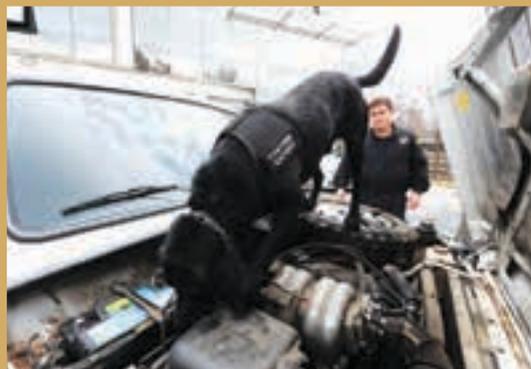


REPUBLIC OF MACEDONIA
MINISTRY OF FINANCE
CUSTOMS ADMINISTRATION



ANNUAL
REPORT
2013

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I. SUMMARY

In the run up to the Day of Customs Administration and celebration of the twenty second anniversary of the establishment of the Customs Service, we can proudly highlight that over the past twelve months the Customs Administration has been engaged in numerous activities the realization of which has ensured a step forward in realizing our ambitions to become and remain the best service for the citizens, the economic operators and the state, in conformity with the best nationally and internationally recognized practices and develop a reputation as a leader in the process of accession to the European Customs Union at a regional level.

Devoted to a broader social objective of contribution to a high level of competitiveness of the Macedonian economy through reduced costs for economic entities, their protection from unfair competition and acceleration of the operational procedures, the Customs Administration continued in the past year with activities and measures oriented towards facilitation, acceleration and simplification of the customs and excise procedures. The status of candidate country for EU accession granted to the Republic of Macedonia and above all the interest of our citizens to have a modernised and efficient public administration are the principal driving force that obliges the Customs Administration to continue without any standstills with the reforms focused on ongoing strengthening of its institutional and administrative capacities and progressive introduction and implementation of new, higher, work related standards.

The Customs Administration has travelled a long way to achieve the aim to be recognized by the citizens, economic entities and the international community by the level of professionalism, efficiency, transparency, confidentiality and accountability, as a Service capable of promoting and facilitating economic activities, implementing efficiently the laws and protect the economic and fiscal interests of the country, and particularly safeguarding the life and health of the Macedonian citizens.

In the past twelve months we have been engaged in further enhancement of the transparency of customs operations through increased availability of our information to the media and the public in general, strengthening of our partnership with the business community in the country, development of the systems in the area of information and communication technologies with assurances concerning their security and smooth functioning, implementation of new systems used in customs operations, in accordance with the highest international standards, continuous improvement of the established professional standards related to the customs officers' work by care for the integrity of the employees and the entire Service.

Constant work and the success achieved over the past twenty two years, as well as the vision and plans defined for the future, impose on all of us (employees of the Customs Administration of the Republic of Macedonia) an obligation to continue to dedicate ourselves fully so as to give our maximum contribution to transformation of our Service to the level at which it will be taken as a generally applicable example at a national and an international level.

We, employees of the Customs Administration of the Republic of Macedonia, have a reason to be proud and to continue decisively with strictly defined path towards better results.

2. LEGISLATION

Amendments and supplements to several laws and subordinate legislation concerning customs procedures, Customs Tariff, excises, protection of intellectual property rights and implementation of international agreements, were adopted in 2013 with aim to provide simplification of the customs procedures, reduction of the costs for the economic operators and enhanced competitiveness of the national economy, as well as alignment with the European Union Acquis.

CUSTOMS LEGISLATION

Law amending the Customs Code was adopted in December 2013 ("Official Gazette of the Republic of Macedonia" no. 187/13). The amendments enact a possibility for relief from import duties for the equipment intended to be used for scientific research and innovation activities and for the goods destined for realization of projects funded by the Instrument for Pre-Accession Assistance – IPA. They also lay down that the costs for analysis and examination of the samples taken upon an initiative of the customs authority shall be borne by the customs authority. Legal framework for **publication of list of tax debtors that did not pay the due import duties, excises and VAT** within period exceeding 90 days was also adopted, with aim to assure **further improvement of the loyal competition and fiscal discipline.**

The Customs Code Implementing Regulation was amended and supplemented three times in 2013 ("Official Gazette of the Republic of Macedonia" no. 2/13, 92/13 and 177/2013). The amendments determine the term for application of the provisions concerning the implementation of the new Customs Declarations and Excises Processing System (CDEPS) as from 01.01.2015 and the term for application of the provisions concerning the putting into function of the New

Computerised Transit System (NCTS) as from 01.03.2014. These amendments also lay under obligation the holders of authorizations to submit the reports on discharged inward processing by using electronic data processing technique and by using the System for customs procedures with economic impact E-Lohn, developed by the Customs Administration and made available for the economic operators free of charge.

In March 2013, the Government of the Republic of Macedonia adopted a **Decision on determination of List of dual-use goods and technologies** ("Official Gazette of the Republic of Macedonia" no. 37/13), prepared in line with the Regulation (EU) 388/2013.

Decision on Classification of Goods by Forms of Import and Export ("Official Gazette of the Republic of Macedonia" no. 118/13) was passed in August 2013. By this Decision a new form of import D8 is introduced, which requires an authorization by the Ministry of Agriculture, Forestry and Water Economy – Sector for Forestry and Hunting to import certain species of tree specified in Chapter 44 of the Customs Tariff. The Decision prescribes also that for certain goods listed in Chapter 6 and Chapter 12 of the Customs Tariff the previous form D1 is replaced with a new form D8.

The amendments to the **Rulebook for completion of customs declaration and the list of codes used** ("Official Gazette of the Republic of Macedonia" no. 83/13) that were adopted in June 2013, prescribe new codes used for presentation of customs declaration under simplified procedure - local customs clearance, relief from import duties for electoral materials and fees levied on import of tobacco products and plastic material packaging.

A new **Rulebook for completion of customs declaration and the list of codes used** was adopted in February 2014 ("Official Gazette of the Republic of Macedonia" no. 36/2014). In addition to the amended texts of the Rulebook, regarding the present appendixes, the new Rulebook incorporates two new appendixes with prescribed codes used for completion of customs declaration in electronic form under transit procedure, which is in use as from 1st March 2014.

In November 2013 the Government adopted a **Regulation concerning the categorisation, extent of utilization and working hours of the border crossing points**, regulating several issues, including determination of the border crossing points of first category – Tabanovce BCP (border with Serbia), Deve Bair BCP (border with Bulgaria), Kjafasan BCP (border with Albania), Bogorodica BCP (border with Greece), Dolno Blace BCP (border with Kosovo), Railway Station Volkovo, Gevgelija, Tabanovce and the Airport Alexander The Great, with 24/7 working of all border services.

CUSTOMS TARIFF

The Government of the Republic of Macedonia further reduced the customs rates for certain raw materials, tool machines, rail freight wagons and buses, as one of the measures to combat the adverse effects of the crisis and stimulate economic growth.

The adopted **amendments to the Customs Tariff Law** ("Official Gazette of the Republic of Macedonia" no. 11/12), applied as from 01.01.2013, stipulate **removal or reduction of customs duty rates for goods classified under 128 tariff codes.** For the purposes of further alignment with the EU regulations, amendments to this Law were passed in July 2013 ("Official Gazette of the Republic of Macedonia" no. 93/13). Customs duties for certain unprocessed precious metals – raw materials were also removed with the aim to contribute to the improvement of the competitiveness of the national industry abroad. The decrease and the removal of customs rates for raw materials intended for manufacture are oriented towards reduction of the costs for producers and higher level of competitiveness of Macedonian products. The weighted average effective rate of customs duty for 2013 is 1,38 %.

Decision on alignment of and amendment to the Customs Tariff 2014 was passed in December 2013 ("Official Gazette of the Republic of Macedonia" no. 179/13), as a result of the changed trade trends and practices and on the basis of the need to clarify and simplify the texts.

EXCISES

Amendments to the Law on Excises ("Official Gazette of the RM" no. 82/13), providing significant changes in the excise matters operations, were **passed in June 2013**. The amendments prescribe modified manner of calculation of excises duties levied on cigarettes, alcoholic beverages and beer and strict control measures for trade in oil de-

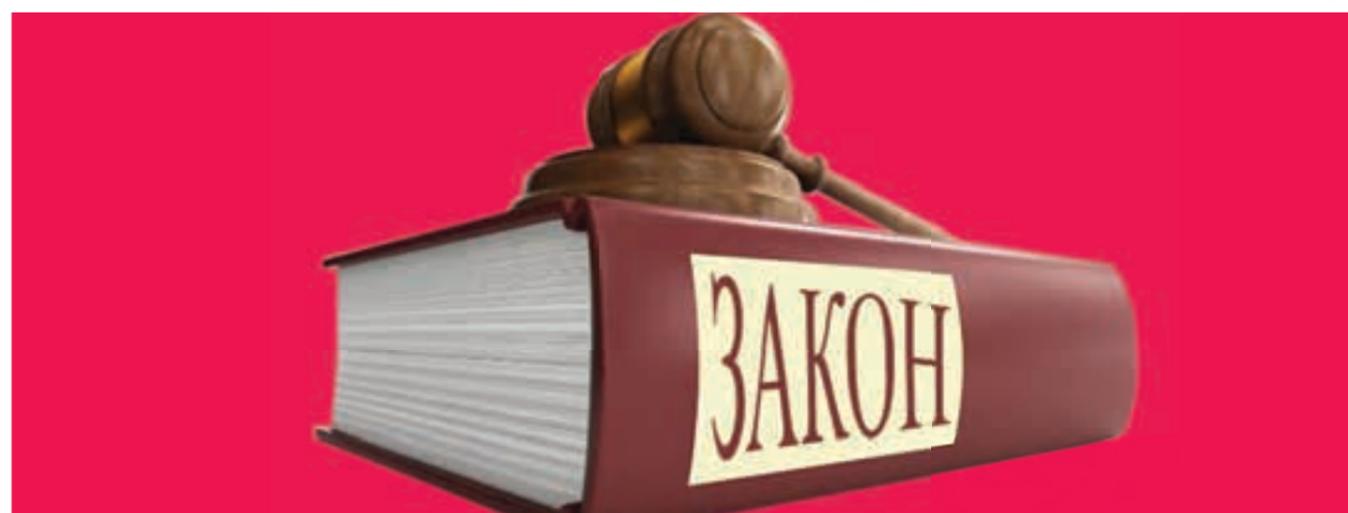
rivatives to be applied within the framework of introduced concept of registered mineral oil traders and implementation of GPRS system for tracking trade in "red oil". Pursuant to amendments to the Health Protection Act, the Law on Tobacco and Tobacco Products and the Environment Protection Law, the fees that previously were regulated by the mentioned laws are now included in the excise amount.

The amendments to the Excises Law Implementing Rulebook adopted in December 2013 ("Official Gazette of the RM" no. 187/13), define more precisely the utilization of the guarantee for securing excise debt for control stamps, relief from excise for passenger vehicles used for realization of projects funded by foreign donors, removal of the provision recognizing wastage of 0,3% of the taken control stamps for marking alcoholic beverages and wastage of 1% of the taken control stamps for marking tobacco products, i.e. abolition of reduced excise on this basis.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Amendments to the Law on Customs Measures for Protection of Intellectual Property Rights were adopted in May 2013. The amendments provide legal basis for abandoning seized goods violating intellectual property rights (clothing and footwear) to families whose total monthly income does not exceed 1.5 average monthly salaries, as well as provision of relief from consequences of natural disasters. In order to protect the rights of the holders of trademarks and assure secure use of the donated goods, consent from the holder of the trademark is required to remove the signs of the trademark and obtain certificates from the competent authorities that confirm that the goods are safe for use and have no negative health effects.

