDONIA

Under the slogan “20 Years for the Future of Macedonia” in 2012, the Customs Administration celebrated a jubilee – 20 years of its establishment as an independent and autonomous Customs Service. The jubilee was celebrated through several events and activities: exhibition of the equipment and technical means used by the Customs Administration on the main city squares in Skopje, Bitola, Strumica, opening of a Customs Museum. The central ceremony took place in April 2012, presenting the **“Monograph of the Customs Administration”** and the activities of the Customs Administration in the past years.

The Customs Administration awarded prizes to the 10 best drawings of elementary schools pupils and 3 best essays prepared by faculty students on the topic “Borders divide, Customs connects”.

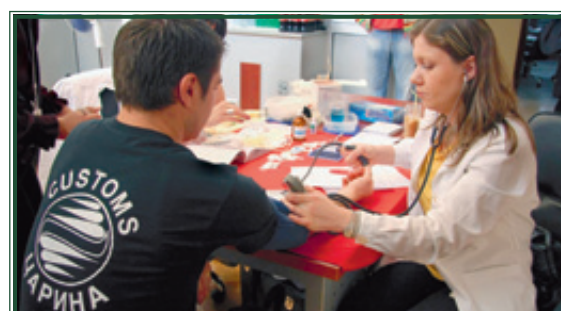
The activities of celebration of 20 years of establishment of the Customs Administration included a blood donation action, organized for the third time on five locations in the Republic of Macedonia. 136 units of blood were collected.



Opening of the central ceremony (Zoran Stavreski, Deputy Prime Minister and Minister of Finance, Vanco Kargov, Director General and Driton Fejza, Deputy Director General of the Customs Administration)



Awarded drawing of an elementary school pupil



CUSTOMS INFORMATION MUSEUM AREA

In October 2012, the Customs Administration opened a temporary Information Museum Area at the Alexander the Great Airport. The objective is to inform and improve the knowledge of the passengers about their rights and obligations when arriving in and departing from the customs territory of the Republic of Macedonia. It consists of glass cupboards, posters and booklets with information for the passengers.

In this area, different kinds of goods (allowed, prohibited goods and goods subject to import duties, goods and articles of protected trademarks, animal products and artefacts and archaeological objects protected with International Trade Conventions,) have been placed in special glass cupboards and information booklets were printed to inform the passengers..



Goods subject to prohibitions or restrictions for entry/exit in the customs territory of Macedonia



Artefacts and archeological objects, as an example of protected cultural heritage

INTERNET AND INTRANET

In June 2012, the Customs Administration adopted **new Guidelines on the manner of Publishing Information on the Internet site and the Intranet Portal of the Customs Administration**, the objective of which is to ensure updated and timely newsfeed for the Customs Administration's employees, external users of customs services and participants in customs procedures. The amendments to the Guidelines concern the competences and duties of the organizational units following the introduced new tabs on the web site.

In 2012 **589 pieces of information were published on the Customs Administration's website www.carina.mk** (204 in English, 165 in Albanian) and 570 on the Intranet portal. The website was visited 1.876.044 times by 13.600 visitors. The visitors sent 1.176 questions, complaints and suggestions, 639 of which were responded by the Customs Administration.

In 2012, the website www.carina.mk was enriched with an interactive map of Customs Houses in English with module for its updating. The Customs Tariff 2012 was also updated, and can be searched in the tab Customs Tariff Search. Six new tabs were introduced: 20 Years of the Establishment of the Customs Administration of the Republic of Macedonia, 60 years jubilee of the WCO, NCTS (New Computerized Transit System), Transport licenses in Non-Tariff measures, new tab Forms and new module of Executive Verdicts pronounced upon brought criminal charges. A profile for consulting statistics on Google was introduced. In December 2012, the Internet portal was also enriched with: Photo Gallery, Audio and Video Records and e-newsletter. The module Questions and Answers was upgraded and the Interactive Map was supplemented with information concerning the inland Customs Offices.