An **amendment to the Rulebook for implementation of the Law on Customs Measures for Protection of Intellectual Property Rights** was adopted in September 2013 ("Official Gazette of the Republic of Macedonia" no. 132/13) in order to facilitate the recognition of original goods and detection of counterfeits by the customs officers. The amendment defines more precisely the data on the original goods that the holders of protected trademarks have to provide to the customs authority.



INTERNATIONAL AGREEMENTS

In December 2013, the Government of the Republic of Macedonia passed a **Decision on Provisional Application of a Protocol to 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** ("Official Gazette of the Republic of Macedonia" no. 185/13), to take account of the accession of the Republic of Croatia to the European Union (Protocol to the SAA). The amendments to the Protocol to the SAA entail the quotas with Croatia of the CEFTA Agreement, new quota are opened depending on the exchange with Croatia realized in the previous years, as well as increased quantity of quota for wine orig-

inating from Macedonia for import into the EU.

In January 2014 the Government of the Republic of Macedonia published the **Lists of goods within the framework of quota** agreed in accordance with the Agreement on Accession of the Republic of Macedonia to the WTO¹, the Stabilisation and Association Agreement with the European Union and the Free Trade Agreements signed with Turkey, Ukraine, Moldova and EFTA countries ("Official Gazette of the Republic of Macedonia" no. 1/14). The sole modification refers to quota with the European Union that result from the Provisional Application of a Protocol to the Stabilisation and Association Agreement.

¹ World Trade Organization

3. EU INTEGRATION

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, reinforcement of the administrative capacity, as well as raising of the public awareness about the method and the philosophy of the functioning of the Customs Union, particularly in terms of transit, determined as precondition for accession to the EU, are the focus of attention in the constant and main agenda of the Customs Administration.

ALIGNMENT WITH THE EU ACQUIS

Regulation concerning the classification of certain goods in the Combined Nomenclature according to the European Commission Regulations was adopted in January 2014 ("Official Gazette of the Republic of Macedonia" no. 2/14). The Regulation is adopted on the basis of Article 5, paragraph 3 and paragraph 4 of the Customs Tariff Law and integrates all appendixes concerning classification of certain goods that are covered by the Regulation on the implementation of the European Commission Implementing Regulation of European Communities concerning the classification of certain goods in the Combined Nomenclature ("Official Gazette of the Republic of Macedonia" no. 76/07, 84/08, 114/09, 100/10, 95/11, 107/12 and 67/13), as well as new regulation of the European Union adopted in the period between 01.01.2013 to 30.06.2013. By adopting this Regulation, the Republic of Macedonia, as a candidate country for EU accession, met the obligation defined by the National Programme. The Regulation passed also provides legal basis for an uniform application of the Combined Nomenclature for the goods classified in the appendixes to the Regulation in the Republic of Macedonia.

CONNECTION WITH THE EU CUSTOMS IT SYSTEMS

IMPLEMENTATION OF THE NEW COMPUTERISED TRANSIT SYSTEM (NCTS)

The efforts for accession to the Convention on a Common Transit Procedure, recognized as one of the most significant priorities for the Customs Administration, have been made in continuity in 2013. A new transit system, compatible

with the EU transit systems was created, within the framework of the EU funded IPA 2008 Programme.

A new version of the application was installed in a production environment in November 2013, which assured conditions for continuation of activities for implementation of the NCTS by starting the fourth session of the application testing. Simultaneously, training has been delivered to customs officers and pilot Customs Offices were established. NCTS is operational at a national level since 1st March 2014.

ACCESSION TO THE EU INTEGRATED TARIFF ENVIRONMENT (ITE)

The implementation of the EU Integrated Tariff Environment in the Republic of Macedonia is being realised through 2 sub-projects: Implementation of the ITE and Management Support to Implementation of the ITE.

The Project started in October 2012 and its finalization in October 2014 will lead to approximation of the Republic of Macedonia to the EU Common Market and EU Customs Union. The ITE will contribute to reinforcement of the Customs Administration's operational capacities in conformity with the EU standards, particularly in the area of Customs Tariff, which is the basis for the customs procedures and will assure complete compatibility and interoperability between the Customs Administration's IT systems and the corresponding EU Customs IT systems.

This system will also enable economic operators to gain on-line access from a single spot to information on tariff and non-tariff measures as well as access to the module for assessment of customs and other duties. In 2013 the system was tested three times. The summary results of this



testing are positive and there is a general conclusion that the contractor has developed the system in accordance with the accepted functionality specifications.

In 2013 the testing activities were realised together with the activities for modification of the legislation and secondary legislation, transformation of the national Tariff, reorganization of the Department for Customs Tariff, Laboratory, Value, Origin and TARIK and trainings concerning operation of the system by the customs officers. The hardware equipment necessary for the project was also purchased. In order to assess the progress made in implementation of the ITE related project activities, an Assessments Mission was realized by the European Commission in September 2013, who came up with positive findings.

The system should be completed by October 2014 when one part of the system will be operational, at the beginning at a national level. The other parts of the system will be put into operation once we accede to the European Union.

EU CUSTOMS 2013 PROGRAMME

The Customs 2013 Programme (financed by the European Union and co-financed by the budget of the Republic of Macedonia) provides for coop-

eration, exchange of information and best practices with the customs administrations of the European Union Member States, candidate countries and potential candidates. The Programme is realized in the form of seminars, workshops, participation in project groups, study visits and trainings.

Within the framework of the Programme EU Customs, representatives of the Customs Administration attended events at which discussions were held about reinforcement of the institutional and administrative capacities, cooperation of the customs laboratories and exchange of experiences and best practices in implementation of the new IT systems that are necessary for the customs procedures.

In March 2014 the programme cycle Customs 2007-2013 will have run its course and at present an agreement with the European Commission for participation of the Customs Administration in the new Programme CUSTOMS 2014-2020 is awaiting signatures.

TAIEX

In 2013 with support of the TAIEX instrument for technical cooperation the following activities were realised by the Customs Administration: Study visit with the aim of exchanging experienc-



es concerning customs procedure in postal traffic, International Workshop “Whistleblowers protection-legislation, practices and challenges”, International workshop on Pan-Euro-Mediterranean preferential rules of origin, Regional workshop on “Organised Crime in the Area of Intellectual Property”, Workshop “Processing biometric data” and Workshop “Protection of the euro against counterfeiting”, organized in cooperation with the Ministry of Interior.

CEFTA²

At the beginning of 2013, the Customs Administration of the Republic of Macedonia took over the CEFTA Subcommittee on Customs and Rules of Origin Chairmanship.

As Chair of the CEFTA Subcommittee on Customs and Rules of Origin, the Customs Administration realised the following activities in 2013:

- **Regional Workshop on Authorised economic operator (AEO)** and methods of drawing up a CEFTA AEO Programme which will be compatible with the EU AEO Programme and will be focused on trade facilitation, was organised. The workshop

agenda included a visit to the Headquarters of Alkaloid-Skopje, during which the participants were informed about the possibilities to introduce the AEO concept.

- The **first meeting of the CEFTA Working Group on Customs Risk Management** was held. At the meeting a Draft Working Programme of the CEFTA Working Group was prepared and information and experiences related to customs risk management in the CEFTA region were exchanged.
- The **third CEFTA Origin Experts Network meeting** and the **Sixth meeting of the CEFTA Subcommittee on Customs and Rules of Origin** took place. At the third CEFTA Origin Experts Network Meeting, organised in cooperation with TAIEX and with support of the DG TAXUD, the implementation of the Regional Convention on Pan-Euro-Mediterranean preferential rules of origin was discussed, while at the sixth meeting of the Subcommittee on Customs and Rules of Origin, the issues concerning harmonization of the Origin Protocol of the CEFTA Agreement and the utilization of the EU as the first step to further amendments to the CEFTA Agreement, the Stabilisation and Association Agreement and the Free Trade

2 CEFTA – Central European Free Trade Agreement



Agreements with the EFTA countries and Turkey, were considered. Within the framework of the Subcommittee's working activities, the possibilities for measuring and analyzing the application of the diagonal cumulation in the region were also discussed.

- **Meeting of the CEFTA Subcommittee on Customs and Rules of Origin** was held on 7th November 2013 in Skopje. Under chairmanship of the Republic of Macedonia the second meeting of the CEFTA Working Group on Customs Risk Management was also held.
- Besides these official meetings the Customs Administration organized **four technical meetings** in cooperation with TAIEX and IFC.³

- Within the framework of the activities realized under the chairmanship, the use of the risk analysis in the regional trade, as one of the main tools for regional trade facilitation, was promoted.
- **Joint workshop of CEFTA customs authorities and Sanitary & Phyto-Sanitary Agencies** was held on 5th December 2013, where the objective was to exchange experiences regarding all procedures applied in customs operations, with intention to define a list of present measures concerning the applications for data, to facilitate the exchange of information between the agencies and find modes for more successful utilization of the risk analysis.

3 International Finance Corporation

4. HUMAN RESOURCES

The Customs Administration's employees are considered as one of the most important factors contributing to the institution, more and more valued thanks to the continuous observation and permanent investment in their development and progress.

At the end of 2013 the Customs Administration had 1.141 employees (26 less than in 2012). The main reason for the reduction in the number of employees is retirement and termination of employment for various other reasons. Of the total number of employees, 2 have a status of high public officials (Director General and Deputy Director General), 1.016 have a status of customs officers under the Law on the Customs Administration, 12 have a status of civil servants under the Law on Civil Servants and 111 have a status of employees under the Labour Relation Law. In terms of qualification, 19 employees are master degree holders, 605 have university education, 19 are college-educated, 471 have secondary education and 27 have education of a different kind. 55% of the employees of the Customs Administration are university degree holders.

LEGAL FRAMEWORK

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

In early 2013, the Customs Administration adopted a revised **Human Resources Management Strategy 2013-2015**. The Strategy defines the objective of human resources management, basic principles and policies for human resources and strategic activities for the period 2013-2015. Strengthening of the capacity for human resources management (recruitment, deployment, training and professional development, improvement and career development, mechanisms for performance measurement and employees' professional liability) shall result in professional, efficient and competent employees capable to fulfill the mission, vision and objectives of the Customs Administration.

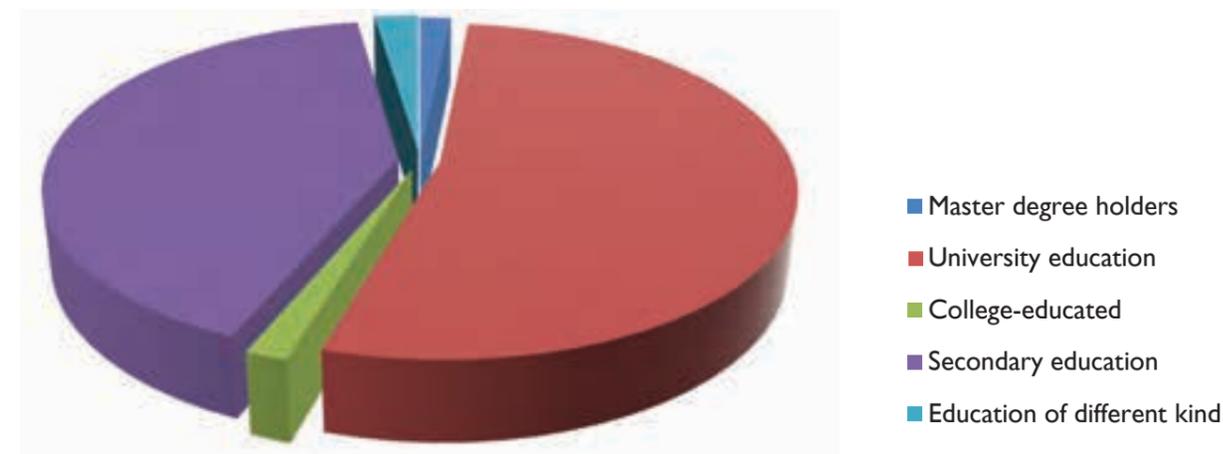
EMPLOYMENT

At the beginning of 2013, the Customs Administration adopted a **Programme for Employment and 2013 Plan for Employment**. The programme ensures that only candidates with specific academic and professional knowledge and skills can be employed in the Customs Administration. By continuous recruitment of new staff, the effectiveness and efficiency in achieving the Customs Administration's competences increase. The implementation of the Programme is supported by a **2013 Plan for Employment**.

TRAINING AND PROFESSIONAL DEVELOPMENT

In early 2013, the Customs Administration adopted a revised **Strategy for Training and Professional Development of the Customs Officers for 2013-2015**. The Strategy sets the priorities, goals, activities, benefits, roles and responsibilities of participants in the training process that will develop a sustainable and stable training system contributing to development of a culture of continuous learning.

Qualification of the Customs Administration's employees



A **Catalogue of Training Courses for Professional Development** has been prepared, as the basis for improving the quality of organised training and for helping the managers in making the right decision about the type of training that is required for the employees and resources planning.

At the beginning of 2013, a **Strategy for the World Customs Organization Regional Training Center in Skopje 2013-2015** was adopted, conducive to continuous learning, exchange of knowledge and information among the customs officers of the customs administrations and the business community in the region. The priorities of the Strategy are **to provide specialized trainings and trade facilitation**.

REALISED TRAINING AND PROFESSIONAL DEVELOPMENT ACTIVITIES

In 2013, 360 events for professional development of the employees, attended by 3.861 participants⁴ were realised. The ratio of the total number of hours of training realized in this period to the number of employees indicates that on average 23,66 hours of training and professional development were provided to each employee of the Customs Administration, i.e. each employee spent about 3 working days for training activities.

⁴ Of 1.142 employees, 415 attended these trainings. There are employees who attended several trainings.

The 2013 **Training and Professional Development Programme** envisaged 45 activities in the form of training, e-learning courses and presentations. Of the planned 45 activities, 35 events were realized (realization of 77,78%). The training sessions were focused on efficient and effective execution of powers of the Customs Administration and its employees, such as law enforcement, prevention of illicit trade and timely collection of customs and other duties.

With regard to the installed **e-learning system**, the available data shows:

- “Single Authorization for Simplified Procedures” (4 hours) – completed by 306 participants,
- “Economic Operators Registration and Identification – EORI” (30 minutes) – completed by 261 participants,
- “Inspection of Containers” (4 hours) - 427 participants,
- “Control of Precursors” (3 hours) - 320 participants.

Basic training for 33 new employees and promoted customs officers was realised.

In 2013 the Customs Administration organised **internship** for 102 students from the faculties with which the Customs Administration has signed a Memorandum of cooperation. The students were introduced to the responsibilities and the role of the Customs Administration.

For the purposes of implementation of the policy for selection, employment and introduction into the working duties, in conformity with the Human Resources Management Strategy, a 2013 Volunteering Programme was adopted, according to which **8 volunteers** were selected and deployed at the Customs Houses Skopje, Kumanovo, Shtip and Bitola.



INTEGRITY

Besides the already established systems for strengthening the integrity and professional attitude of the Customs Administration's employees and preventing corruption and conflicts of interest, 2013 saw the continuation of reforms in this area, by pertinent direct control of the profiled risks and progressive reinforcement of the institutional and administrative capacities.

New text of the **Code of Conduct of Customs Officers**, determining the basic principles of conduct and work of the customs officers, in conformity with the ISO standards, was adopted.

New **Rules on Order and Discipline at the Customs Administration** were adopted. The new text is prepared in conformity with the ISO standards and contains new provisions amending the basic rules on order and discipline.

The Sector for Professional Liability continued its activities to strengthen the integrity of the 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's organizational units.

In 2013, **124 internal investigations** were conducted in response to complaints concerning unlawful and unprofessional actions of the employees, information received on the free Customs line 197 about unprofessional conduct of customs officers, as well as information sent or directly presented by the heads of the organizational units and the employees of the Customs Administration, due to reasonable doubts that the customs officers had violated the provisions of the law. It was ascertained in 37 cases that there was reasonable doubt that the customs officers had violated the provisions of the law and the secondary legislation, the Code of Ethics, i.e. it was established that they acted contrary to the Rules of Order and Discipline, the Code of Conduct of the customs officers and the Guidelines on random controls of the customs operations (87 internal investigations in 2012 and 93 in 2011).

In 2013 there were **76 internal inspections** (49 internal inspections in 2012 and 45 in 2011). Irregularities were detected in 26 cases, concerning violation of the legal provisions in force, secondary legislation, operational instructions, i.e. non-compliance with the provisions of the guidelines passed by the Customs Administration.

On the basis of the irregularities detected, the Sector for Professional Liability carried out disciplinary procedures that resulted in disciplinary measures – warnings, fines and termination of employment of the customs officers.

In **60 cases decisions on salary reduction** were passed because of underperformance.



In 2013 the Customs Administration brought criminal charges in 2 cases, against three customs officers on grounds of reasonable suspicion about committed criminal act "Use of document with invalid contents" and "Dishonest working in service".

In 2013, 65 complaints were received via the Customs hotline (197). Of the total number of complaints, reports on conducted control were filed in 16 cases, in 3 cases written information on groundless complaint was prepared and in 4 cases violations of the rules of order and discipline and misuse of office were established. The remaining complaints were considered, but not processed as they did not contain enough verifiable data on abuse of office, corruptive behaviour of an employee or violation of the rules of order and discipline. The complaints are generally related to an unprofessional conduct of customs officers during execution of duties and responsibilities.

Cumulatively 79 statements on assets, 86 statements on change of assets and 11 statements on conflict of interest were submitted by the

customs officers in 2013, in accordance with the contract on employment or termination of contract of employment at the Customs Administration.

INTERNAL AUDIT

The Customs Administration reinforces the function of the internal audit as an internal control system of the aligned proceedings according to the laws, policies, strategic objectives, internal rules and procedures, economy and efficiency in utilization of resources and appropriate risk control. The findings of the audit are tools of the management for improvement of the management processes and introduction of new necessary practices.

In 2013 a total of 20 internal audits were made. On grounds of these, 81 findings and 83 recommendations were given to improve the operations. Of the total 83 given recommendations, the audited subjects realised 67, one recommendation is partially realised, 8 recommendations are in phase of implementation and for 7 recommendations the deadline for realisation has not expired.



REWARDS AND PROMOTION

In March 2013, new **Rulebook on the system for rewarding customs officers** ("Official Gazette of the Republic of Macedonia" no. 40/13) was adopted. The Rulebook regulates the system for rewarding customs officers, defining the type of rewards, criteria and granting procedure. The rewards include: jubilee reward, bonus, pecuniary reward and recognition awards in the form of a plaque and certificate of merit.

In 2013 the Customs Administration made **117 promotions (25 in the Customs Administration's Headquarters and 91 in the Regional Customs Houses)**.

UNION ACTIVITIES

The Independent Union of the Customs Administration is a voluntary organization that looks after the employees. In 2013 the Independent

Union of the Customs Administration organized several activities, of which we should point out the adoption of Rulebook on utilization of funds of union dues for the purpose of solidarity aid, free legal assistance for the Union members, several working visits to Customs Houses and free tickets for several cultural-entertainment events provided for the Union members.

The Independent Union of the Customs Administration organized the 5th Sports Games held in Ohrid. 150 customs officers participated, competed, hanged out together and had fun in the following sport disciplines: minor football, basketball, volleyball, archery, chess, table tennis, darts and rope-pulling. These activities contribute to strengthened teamwork and improved relations and communication.



5. COMPETENCES AND ORGANISATION

Appropriate organizational structure is essential for realization of duties and responsibilities of the Customs Administration on one hand and simplification of customs procedures and reduction of costs for the economic operators, on the other hand. In this context, during the previous years, the Customs Administration implemented several system solutions establishing suitable organizational structure.

LEGAL GROUNDS

At the beginning of 2013, the Customs Administration adopted a revised **Strategic Plan for 2013-2015**. The Strategic Plan determines the mission, vision, values, strategic priorities, goals and the manner of realization of the priorities by defining the necessary activities, for the period 2013-2015. Grounds for adoption of this Strategic Plan were the activities realized in the previous period, under which the Customs Administration made reforms and transformed itself into a recognizable professional service, capable to support and facilitate the economic activities, control the law enforcement and participate in the preaccession negotiations for accession of the Republic of Macedonia to the European Union.

The **Customs Administration's Action Plan for 2013-2015** was also adopted. It defines the activities, the organizational units responsible for their realization and the resources required for the realization. Each activity of the Action Plan is related to a certain objective to ensure realization of strategic priorities.

In line with the ISO 9001:2008 quality standard, in 2013 the Customs Administration adopted numerous guidelines, procedures and other internal acts regulating logistic and organizational matters.

ADMINISTRATIVE PROCEDURES

In 2013 the Customs Administration stayed dedicated to the efforts to assure legal, procedural and optimal performance of administrative procedures and additional reforms and improvement of the established system.

The Electronic Document Management System (EDMS), introduced in 2009 and obligatory used since 2010, provides for electronic movement of documents at the Customs Administration. **More than 180 working processes (Workflow-WF)** are managed through this system, on the basis of pre-defined business processes that resulted from previously made analysis. In 2013 there were 281.585 registered accesses to the system and 74.872 created files, with 1.139 registered users.





6. FACILITATION AND ACCELERATION OF CUSTOMS FORMALITIES

Permanent engagement for facilitations and accelerations of the customs procedures and transformation into a modern institution that will be an equal partner of companies as the driving force of the economy, were a part of the main objectives of the Customs Administration in 2013.

SECURITY AND COMMUNICATION

The video conference system of the Customs Administration is a possibility for video conference links of the government office-bearers at the Economic System Commission and Government sessions. **200 users from government authorities are included** in the system and in 2013, 3.313 videoconference links were realized at the Economic System Commission and Government sessions. 50 users from the Customs Administra-

tion are included and they realized 4.165 video-conference calls in the reported period.

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UTILISATION OF THE ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (EDMS)

Description	2012	2013	2013/2012
Users	1.161	1.139	-22
Accesses	204.208	281.585	77.377
Created files	7.332	74.872	1.540

SIMPLIFICATION OF THE CUSTOMS AND EXCISE PROCEDURES

With the aim of facilitating and accelerating the customs procedures and adapting them to the needs of the business community, the Customs Administration has continuously analysed and revised the internal acts that regulate the procedures of export, import, transit, customs procedures with an economic impact, protection of intellectual property rights and issuance of each type of authorization. The analysis resulted in revision of some drafted and adopted internal acts and adoption of new guidelines concerning customs procedures.

User manual on operation with the Interoperability System was passed in January 2013. The system allows the state administration bodies, on behalf of external users, to obtain documents ex officio and electronically from other state administration bodies via a sin-

gle window. The system is a pilot project and in this phase, the Customs Administration uses the system to receive information necessary for the issuance of customs and excise licenses, undertake measures for collection of tax claims, control and investigation etc.

The **2013 Handbook on Customs Tariff** was revised and supplemented with amendments to the Decision on forms of export and import of goods ("Official Gazette of the Republic of Macedonia" no. 42/2013). The amended 2013 Handbook on Customs Tariff is published on the website of the Customs Administration. **Guidelines on application of the Law on Customs Tariff in customs procedure** were adopted in March 2013. The provisions of these Guidelines regulate the procedure of appropriate application of the Customs Tariff in the process of customs clearance of goods, in order to ensure correct assessment of customs debt and appropriate implementation of non-tariff measures.