CUSTOMS HOTLINE - 197

A total of 26.103 phone calls were received over the customs hotline – 197 in 2012, an average of 71 calls per day. Of these:

- 70 - A class calls (information implying urgent actions by a customs office or mobile customs unit) and which were relevantly addressed. The information from these calls was forwarded to the Operational Matters Department and the Border Crossing Points for further processing. .
- 83 - B class calls (information imposing additional examination/investigation by other Departments at the Control and Investigation Sector or other Departments of the Customs Administration), forwarded to the Intelligence Department and Investigation Department, for further proceeding.
- 821 - C class calls (information that cannot be used, i.e. complaints or praises concerning customs procedures), which predominantly refer to hold-ups and jams at border crossing points or customs terminals.
- 77 - J class calls (information forwarded to the Sector for Professional Standards, concerning citizens' complaints for corruptive and unprofessional work of customs officers).



COMPLAINTS AND PROPOSALS AND REQUESTS FOR FREE ACCESS TO INFORMATION

In 2012, the Customs Administration received 9 complaints and proposals, all of which were appropriately addressed. In 2012, there were six requests for access to information of public character. The Customs Administration replied positively to 5 of these requests, while one request was forwarded to another institution - holder of the information.

COOPERATION IN CUSTOMS MATTERS

COOPERATION WITH THE BUSINESS SECTOR

The Advisory Council⁴² held 8 regular meetings in 2012, where several current issues in the area of customs operations were discussed. **Rules of Procedure of the Advisory Council were adopted in 2012.** Several novelties introduced in customs operations were presented among which: the possibility for customs clearance of goods at the border Customs Offices, possibility for lodging transit customs declaration prior to presentation of the goods to the customs authority, deferred payment of customs debt, issuance of binding origin information, allocation of tariff quota by the principle "first come – first served", the conditions and criteria to be met for reduction of the amount of the general guarantee.



Numerous presentations concerning projects implemented at the Customs Administration **were delivered: concept of Authorised Economic Operator, NCTS, upgrade of the EXIM System, Application for management of authorizations for customs procedures with economic impact, the functioning of the WCO's IPM database for protection of intellectual property rights.** **The Advisory Council members also considered and took activities aiming to satisfy the requests of some members: revision of the requirement to present different licenses and permits upon entry of goods into the Republic of Macedonia at the border crossings - requested by the Macedonian International Freight Forwarding and Logistic Operators Association (MIFA) which is an obstacle for development and competitiveness of the logistic sector of the Republic of Macedonia, compared to the neighboring countries;** Information provided by the Textile Cluster concerning the problems related to record keeping of textile waste, as well as customs clearance of small shipments, the proposals of the Chamber of Commerce of Macedonia for enhancement of the public-private partnership between Customs and the business sector through training and presentations in customs matters at regional level, the proposal of the **Macedonian International Freight Forwarding and Logistic Operators Association (MIFA) to reduce the amount of the bank guarantees for temporary storage of goods premises;** the request of the **Association of Independent Unions of Transporters of Republic of Macedonia (MAKAMTRANS) and the Association of Macedonian Enterprises for International Road Transport (AMERIT) for introduction of priority lane at the border crossing points that would be intended for vehicles transporting easy perishable goods and vehicles undercover of TIR carnet.** These discussions led to adoption of about 30 conclusions that were later incorporated in the Advisory Council Action Plan for 2012-2013.

On the occasion of its 90 jubilee celebration, in February 2012 the Economic Chamber of Macedonia awarded the Customs Administration with a plaque recognizing it as its best partner of all public institutions.



Ceremony of awarding the plaque

⁴² The Advisory Council was established in January 2009 and is now composed of members of the Economic Chamber of Macedonia, Association of the Macedonian Chambers of Commerce, Economic Chamber of North-West Macedonia, American Chamber of Commerce in Macedonia, Association of Independent Unions of Transporters of Republic of Macedonia (MAKAMTRANS), Association of Macedonian Enterprises for International Road Transport (AMERIT), Macedonian International Freight Forwarding and Logistic Operators Association (MIFA), Textile Cluster, Association of Tanning Industries, Macedonian Chamber of Information and Communication Technologies (MASIT) and Customs Administration

Memorandum of Understanding between the Customs Administration and Imperial Tobacco TKS was signed in September 2012. The main objective of this Memorandum is to ensure coordinated cooperation in the field of protection of the legal trade in tobacco products and detection and prevention of the illicit trade in tobacco products, illegal manufacture, trade and distribution of counterfeit tobacco products.



Signing of the Memorandum on Cooperation. The CEO of TKS and the DG of the Customs Administration



On the occasion of its 5th Anniversary of business activities in the Republic of Macedonia, in September 2012 the company **Lukoil awarded the Customs Administration of the Republic of Macedonia with a plaque of recognition and appreciation** for the continuous support and assistance in development of the company.

In August 2012, the Customs Administration signed a **Memorandum of Understanding with Japan Tobacco International** for Western Balkans. This Memorandum is continuation of the permanent cooperation which started in 2007 with the signing of the first Memorandum. The main objective of this Memorandum is to ensure joint and coordinated cooperation in protection of legal trade in tobacco products.



Signing of the Memorandum, Vice-President of JTI and DG of the Customs Administration

The factory for production of ferro-nickel „Feni Industry“ AD Kavadarci in November 2012 enabled destruction of 36 thousand pieces of counterfeit products under customs surveillance and in the presence of representatives of several trademarks. **The company “Feni Industry” AD Kavadarci decided to donate this years’ collected fees for destruction of counterfeits to charity – for procurement of children’s beds for the Nursery School in Negotino.**



CUSTOMS-CUSTOMS COOPERATION

On 26th January 2012, the WCO celebrated 60th anniversary since its establishment, under the slogan "Borders divide, Customs connects". On this occasion, the WCO awarded 7 Certificates of Merit to exceptional customs officers and 3 Certificates of Recognition to external Customs associates, for their particular contribution in the development of the international customs cooperation.



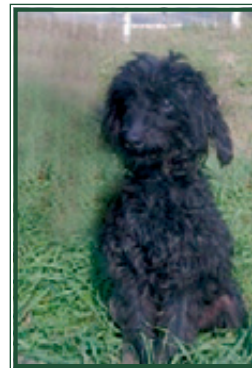
Emilija Belogaska, DEU, Danica Kuzmanovska, SEA and Irena Kikerkova Faculty of Economics - WCO Certificates of Merit recipients awardees

In May 2012 in Tirana-Albania, the Customs Administrations of the Republic of Macedonia and the Republic of Albania had a bilateral meeting and the Directors General signed a **Protocol on Electronic Exchange of Customs Data** between the Customs Administrations of Macedonia and Albania.

At the WCO Europe Region 2012 Heads of Customs Conference, held in Baku-Azerbaijan in April 2012, the Customs Administration of the Republic of Macedonia and **the State Customs Committee of the Republic of Azerbaijan signed an Agreement on Cooperation and Mutual Assistance in Customs Matters**. In December 2012, delegation of the State Customs Committee of the Republic of Azerbaijan paid an officer visit to the Customs Administration of the Republic of Macedonia. At the officer meeting, the delegations exchanged information about the activities undertaken for modernization of the customs operations and pointed out the domains of possible further enhanced cooperation. During the officer ceremony, the delegation of Azerbaijan handed over the two donated customs drug-sniffing dogs.



Signing of the Agreement: Aliev, Kargov, Mikuriya



Isabella



Sheri

In May 2012, under the Export Control and Related Border Security Programme, the US Government donated equipment to the Customs Administration, intended for fight against illicit trade and crime (thermal binoculars, night vision goggles, fiberscopes, ion radiation detection equipment and tools).