Furthermore, in March 2013 **Guidelines on issuance Binding Tariff Information (BTI)** were passed, regulating the method of issuance, amendment or revoking of BTI and its use for customs clearance of goods in question, thus ensuring legal guarantee for companies and uniform application of the Customs Tariff as well.

For the purposes of determining the method and the procedure for granting authorizations to trade companies, i.e. printing houses, as well as the conditions to be met for printing and distribution of EUR forms, used to prove the origin of goods, **Guidelines on the manner and procedure for authorizing printing houses to print and distribute the EUR forms** were adopted.

In 2013 the Customs Administration passed **Guidelines on the method and the procedure for granting authorisation – approved exporter**, regulating the method and the procedure for issuance of authorisation – approved exporter under the Free Trade Agreements that the Republic of Macedonia has signed with certain countries or group of countries. The authorisation – approved exporter is applied to simplify the procedure of proving the origin of goods and with the granting of this authorisation the holder can make invoice declarations as proof of preferential origin, regardless of the

value of the goods covered by the declaration.

The **Guidelines on granting authorization for using the method of accounting separation**, passed in March 2013, regulate the method and the procedure for granting authorization for using the method of accounting separation within the Free Trade Agreements which the Republic of Macedonia has concluded with certain countries or group of countries. By granting authorization for using the method of accounting separation, the producer is given the possibility of uninterrupted use of supplies of originating materials and non-originating ones which are identical and replaceable for the production of products with Macedonian preferential use, in cases where there are considerable financial and material difficulties for separate storage of these supplies.

Aiming to regulate the method and the procedure of issuance and use of Binding Origin Information under export customs clearance procedure, **Guidelines on the method of issuance and use of Binding Origin Information (BOI) were prepared** in the first quarter of 2013. The issued BOI allows the producer of certain goods to obtain confirmation of the origin of the produced goods, thus ensuring simplified procedure of issue and preparation of the proofs of origin, correct and uniform application

of the rules and appropriate legal guarantee for the origin of the goods while the BOI is valid.

Guidelines on acceptance of customs declaration before presenting the goods to the customs authorities were passed in March 2013. The contents of the Guidelines incorporate the requests of the Advisory Council concerning elimination of one of the previous criteria for obtaining authorization for lodging transit customs declaration before presenting the goods to the customs authority. According to the Guidelines, authorization shall be granted only if two criteria are met: the goods are not subject to special trade policy measures and are not goods of higher risk of fraud.

Guidelines on using customs documents valid in all organisational units of the Customs Administration were passed in order to ensure availability of all documents intended for multiple use and application in one or several organisational units of the Customs Administration to all customs offices through the electronic Document Management System (eDMS) of the Customs Administration and the declarant shall have no obligation to enclose a paper copy of these documents to the customs declaration when putting the goods through a customs procedure or using a right or benefit in the relevant procedure.

Guidelines on the application of territorial conditions, pursuant the Free Trade Agreements were passed with the aim to ensure application of the rules for obtaining preferential origin of goods in the Republic of Macedonia even in case the goods leave and return to the territory of the Republic of Macedonia for processing and manufacturing, before they are finally exported as goods with preferential origin from the Republic of Macedonia.

CONDITIONS FOR ACCOMPLISHMENT OF CUSTOMS FORMALITIES

With the aim of providing further acceleration of the customs clearance procedures at the border crossing points, reducing the waiting time in the non-working days and holidays, and lowering the costs, in 2013 the Customs Administration provided the possibility for import customs clearance at the border crossing points Kjafasan (Albania) and Tabanovce (Serbia), thus meeting the requirement to assure 24/7 import-export customs clearance at least at one border crossing point with the neighbouring countries.

In 2013 provisions were made for exporting excise goods to Albania through the Blato BCP, near Debar. Previously export





of such products could be realized only at the Kjafasan border crossing point with increased transport costs for destinations in Albania that are not located in the region of Kjafasan (this particularly had impact on the beer industry).

E_CUSTOMS

System for electronic information exchange between the Customs Administration and the Public Revenue Office was established at the end of 2013, with a view to facilitate the procedures for VAT return under export procedures. Owing to this system, companies no longer have to submit documents in paper form for import operations, issued by the Customs Administration in procedures of submitting VAT declaration forms at the Public Revenue Office.

Electronic Pre-Declarations (notification) for the users of the TIR Carnets - TIR-EPD⁵ were introduced. Application for systematic electronic data exchange between the Customs Administration, on one side and the users of TIR Carnets and IRU⁶ on the other was put into operation in August 2013. The IRU acts as “broker of messages” between the users of the TIR Carnets and the Customs Administration. The advantages for the economic operators consist in:

- reduced waiting time for the transporters at the customs terminals;
- independent preparation of the TIR Carnets by the transporters;
- no need for engaging freight forwarding agency, which assures an effective money saving.

⁵ EPD – Electronic Pre-Declaration

⁶ IRU-International Road Transport Union

NEW SOFTWARE FOR CUSTOMS DECLARATIONS PROCESSING (CDEPS)

The activities for implementation of the New Customs Declarations and Excise Processing System (CDEPS), which started in May 2012, continued in 2013. The new system will allow interoperability and interconnectivity with the EU Customs IT systems, administration of customs declarations and excise documents, control of movement of excise goods and customs goods through exchange of standardized electronic messages with the economic operators, efficient controls of the collected customs duties and duty drawback, excise and other taxes and duties, facilitation of trade through faster flow of goods, higher level of supply chain security in accordance with the standards of the European Union and the World Customs Organisation. The long-term objective of CDEPS is to create a system that will enable uninterrupted transmission of electronic information between all participants in the process of customs and excise related procedures.

In 2013 part of the modules delivered for the system was implemented and tested. For the needs of development of new CDEPS, the positions concerning the connection of this system with the New Computerised Transit System (NCTS), the Single Window for Licenses for Import, Export and Transit of Goods and Tariff Quotas and the Integrated Tariff Environment (ITE) system, which is being developed under IPA 2009 Project, have been aligned.

EXIM

The electronic system for issuing import and export licenses and tariff quotas-EXIM, which has been in operation since 2008 is getting more and more sophisticated year by year and it ensures a higher level of efficiency in accelerating customs procedures, and the number of registered users is increasing constantly.

In 2013, the activities of the fourth phase of development of the EXIM system were finalized, which in the field of the application development included new functionalities.

According to the need for unification, better information, facilitated availability and utilization of information on the use of EXIM, intended for the economic operators, the Government of the Republic of Macedonia adopted a **Regulation amending the Regulation determining the mode of utilization of the information system for electronic data processing and electronic signature under import, export and transit procedure** (“Official Gazette of the Republic of Macedonia” no. 138/13).

At the end of 2013, **4.563 economic operators – users of the system were registered** and using the EXIM system, which could apply in over 11 (total of 16 registered) public institutions directly involved in the procedure of issuing licenses, for obtaining **59 different import, export and transit licenses** and tariff quota. In this period **74.491 licenses were issued**. **The average time for obtaining a license was about 2,5 hours.**

EXIM RELATED STATISTICS

Description	2010	2011	2012	2013
Number of involved public institutions	15	16	16	16
Number of economic operators users of the EXIM	520	1.857	3.540	4.563
Number of import, export and transit licenses issued via EXIM	52.118	6.781	71.467	74.491
Applications for tariff quotas submitted via EXIM	5.202	3.860	4.091	3.930
Average time for obtaining a license via EXIM	5,6 hours	2,5 hours	1,5 hours	2.4 hours

IMPORT AND EXPORT LICENSES ISSUED VIA EXIM

Type of license	Number of issued licenses			
	2010	2011	2012	2013
Authorisation for import of veterinary-medicine products	147	166	145	175
Document for veterinary examination of animal feed at import	234	295	432	551
Veterinary entry document for live animals	361	520	609	556
Veterinary entry document for products of animal origin	3.010	12.694	12.893	12.697
Consent for consignments of food, products and materials that come in contact with food to enter the territory of the Republic of Macedonia	23.972	25.277	27.375	28.031
Authorisation for transfer of firearms and ammunition on import	90	108	106	124
License for export of Precursors	191	186	164	168
License for export of narcotic drugs and psychotropic substances	555	523	524	498
License for import of Precursors	214	234	220	255
Permit for import of medicines	2.500	2.763	3.226	3.497
Permit for import of medical aids	1.983	3.165	3.717	4.238
Permit for import of hazardous and other types of chemicals	712	827	1.146	1.298
License for import of narcotic drugs and psychotropic substances	150	159	143	152
License for transport/transit of hazardous substances	815	880	907	1.155
Consent for customs clearance of goods of common use	6.891	7.710	8.237	8.654
Certificate for organoleptic examination and sampling	5.406	8.596	9.464	9.678
Authorisation for import of plant protection products	166	195	140	187
Certificate for export and exit of unprotected cultural goods	285	257	266	517
Other licenses	4.399	2.263	1.750	2.060
Total:	52.081	66.818	71.464	74.491

The majority of issued licenses concern import of food products (28 thousand), veterinary documents (12,6 thousand), certificates of organoleptic examination (9,7 thousand), consent for customs clearance of items of common use (8,6 thousand) and medicines and medical aids (7,7 thousand).

Separate **EXIM web locations of public authorities-users**, designated for publication of contents intended for the economic operators, were introduced.

ELECTRONIC MANAGEMENT OF CUSTOMS PROCEDURES WITH ECONOMIC IMPACT

The **Electronic system for procedures with economic impact - E Lohn financed by the World Bank**, was completely put into operation at the end of March 2013. The **E Lohn** enables one to apply electronically and obtain authorizations for all procedures with economic impact (inward processing, customs warehouse, outward processing, transformation under customs surveillance and temporary admission), as well as to submit documents convenient for tracking of the inward processing procedure (in electronic format suitable for processing, through XML messages). The **E Lohn** assures advantages both for the holders of authorizations and the Customs Administration: applications for obtaining authorizations and issuance of authorizations for procedures with economic impact in an electronic form suitable for processing.

In 2013 the **E Lohn** was used by 267 companies to which 2.618 authorisations were issued, in a process of 16 thousand messages exchanged with the companies.

The issued authorizations predominantly refer to temporary admission and are issued on the basis of simplified applications for authorizations for temporary admission (1.958), outward processing-issued on the grounds of simplified applications for authorizations for outward processing (467) and inward processing (132).



GRANTED CUSTOMS AND EXCISE AUTHORISATIONS

Type of authorisation	2012	2013	2013/2012
Permit for customs representation	328	332	4
License for customs representation	1.035	1.132	97
Customs procedures with economic impact	5.969	11.022	5.053
Authorisation for inward processing	182	174	-8
Authorisation for outward processing	14	14	0
Authorisation for customs warehousing	77	76	-1
Processing under customs surveillance	1	1	0
Authorisation for single use	5.695	10.757	5.062
Simplified customs procedures	259	275	16
Authorisation for local import clearance	28	70	2
Authorisation for local export clearance	79	90	11
Authorisation for authorized consignee in transit procedure	76	80	4
Authorisation – authorized consignor	33	33	0
Authorisation for simplified declaration	3	2	-1
Binding Tariff Information	419	481	62
Authorisation for approved exporter	77	93	16
Approval for deferred payment of customs debt	108	147	39
Excises	395	400	5
Excises licenses	83	81	-2
Excises preferential use permits	312	319	7
Total	8.590	13.882	5.292

PORTAL FOR ELECTRONIC COMMUNICATION (PEC)

Within the Integrated Information System of the Customs Administration, at the Customs Administration's website, a Portal for Electronic Communication – PEC has been installed through which **the external users can search over 70 standardised, electronically controlled requests** that are electronically archived, processed and re-sent to the applicants by the Customs Administration. Through the PEC, the users have 24/7 access to the services

rendered by the Customs Administration, and benefit from time saving and reduced costs as a result of the electronic submission and receipt of documentation and shorter time for obtaining response to the submitted requests. At the end of December 2013, **395 external users were registered** in the PEC. The external users submitted to the Customs **27.404** requests via PEC, of which **9.195 were approved**. Most of the approved requests were about relief from import duties (5.918), followed by requests for export related simplified procedures (2.231).