Guidelines on Use of the Joint Contact Centre Djueshevo, regulating the manner of communication between the Customs Administration and the Joint Contact Centre Djueshevo (established and put in function by an Agreement between the Governments of the Republic of Macedonia and the Republic of Bulgaria, in order to enable close police and customs cooperation), **was adopted in June 2012.**



Ceremony of donation with the US Ambassador to the Republic of Macedonia

In June 2012, **the Customs Administration and the National Tax and Customs Administration of Hungary signed a Protocol on Cooperation** for the implementation of the Protocol 5 on Mutual Administrative Assistance in Customs Matters of the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Macedonia, of the other part. The Protocol defines the activities for further enhancement of the cooperation through more intensive exchange of information and pre-accession experiences of Hungary on its path to the EU, as well as trade facilitation between the two countries.



The Final Conference on the EU funded Regional Project “Systematic Electronic Exchange of Data (SEED) in the Western Balkans” took place in October 2012. Besides the Customs Administration of the Republic of Macedonia, this Project also involved the Customs Services of Albania, Bosnia and Herzegovina, Kosovo, Serbia and Montenegro. The Project was coordinated by the Customs Agency of the Republic of Italy. At the Conference, **the Customs Administrations of the Republic of Kosovo and the Republic of Macedonia signed a Protocol on Electronic Exchange of Customs Data** on harmonised data set electronically exchanged via SEED.



Natalina Cea, Project Director – Italian Customs Agency, Naim Huruglica, Director General of Kosovo Customs and Vanco Kargov, Director General of Macedonian Customs

The top management of the Customs Administration of the Republic of Slovenia spent part of their summer vacation on a seven-day bike tour in the Republic of Macedonia. In August 2012, they rode through Eastern Macedonia and visited Ginovci, Kratovo, Probishtip, Lesnovo, Kocani, Berovo, Strumica, Nov Dojran and Skopje and took the opportunity to meet the natural beauties of Macedonia.



Bike tour route of the members of Slovenian Customs

On the occasion of the end of the MATRA - Technical Cooperation Project between the Tax and Customs Administration of the Kingdom of the Netherlands and the Customs Administration of the Republic of Macedonia 2010-2012, a ceremony took place in November 2012. This Project was continuation of the previous 5-year bilateral project on technical cooperation between these two institutions. Under the Project, 18 activities were organised – seminars, training sessions, workshops and study visits for a total 250 participants, related to enhancement of the Customs Administration’s capacities in management of excises, human resources, intellectual property rights, Customs Laboratory and other matters.



As a symbol of goods cooperation and friendship, representatives of the two Customs Services and the Ambassador of the Kingdom of the Netherlands to the Republic of Macedonia planted 300 tulips in the Customs Headquarters yard.

In October 2012 in Istanbul, the Customs Administration of the Republic of Macedonia was presented with a **Certificate of Merit in recognition of its strong commitment to address illegal trade in ozone-depleting substances (ODS)**. The award was presented on grounds of the nomination for the international operation "Sky-Hole Patching II", part of the Project "Initiating regional cooperation to enforce ODS in trade controls in ECA network countries", initiated by the United Nation Environment Programme, in cooperation with the WCO.



With a view to improve the traffic of goods through the border crossing points with the Republic of Greece, the Economic Chamber of the Republic of Macedonia, in cooperation with the Liaison Office of the Republic of Greece and supported by the Customs Administration of the Republic of Macedonia in December 2012 organised a meeting with the Macedonian and the Greek border authorities at the border crossing point Bogorosica – Evzoni. Our customs representatives and the other border agencies, involved in formalities accomplished at the borders opened a dialogue with the Greek partners to improve the traffic of goods along Corridor 10. Besides the joint consideration of the process of trans-border procedures and the infrastructure, the Macedonian and the Greek Customs delegations also had a working meeting.



The Customs Administration took an active part in the 10th jubilee action "Tree Day – Plant your future!" organized by the Government of the Republic of Macedonia in November 2012. The customs officers organized actions of planting seedlings at all border crossing points in the country. This noble idea was also massively supported by the colleagues of the Border Services of the neighboring countries, who together with the Macedonian customs officers got involved in this action. With this act, the Customs Administration symbolically demonstrated the activities undertaken in its mission to protect the environment, by wholeheartedly giving a contribution in the realization of the dream for green Macedonia.



Border crossing point Sterje with Albania. The colleagues of the Customs Services of the two countries jointly plant trees

At the end of 2012, the CEFTA Secretariat's proposal - the Customs Administration of the Republic of Macedonia to chair **the Subcommittee on Customs and Rules of Origin in 2013 was accepted. The Programme is prepared.**

INTER-INSTITUTIONAL COOPERATION

In November 2012, **the Office of the State Attorney General of the Republic of Macedonia** and the Customs Administration **signed a Protocol on Electronic Exchange of Documentation**. The objective of this Protocol is to provide for an efficient and fast exchange of documentation in electronic form between the Parties of the Protocol, in court cases where the Customs Administration is a party.



Signing of the Protocol: Olivera Kitanovska, Director of the Office of the State Attorney General and Vanco Kargov, DG of the Customs Administration

On the occasion of the 20th Anniversary of the establishment of the Customs Administration, in April 2012 the **Association of the Deaf and Hard of Hearing of Macedonia** awarded the Customs Administration of the Republic of Macedonia with a **Plaque of recognition of the mutual cooperation**, for the humanitarian contribution and support offered to the deaf and hard of hearing in the Republic of Macedonia.



Vasko Markov, President of the Association of the Deaf and Hard of Hearing of Macedonia and Vanco Kargov, DG of the Customs Administration

During the celebration of the 10th Anniversary of its establishment, the **Central Registry of Republic of Macedonia** awarded a **Plaque of Recognition of Successful Business Cooperation** to the Customs Administration of the Republic of Macedonia.

In October 2012, on the occasion of celebration of its 5th Anniversary, the **National Coordination Center for Integrated Border Management** presented the Customs Administration with a **Plaque of Merit for exceptional contribution in development of the Integrated Border Management**.



COOPERATION WITH THE INSTITUTIONS OF THE EDUCATION SYSTEM

Besides the previously signed Memoranda on Cooperation with Higher Education Institutions, in July 2012 the Customs Administration signed a **Memorandum of Cooperation with the Faculty of Tourism and Business Logistics – Gevgelija, within the Goce Delcev University in Shtip.**

In 2012 the Customs Administration continued the cooperation with the higher education institutions in the Republic of Macedonia. In accordance with the Guidelines on Internship at the Customs Administration and the Agreements on Cooperation concluded with the higher education institutions, **in 2012 the Customs Administration organised summer internship for students** of the Faculty of Economics – University of St. Cyril and Methodius in Skopje, the Faculty of Security in Skopje – University of St. Clement of Ohrid, the Faculty of Economics in Skopje – University for Tourism and Management, the Faculty of Tourism and Business Logistics – dispersed studies in Skopje, University Goce Delcev, Shtip and the Faculty of Tourism and Leisure Management in Ohrid – University St. Clement of Ohrid, Bitola. **A total of 86 students** were familiarized with the role and competences of the Customs Administration.

In June 2012, the Customs Administration adopted a **2012 Volunteer Work Programme**, aiming to bring the work of public administration closer to the citizens of the Republic of Macedonia and provide possibilities for the young people to acquire work experience and later become more competitive on the labour market. On grounds of the 2012 Volunteer Work Programme, the Customs Administration published an open invitation for application of candidates and engaged 10 interested candidates who volunteered at the Customs Administration's organizational units for 5 months.



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PUBLISHER | CUSTOMS ADMINISTRATION OF THE REPUBLIC OF MACEDONIA
Lazar Lichenoski 13, 1000 Skopje
www.customs.gov.mk

GRAPHICAL DESIGN and PRINT | EVROPA 92 - KOCHANI

NUMBER OF COPIES | 150