VOLUME OF WORK

CUSTOMS AND EXCISE LICENSES AND PERMITS

Representation in customs procedures

At the end of December 2013, 332 companies were holders of authorizations for representation activities in customs procedures, which is 4 more than the number at the end of 2012. The number of natural persons – holders of licenses for representation in customs procedures was 1.132, 97 more than at the end of 2012.

Simplified customs procedures

At the end of December 2013 the following were active: **275 authorisations for simplified procedures (16 more than in 2012)**, of which 70 authorisations for local import customs clearance and 90 authorisations for local export customs clearance, 80 authorisations – authorized consignee in transit procedure, 33 authorisations – authorized consignor and 2 authorisations for submission of simplified declaration. It is evident that there is a progressive increase of the authorizations for simplified customs procedures, which means greater capacities of the economic operators and the Customs Administration for risk management, acceleration of import and export and cost reduction.

Customs procedures with economic impact

The most common type of customs procedures with economic impact is inward processing, followed by outward processing and customs warehousing. The majority of holders of such authorizations belong to the textile industry, followed by holders from the shoe industry and metallurgy. At the end of December 2013, 174 companies had authorizations for inward processing and 14 companies had authorizations for customs warehouse. Besides the previously mentioned authorizations for customs procedures with economic impact which are authorizations for multiple use, the Customs Administration also issues authorizations for customs procedures with economic impact for single use. In December 2013, 322 authorisations of this type were issued – one authorization for simplified authorization for inward processing, 204 authorisations for temporary admission with complete relief, 79 authorisations for temporary admission with partial relief and 34 authorisations for temporary export for reparation.

In December the Customs Administration issued an authorization for Authorised Economic Operator AEO-F.



Binding Tariff Information (BTI)

At the end of December 2013, 481 pieces of Binding Tariff Information (BTI) were valid. The Binding Tariff Information is issued by the Customs Administration upon written request submitted by a legal entity or natural person for determination of the tariff code for certain goods, with an aim to assess correctly the customs and other duties and apply appropriately the non tariff measures for planned import or export. BTI is valid for 3 years and contributes to simplification

and acceleration of customs procedures in area of classification of goods, greater predictability of customs-related activities of the economic operators, as well as uniform application of the Customs Tariff and proper collection of customs duties.

Authorisation for approved exporter

The number of issued authorizations for approved exporter at the end of 2012 was 77. This number has been continuously growing in 2013

so that the number of active authorizations – approved exporter at the end of December 2013 was 93 authorisations. The granting of an authorization – approved exporter, means that the holder can use simplified procedure when proving the origin, i.e. the holder may prepare invoice declarations confirming the preferential origin, no matter the value of the goods that the declaration refers to. This is particularly important when the exporter already has an authorization for local clearance and the export decla-

ration is performed in premises outside customs terminals and outside working hours.

Approvals for deferred payment of customs debt

At the end of 2012, 128 approvals for deferred payment of customs debt were active, and at the end of December 2013 - **147 approvals for deferred payment**, being for 39 more than at the end of 2012.

APPLICATION OF FREE TRADE AGREEMENTS IN 2013 (in billion denars)

Contracting Party	Export		Import		Total	
	MKD	%	MKD	%	MKD	%
EU	111,4	77,8	100,5	76,3	214,6	77,1
EFTA	0,8	0,5	0,9	0,7	1,7	0,6
CEFTA	29,1	19,8	21,2	16,1	50,3	18,1
Albania	2,4	1,6	1,0	0,8	3,5	1,3
B and H	4,1	2,8	1,7	1,3	5,8	2,1
Montenegro	1,3	0,9	0,1	0,1	1,4	0,5
Kosovo	8,0	5,5	0,3	0,2	8,9	3,2
Serbia	11,2	7,6	15,1	11,5	26,3	9,4
Croatia	2,1	1,4	2,3	1,7	4,4	1,6
Moldova	0,0	0,0	0,0	0,0	0,0	0,0
Turkey	2,3	1,6	9,0	6,8	11,4	4,1
Ukraine	0,4	0,3	0,1	0,1	0,5	0,2
Total	410,2	100,0	131,7	100,0	278,5	100,1

Excises preferential use permits and excise licences

At the end of 2013, the total number of active excise licenses for economic operators was 81. At the end of December 2013, the total number of active excise preferential use permits was 319.

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 foreign trade realized in 2013, sub-**

ject to use of proof of preferential origin, amounts to 278,4 billion Denars. The largest part of this trade was realized with the EU Member States -77,1%, being 3% increase compared to the same period in 2012. The exchange with the CEFTA countries in 2013 participates with 18% of the total trade with preferential origin, being for 18% less than the exchange in the same period in 2012.

The export subject to use of proof of preferential origin in 2013 has reached 146,8 billion Denars. The greatest part is that with the EU - 77,8% of the total trade, which is a rise of 11% compared to same period in 2012. At the

same time, the export with preferential origin to the CEFTA Member States has noted a fall of 24% compared to same period in 2012.

The import subject to preferential treatment in 2013 amounts to 131,7 billion Denars. The greatest part is taken by the import from the EU Member States with 76,3%, which is for 4% less compared to same period in 2012. The import with preferential treatment from the CEFTA Member States is reduced for 9% compared to same period in 2012.

Generally, the volume of export with preferential treatment in 2013 is greater than the import.

PROCESSED CUSTOMS DECLARATIONS AND COLLECTED REVENUES

PROCESSED CUSTOMS DECLARATIONS

952,47 thousand customs declarations were processed in 2013, most of which were related to import (over 41%) and transit (over 37%), while the customs declarations for export participate with about 21%.

The regional Customs House Skopje dominates with 33,6% of the total number of processed customs declarations. The regional Customs House Gevgelija processed 27,4%, the regional Customs House Kumanovo 24,3% of the total number of customs declarations. The remaining 15% of the processed customs declarations were processed by the regional Customs House Bitola - 7,55% and regional Customs House Shtip - 7,14%.

TRAFFIC OF FREIGHT MOTOR VEHICLES (FMV) THROUGH THE BORDER CROSSING POINTS

In 2013 over 870 thousand FMV crossed the road border crossing points of the Republic of Macedonia, of which 557 thousand loaded and about 312 thousand empty FMV. Greatest frequency was noted at the border crossing points with Greece (about 298 thousand or about 34% of the total traffic), followed by Serbia (about 252 thousand or about 29%). The highest frequency has been registered at the BCP Tabanovce with about 29% of the total frequency, followed by Bogorodica with about 26%, BCP Blace with about 14% etc.

PROCESSED DECLARATIONS PER MODE OF TRANSPORT

Mode of transport	Number of processed declarations (in thousand)			
	Import	Export	Transit	Total
Road	370,62	187,29	300,96	858,85
Railway	3,50	1,18	58,28	62,93
Air	18,39	9,51	0,24	28,11
Post	1,81	0,22	0,00	2,04
Other	0,47	0,04	0,02	0,54
Total	394,80	198,21	359,49	952,47

7.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 trade and unfair competition, prevention of trade in prohibited goods and financing terrorism, protection of people's life and health, as well as protection of environment and cultural heritage.

LEGAL FRAMEWORK

In 2013, the Customs Administration continued to improve its systems for risk analysis, customs intelligence, trade companies control and the work of the specialised units.

For successful execution of powers in this area, the Customs Administration adopted the following strategies in 2013:

- **Strategy on prevention of drug trafficking and illicit trade in substances harmful to health for the period 2013-2015**, having as an objective the reduction of illicit trade in and demand for drugs, prevention of organized crime in narcotics, money laundering and terrorism financing, prevention of the use of drugs through raising of the awareness, particularly of children and young people.
- **The Strategy on mutual recognition of customs controls with the neighboring countries for the period 2013 - 2015, together with Action Plan for its implementation for the period 2013-2015** was adopted. The aim is to ensure facilitated, accelerated and simplified customs procedures, reduced costs and increased competitiveness of the Macedonian economy, as well as faster flow of passengers and goods in the Republic of Macedonia.

- **Strategy on prevention of illicit trafficking of weapons for the period 2013-2015**, having for objective to reduce the illicit trade in weapons and demand for weapons, prevent the organized criminal activities involving weapons and money laundering and terrorism financing.

In 2013 a large number of internal guidelines that regulate the operations of the organisational units of the Control and Investigation Sector, in area of customs intelligence, investigations, customs mobile teams, customs post-clearance controls, were aligned with the ISO 9001:2008 standard.

To ensure organized and sustainable execution of these duties in this field, in the beginning of 2013, similarly to the previous years, the Customs Administration adopted minimal quantitative targets for prevention of illicit trade and for trade facilitation, defined by organizational unit for 2013.

Risk Management Procedure describing the risk management process and providing for standardised methodology for risk management was adopted.

To enable automated selection and analysis of risk related to passengers in air traffic who leave the Republic of Macedonia, the Customs Administration prepared User Guidelines on the

modus operandi of the module "RAAVIO" for selection of passengers prior to their departure in air traffic and Guidelines on selection of passengers prior to their departure in air traffic via "RAAVIO" Module.

In January 2013, the Customs Administration adopted the User Manual on the modus operandi of the SEED 2 application (Systematic Electronic Exchange of Data), which allows for real-time electronic exchange of data between customs administration of two countries. The system is used for electronic discharge of transit from one to other neighboring country and exchange of pre-arrival and pre-departure information in conformity with the risk analysis methods.

CUSTOMS AND OTHER CONTROL

PHYSICAL CUSTOMS CONTROL

Physical customs control includes control of the legality of entry, exit and transit of goods and passengers on the customs territory of the Republic of Macedonia and control of the declared type and quantity of goods under customs clearance procedure.

By applying risk analysis system, in 2013, in cooperation with other state institutions competent for law enforcement, as well as on the grounds of direct assessment of the customs officers, the physical customs control resulted in over 736 successful actions.



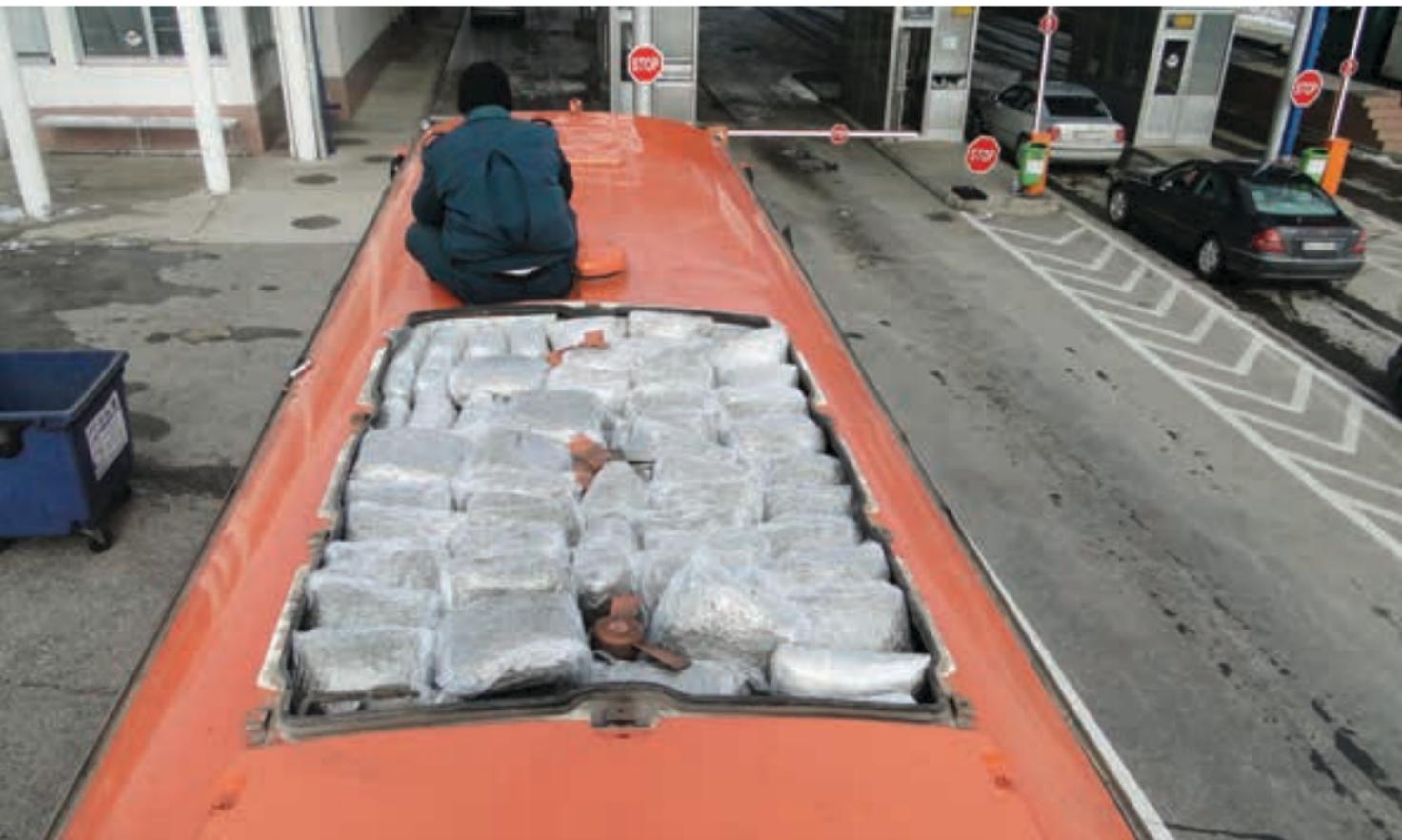
Prevention Of Illicit Trafficking In Narcotic Drugs, Psychotropic Substances And Precursors

In 2013, narcotics, psychotropic substances and precursors of about 950 kg. were seized in 38 actions which were realized independently or jointly with the Ministry of Interior:

- 933,187 kg. of Marijuana, detected in 32 actions
- 13,834 kg. of Heroin, detected in 5 cases
- 4 tablets of Amphetamines, detected in one case

The detected narcotics were generally seized during their transit through the Republic of Macedonia and their final destination was the territory of EU Member States.

342 kg. of high quality Marijuana seized on 07.01.2013 at the Medzitlija BCP exit section, in coordinated action of the Customs Administration and the MOI. The drug was concealed in mattresses loaded on a FMV.



126 kg. of Marijuana seized on 27.01.2013 at the Tabanovce BCP exit section, concealed in the roof of bus circulating on route Struga-Vienna.



Prevention of illicit transfer of cash and securities

In 2013, **82 attempts for illegal transfer of cash and securities** in different foreign currencies, amounting to an equivalent of about **1.467 thousand Euros**, were detected.

90 thousand Euros seized in November 2013 at the Bogorodica BCP entrance section (Greece), found on the back seat, in a black bag.



90 thousand Euros and 28.300 Danish Krone seized in June 2013 at the Tabanovce BCP entrance section, found on Macedonian citizen arrived by bus in the area between Serbia and Macedonia, who decided to exit from the bus and pass the border on foot.



4 illegal passengers, citizens of Syria detected during their attempt to enter into the country at the Gevgelija Railway Station, during control of freight train that was circulating on route Greece-Austria, in the underpart of one of the wagons.



31 illegal passengers detected in March 2013 at the Gevgelija Railway Station BCP, during control of freight train that was circulating on route Greece-Austria. 20 illegal passengers were found in the inner part of four containers covered by tarpaulin, and 11 illegal passengers were detected in the external part of two wagons, on the girders under the loaded containers.

Prevention of illegal immigration

In 2013, the Customs Administration detected **54 cases when a total of 258 foreign citizens attempted to illegally cross the borders of the Republic of Macedonia.** The largest number of these foreign illegal immigrants was discovered as they were transiting through the Republic of Macedonia towards the EU Member States as their final destination. Usually the illegal immigrants were unable to present any documents.



748 cartons of cigarettes found on four Macedonian citizens at exit from the country, who should depart by flight Skopje-London Luton.

Besides the above presented seizures realized in 2013, the seizures and the temporarily seized goods below are most interesting:

- 15 thousand pieces of weapon and ammunition, detected in 15 actions,
- 74 objects representing cultural heritage of the Republic of Macedonia, seized in 3 actions,
- 245 live animals, seized in 3 actions in 2013,
- 110.664 pieces of medicines, seized in 18 actions,
- 7.936 kg., 434 liters and 177 pieces of consumables, seized in 35 actions,
- 804 thousand pieces and 45,5 kilos of cigarettes and other tobacco products, seized in 91 actions,
- about 93,325 thousand pieces of clothing, about 1.366 kg. of textile materials and fashion accessories, 11 rolls of fabric and about 15.672 meters of raw materials, temporarily seized in 116 actions,
- about 21.171 pieces (7.137 pieces of silver and golden jewellery) of imitation jewellery, haberdashery and other objects, as well as jewellery of precious metals, seized in 50 cases,
- 54.848 pieces of cosmetics, perfumes and hygienic products, seized in 47 actions,
- over 260 thousand pieces, 739 meters, 8.131 kilograms and 25 liters of different goods (machines, equipment, furniture, white goods, kitchenware, mobile telephones, auto spare parts and auto cosmetics, footwear etc.), seized in over 186 cases.



8 automatic rifles, 4.696 bullets, 20 hand grenades "Kashikara", 1 pistol and one pistol frame and 20 blasting caps (explosive devices), seized at Deve Bair BCP exit section, concealed in natural cavities of passenger motor vehicle.



6.349 packages of medicines detected in November 2013 during control of freight vehicle-van that was driven by Kosovo citizen who declared transit from Bogorodica BCP to Blace BCP. During the control conducted at the customs office of destination it was established that 28 packages of medicines were missing.



22 kg. of smokable opium seized in May 2013 at the Blace BCP entrance section. The goods were found during control of Serbian registered automobile, concealed in the spare tire area and under the seat of the vehicle.



3 Posavian Hounds detected by customs and police officers, in case of illegal border crossing by Macedonian citizen (out from the Dojran BCP). The offender was unable to present neither document concerning the hounds, nor veterinary health certificate.



48 old numismatic coins from 2 century B.C. to 4 century A.C., as well as coins from recent period (17 century A.C.), with different letter, dimension and symbols from Macedonia, seized in April 2013 at the Delchevo BCP.



16 GPS devices for navigation of freight vehicles, model GLOTRONER, detected in June 2013 at the Skopje Alexander the Great Airport, during control of passenger bags of Macedonian citizen arrived by airplane from Saeve, Sweden.



1.600 pieces of luxury handmade silver jewellery seized in February at the Skopje Alexander the Great Airport. The jewellery was found in passenger bags of 4 passengers-Turkish citizens arrived by flight Istanbul-Skopje.



36 perfumes ESSENS (of 50 ml) seized in March 2013 at the Tabanovce BCP entry section. The perfumes were detected during control of passenger bag of Macedonian citizen, passenger in bus with Serbian license plates.



30 liters (300 bottles of 100 ml) of liquid of black seed and honey and 2 kg. of black seed, found at the Skopje Alexander the Great Airport, during control of passenger bags of Macedonian citizen arrived by flight from Istanbul.



Disregard of rules on stirring foreign vehicles and public transport vehicles

In 2013, due to failure to observe the regulation on stirring foreign vehicles in the Republic of Macedonia, in actions of the Customs Administration or in actions realized in cooperation between the Customs and the State Transport Inspectorate, 165 motor vehicles were temporarily seized – 118 passenger motor vehicles, 5 freight motor vehicles, 41 motorcycles and one moped.

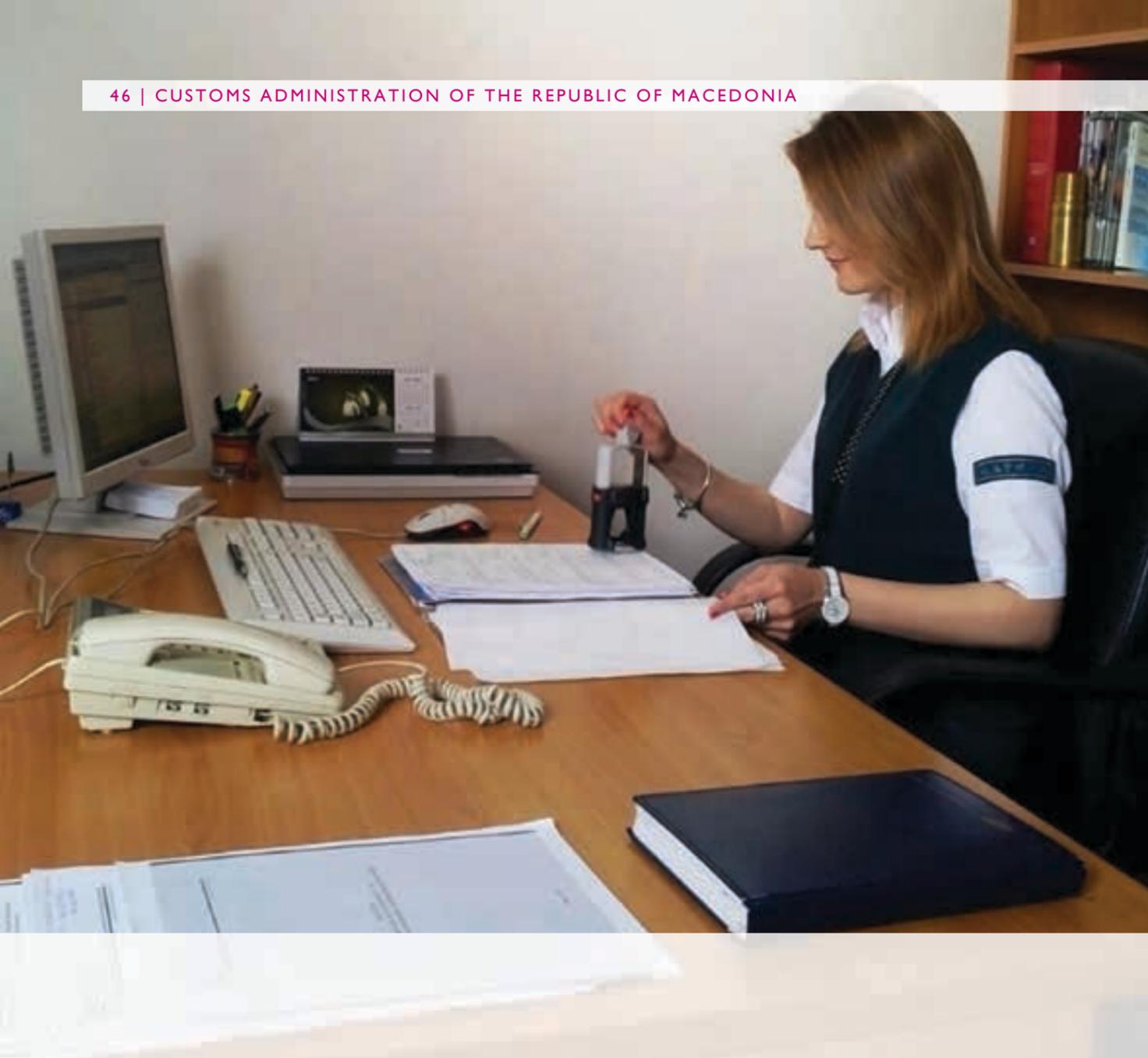
The Customs Administration detected 28 cases of violation of regulations in international transport of passengers and goods.

Foreign currencies

In 2013, at the border crossing points of the Republic of Macedonia, foreign currencies in a total equivalent amount of 16,26 million Euros were declared, of which 99,79 % were declared at entry into the country and only 33 thousand Euros were declared at exit from the country. Most of the declared amounts of foreign currencies were in Euros, while amounts in CHF (Swiss Franc) and USD (US Dollar) were less frequently declared.

Regarding the customs offices at which the foreign currencies were declared, the largest number of declarations has been made at the Customs Office Blace (in equivalent amount of 9,36 million Euros) and at the Customs Office Airport Skopje (in equivalent amount of 2,64 million Euros).

Type of document	Invalid	Falsified	Other	Total
Invoices (undervalued)	18.630	4	7.346	25.980
Certificates of preferential origin	318	13	70	401
Incorrect tariff classification	329	21	149	499
Other documents necessary for calculation of customs duties	28	7	62	97
Other types of invalid documents	16	2	4	22
Total	19.321	47	7.631	27.000



DOCUMENTARY CUSTOMS CONTROL

Documentary customs control includes control of the compliance of customs and other documents with the laws. This control is performed upon import, export, transit and temporary admission of legal entities and their managers, as well as on individuals, regardless of whether they are residents or non-residents.

Based on direct documentary customs control carried out in 2013, in over 27 thousand cases inadequate documents for clearance and compliance with the trade policy measures have been found, of which over 25,9 thousand cases are

about invalid, falsified and other improper documents presented in order to display lower customs value for the calculation of import duties, 401 cases of invalid certificates of preferential origin of goods submitted in order to evade payment of import duties, 499 cases of improper tariff classification in order to pay lower import duties and 119 cases of presentation of other improper documents so as to evade payment of import duties or trade policy measures.

In 2013, with the detected invalid and forged customs and other documents, the importers attempted to evade around 633,04 million Denars of import duties.

Type of control	Number of controls	
	2013	2012
Control of trade companies	70	55
Control of excise permit	45	55
Control of holders of authorizations for inward processing	261	222
Control of holders of authorizations for customs warehousing and premises of temporary storage	241	153
Control of holders of other authorizations for customs procedures with economic impact	50	36
Control of holders of authorizations for simplified customs procedures	247	1.175
Control of holders of customs representation authorizations	111	231
Control of holders of other authorizations	5	0
Total	1.030	1.927

CUSTOMS LABORATORY

In 2013, **631 samples** were analyzed in the Customs Laboratory. Of the total 631 samples analyzed, in **117 cases** the laboratory analysis proved that the goods were classified in inadequate tariff codes.

In **49 of the total 117 cases** the rectification of the tariff code was made on the basis of the laboratory analysis and in the other **68 cases** on the basis of the considered technical documentation.

The incorrect tariff classification was made for the purpose of taking advantage of lower or 0% customs or VAT rate, and avoiding prohibitions and limitations concerning import of goods determined with the trade policy measures. The analyses led to conclusion that the importers that made incorrect tariff classification had attempted to evade customs duties in amount of 4,2 million Denars. The Customs Administration took measures in accordance with the law against the perpetrators.

RESULTS OF POST-CLEARANCE CONTROL

Post-clearance control is control of companies after the clearance of goods, as well as after surveillance of holders of authorizations for customs procedures with economic impact, permits for simplified customs procedures, licenses for representation activities in customs procedures, holders of excise licenses or permits etc.

In 2013, 1.030 controls of trade companies were carried out, including holders of customs and excise licenses. During the 70 controls of trade companies focused on import or export operations, import duties evasion in a total amount of 12,16 million Denars was established in 32 cases and in one case it was concluded that invalid documents concerning delivery in internal trade have been presented. During the 45 controls of holders of excise permits, in 2 cases excise duty evasion in a total amount of 4,52 million Denars was established and in one other case non-compliance with the prescribed conditions for return of excise paid for liquefied petroleum gas used as a fuel was detected.

LEGAL MEASURES TAKEN REGARDING THE DETECTED IRREGULARITIES

In addition to the direct imposition of payment of larger amounts of import duties on grounds of a Report and revocation 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 2013, the Customs Administration passed 901 decisions on collection of import duties, VAT, excises and fees in a total amount of about 575 million Denars.

890 decisions on subsequent recovery of import duties and VAT in a total amount of 133,7 million Denars were issued.

With regard to subsequent collection of excise and other fees levied on excise goods, 11 Decisions totaling 441,3 million Denars have been passed.

Customs, foreign currencies and excise offences

In 2013 the Customs Administration **filed 94 criminal charges against 123 natural persons and 25 legal entities**. The filed criminal charges predominantly concern illicit traffic in narcotics (27 cases of filed criminal charges against 43 natural persons) and presented forged invoices (17 cases of criminal charges brought against 17 natural persons and one legal entity).

In 2013, 2.093 on-the-spot fines were imposed against 1.159 natural persons and 934 legal entities, in a total amount of 21,2 million Denars. In regard to the number of on-the-spot fines, the

regional Customs House Skopje is the leader (814), followed by the regional Customs House Gevgelija (450). The imposed on-the-spot fines concern predominantly exceeded deadline for transit, non-compliance with the obligations defined in authorization for procedure with economic impact, declaration of unreal value, origin of goods, presented unreal transport costs etc.

In 2013 the Customs Administration received 995 requests for initiation of offence procedures against 752 natural persons and 243 legal enti-

ties. The requests are predominately related to customs offences (884), but there is also a significant number concerning foreign currencies offences (95).

In the same period, a total of 1.731 offence cases were solved and the perpetrators were fined with fines in amount of about 100,13 million Denars. In 64 cases of committed foreign currency related offence, a measure – seizure of undeclared foreign currencies in equivalent amount of about 75,8 million Denars was pronounced.

PARTICIPATION IN INTERNATIONAL OPERATIONS

In 2013 the Customs Administration participated in the project **“GLOBAL SHIELD”** - multilateral operation to combat illegal transport of and trade in high-risk chemicals used to manufacture explosives, organized and coordinated by the WCO, as well as in the international operation **TROJAN HORSE III** (fight against trade in goods infringing intellectual property rights), organized by SELEC. The Customs Administration participated also in the Project **“SMART II”**, organized by the WCO and focused on the fight against illicit traffic in “Legal Highs” products with psychoactive effects, in the operation **WHITE MERCURE** - in the operation ORION 2, in the operation BLACK PEARL III and in the operation MIRAGE 2013.

In 2013, the permanent cooperation with **UNODC** and the customs services of Serbia, Kosovo, Albania, Bulgaria, Croatia, Germany, France and Sweden continued. There was also continuous exchange of information via EU TWIX (Trade in Wildlife Information Exchange-network for Exchange of Information on protection of endangered species of flora and fauna).



SEIZED PRODUCTS SUSPECTED OF INFRINGING INTELLECTUAL PROPERTY RIGHT IN 2013

	Type of products	Unit of measure	Quantity
1	Clothes, accessories and other related products and raw materials	Piece	17.960
2	Footwear and accessories	Pair	36.321
3	Perfumes, deodorants, cosmetics etc.	Piece	19.041
4	Telephones, IT, audio, video, parts and equipment etc.	Piece	10.745
5	Auto spare parts and equipment	Piece	18.662
6	Medicaments	Piece	80
7	Other	Piece	230.990
	Total		333.799

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The Customs Administration continued with the activities aimed at strengthening of its capacities concerning the protection of intellectual property rights. Activities were undertaken aimed at improving the administration and generating an interest of the holders of trade marks to submit requests for customs action for protection of intellectual property rights and increasing public awareness of the harmful effects of the production, trade and use of counterfeit goods, as well as building of the capacities for risk analysis and identification of counterfeit goods.

Guidelines on introduction of electronic records in the processes of protection of intellectual property rights were passed. These records shall provide a systematized and structured database which will allow access to the data on the goods seized on the grounds of infringement of intellectual property rights and detailed list of the protected trademarks.

User Manual for the Platform of the World Customs Organization (WCO) for Trademarks and Infringement of Intellectual Property Rights was passed. The application is a tool for efficient recognition of the authenticity of the products and effective detection and evidence of the counterfeit trademarks. The number of customs officers – users of the IPM (Interfaced Public Member) platform of the WCO was 530.327 customs officers are active users and they have accessed the application 19 times.

At the end of 2013 there were 334 trademarks registered for customs protection of their intellectual property rights, which is an increase of 112 compared to the situation at the end of 2012.

In 2013 the Customs Administration seized 333,8 thousand pieces of goods on the grounds of reasonable suspicion that they infringe intellectual property rights.

New requests for customs actions for protection of intellectual property rights were submitted to the Customs Administration by the following trademarks: Tissot, Longines, Rado, Depakine, The North Face and Amaryl, Wash&Go, Sportmax, Max & Co, Weekend By Max Mara, Marina Rinaldi, Slovenoil.

On the grounds of confirmed violations of intellectual property rights, **109.503 pieces and 252 kg. of counterfeit goods were destroyed** under customs surveillance in 2013.

According to the Decision of the Government of the Republic of Macedonia, goods in respect of which infringement of intellectual property rights was confirmed were delivered free of charge to the Ministry of Labor and Social Policy in order to donate them to the citizens of socially vulnerable category (3.070 pairs of sport footwear and 1.096 pieces of textile products).

REVENUES COLLECTED

The Customs Administration administrates and collects customs duties, VAT upon import, excises (levied on production, import and internal trade) and fees levied on import. **In 2013 the Customs Administration collected a total of 61.883 million Denars**, which is 3% less compared to the collection in 2012 when 64.064 million Denars was collected.

COLLECTED REVENUES (IN MILLION DENARS)

Type of revenue	2013	2012	2013/2012
Customs duties	4.255	4.066	5
VAT	37.741	41.041	-8
Excise	18.064	16.630	9
Fees	1.823	2.326	-22
Total	61.883	64.064	-3

CUSTOMS DUTIES

In 2013, 4.255 million Denars were collected as **customs duties and other charges having equivalent effect**, which is 8 % more than the planned collection of **3.942 million Denars** and 5% more than the revenues collected in the same period in 2012, when 4.066 million Denars was collected.

The most significant increase of revenues is registered from import of **tobacco and tobacco substitutes** (43%), as result of the increased value and quantity of such goods, import of **milk and dairy products, poultry bird eggs, natural honey, edible products of animal origin, not specified or included elsewhere** (raise of 40%), as a consequence of the increased value of such goods and augmented average price for import.



VAT

The collected revenues from import **VAT** in 2013 amount to **37.741 million Denars, i.e. 8% less than the revenues collected in the same period in 2012, when 41.041 million Denars was collected.** Most significant reduction in collection of VAT is registered for import of **mineral fuels, mineral oils and products of their destillation, bitumen material, mineral wax** (25%) due to the reduced value and quantity of the import of such goods, import of **iron and steel** (28%) due to the reduced value and quantity of such goods and the import of **vehicles, except railway or tram track vehicles and their parts and apparatus** (10%) due to the reduced value of such goods.

EXCISES

18.064,3 million denars was collected as **excise duties from internal trade and import** in 2013, which is 9% more than the revenues collected in the same period in 2012, when **16.630 million Denars was collected.** The revenues from excises levied on internal trade participate with 81% and the excises from import participate with 19%.

The most significant revenues from excise are

registered for mineral oils and their derivatives, which represents a 53,3% of the total revenues from excises, and for tobacco and tobacco products 37,9%.

In regard to the collection of excises in 2012, the most significant increase of 19% is the collection of excises on tobacco and tobacco products, collection of excises on alcohol and beer (10%) and 2% of the collection for excise on mineral oils, while the collection of excise on passenger vehicles is decreased for 14%.

FEES

In 2013, the Customs Administration collected 1.823,4 million Denars as **fees charged in internal trade and import**, which is 22% less compared to the collection in the same period in 2012 when 2.326 million Denars was collected. The decreased collection results from abolition of fees on tobacco and tobacco products and the fee for health protection entered into force on 13.07.2013.

The collected fees for import account for 54% of the total fees collected and the fees on internal trade account for 46%. The most significant amount of fees is collected for health protection accounting for 39,9%.



8. TRANSPARENCY

PUBLIC RELATIONS

At the Customs Administration public relations are managed by an intermediary of the Public Relations Service. The activities for improvement of the flow of information include regular update of the Customs Administration's website (in Macedonian, English and Albanian language) and everyday revision of the presented contents made for their improvement, with the aim to approach the people and familiarize them with the Customs activities and contribute to facilitation and acceleration of the working activities by providing timely and useful information to the business community. With a view to assure a higher level of transparency of the Customs Administration, a free of charge Customs Hotline was opened (197) and Service Chapter which makes it possible to answer to all submitted complaints, proposals and requests for information of public character was made available on the Customs Administration's website.

CUSTOMS HOTLINE (197)

In 2013, over 20 thousand calls were received on the 197 Customs Hotline, of which 44 A class⁷ calls, 66 B class calls⁸, 870 C class⁹ calls and 67 J class¹⁰ calls. Most of the calls

⁷ A class calls are about information implying urgent actions by a customs office or mobile customs unit

⁸ B class calls are about information imposing additional examination/investigation by other departments at the Control and Investigation Sector or other Departments of the Customs Administration

⁹ C class calls are about information which cannot be used, i.e. complaints or praises concerning customs procedures

¹⁰ J class calls are about information forwarded to the Sector for Professional Standards, concerning citizens' complaints for corruptive and unprofessional work of the customs officers

were related to issues associated with the operation and conditions of the borders and inland customs offices, as well as implementation of the simplified customs procedures.

COMPLAINTS AND PROPOSALS AND REQUESTS FOR FREE ACCESS TO INFORMATION

In 2013, the Customs Administration received 7 complaints and suggestions, as well as 9 requests for free access to information of public character and they were appropriately addressed.

COOPERATION IN CUSTOMS MATTERS

COOPERATION WITH THE BUSINESS SECTOR

In 2013 the Customs Administration continued the successful cooperation with the **Advisory Council**, composed of 5 chambers of commerce, associations of freight forwarding agencies, transporters, clusters of producers of textile and footwear. In cooperation with the Advisory Council, **9 workshops, presentations and meetings for consultations attended by representatives of over 350 companies** were organized at the premises of the Customs Administration and in 6 cities in the Republic of Macedonia.

At the end of 2013, the **Customs Administration presented to the public the advantages of using the new electronic systems – E-Iohn System and System for electronic tracking of the trade in mineral oils containing marking substances**, which are obligatory for use as from 1st January 2014.



In December 2013, the Customs Administration presented the first Combined Customs Simplifications/Security and Safety AEO Certificate (AEO-F), issued to the company Johnson Controls Macedonia LTD. The legal bases for all applicants, regulating the procedure of processing of the next applications for this type of certificate, were defined.





CONDUCTED CAMPAIGNS

In 2013, the Advisory Council, the inspectorates and the Customs Administration organized the campaign “Novelties in customs procedures related inspection surveillance”, with aim to explain and facilitate the procedures involving operation of the inspections. Meetings of consultations, attended by 120 representatives of the business community, were held in Skopje, Bitola and Strumica. The campaign activities continued in 2014.

SIGNED MEMORANDUMS

Campaign for promotion of facilitations and simplifications of the customs procedures was organized in cooperation with AMERIT-SIZ Makedonija Soobrakjaj. The campaign included 7 workshops in Shtip, Strumica, Kumanovo, Bitola, Gevgelija, Skopje and Gostivar, realised for promotion of all novelties in the customs operations that allow facilitation in customs procedures and encouragement of business persons to use them more frequently.

On the occasion of 60 years of its establishment, **SIZ Makedonija Soobrakjaj-AMERIT presented a Certificate of Merit to the Customs Administration of the Republic of Macedonia, as recognition of the everyday successful cooperation in the procedure of issuing and controlling TIR carnets.**

Memorandum of Mutual Cooperation with the company Tutunski Kombinat AD Prilep was signed with the objective to strengthen the mutual assistance and support to the activities of common interests – efficient fight against organized crime involving tobacco and tobacco products.

Memorandum of Cooperation with the oil company LUKOIL was also signed, with the aim to improve the cooperation in the joint action for minimizing the illicit trade in oil and oil derivatives and assuring higher level of protection of the legitimate trade.

The signed Memorandum of Cooperation with AD Makedonski Zeleznici – Transport, the Public enterprise Makedonski Zeleznici – Infrastructure shall provide easier, simplified and faster movement of goods and passengers transported in railway traffic, efficient customs control, protection of citizens in terms of security, infectious diseases, proliferation of weapon and narcoitcs, monitoring, harmonization, optimization and finding solutions to the problems related to the flow of passengers and goods through the railway border crossing points.

A Memorandum of Understanding and Cooperation with A.D. MEPSO, regulating the coordination and the procedures of exchanging information on transmission of electric power through the transmission network of high voltage lines, management of the electric power system of the Republic of Macedonia and application of the measures of customs surveillance, customs control and customs clearance of electricity, was signed.

Memorandum of Mutual Cooperation was signed by the Director General of the Customs Administration and the President of the KGH Border Services AB – Sweden, in order to modernize the border crossing points of the Republic of Macedonia and to support completely the implementation of the best practices based on international standards, for import and export of goods between these two countries.



CUSTOMS - CUSTOMS COOPERATION

The Customs Administration of the Republic of Macedonia and the Customs Administration of Montenegro signed an Agreement between the Government of the Republic of Macedonia and the Government of Montenegro on cooperation and mutual assistance in customs matters. This Agreement promotes the cooperation between the two customs services in the field of prevention, detection and fight against frauds, and investigations related to customs offences, through exchange of information and technical experience.

A bilateral meeting between the Director General of the Customs Administration of the Republic of Macedonia and the Head of the Undersecretariat for Customs of Republic of Turkey, responsible for EU and foreign affairs was held in Ankara – Turkey, at which the concrete results of the successful cooperation were considered and opinions and proposals for its further strengthening were exchanged.

A representative of the Customs Administration of the Republic of Macedonia, in the capacity of an accredited operational and technical adviser in the WCO, participated in an **operational mission in Africa** (in the port Mombasa, Kenya) named “BIYELA”, organized by the **World Customs Organization (WCO)**.



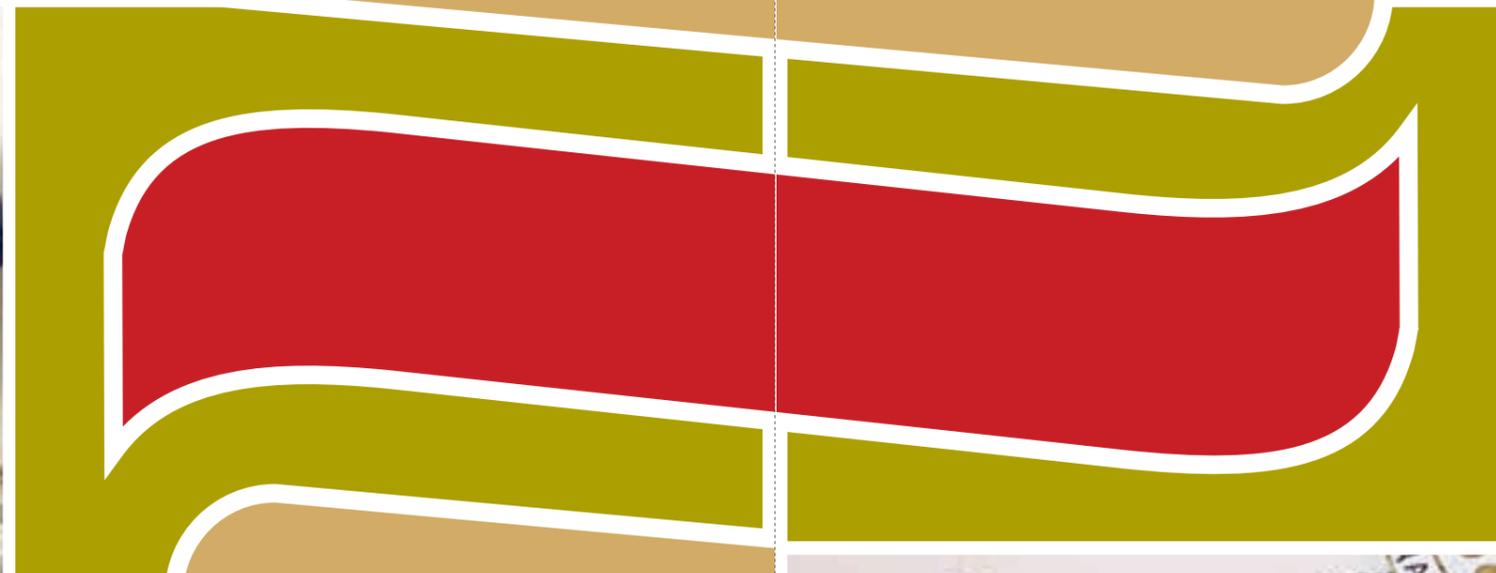


The aim of this mission was to detect and seize counterfeits, improve the cooperation between the customs services in the African region and the private sector, i.e. the holders of intellectual property rights, data exchange and implementation of the WCO instrument for fight against the counterfeiting and piracy – IPM platform of protected trademarks.

In May 2013, representatives of the State Customs Committee of the Republic of Azerbaijan had a bilateral meeting with the representatives of the Customs Administration of the Republic of Macedonia. As a sign of cooperation, the State Customs Committee of Azerbaijan donated four dogs specially trained for detection of drugs with training provided for their handlers, and sophisticated computer equipment.

Under the auspices of the Customs Administration of the Republic of Macedonia and the Ministry of Culture of the Republic of Macedonia, an exhibition of artifacts (about 200 objects – paintings, archeological objects, folk handicrafts and weapon), which are part of the cultural heritage of Azerbaijan, was held at the National gallery “Chifte Hamam”. The artifacts are entrusted to the Azerbaijani Customs Service’s care, which is an additional confirmation of the active role of the customs services in protection of the cultural heritage.





Within the framework of the visit, a Gala concert entitled “Friends Forever” took place at the Macedonian Opera and Ballet. 17 distinguished ballet and opera artists from Azerbaijan and 12 from Macedonia performed at the Gala concert, from which the artists sent a message that with a joint action it is possible to reach greater success in preservation and protection of the cultural heritage.

Delegation of the Dutch parliamentary Commission of European Affairs, accompanied by the Ambassador of the Kingdom of the Netherlands to the Republic of Macedonia and the Ambassador of the Republic of Macedonia to the Kingdom of the Netherlands paid an official visit to the **Kjafasan Customs Office**. The visit was an opportunity to present the work of the customs officers at the border crossing points, the functioning of the risk analysis system, the Anti-corruption strategy of the Customs Administration, as well as the permanent investments in reinforcement of the capacities.

The Customs Administration of the Republic of Macedonia was a host of the **International Meeting of the World Customs Organization European Region Heads of Customs and Intelligence Services**, which was held on 25th-26th November 2013 in Skopje, under presidency of the State Customs Committee of

the Republic of Azerbaijan. At the meeting the delegates discussed about the latest methods of fight against illicit trafficking of drug and tobacco, the new developed strategies for combating counterfeits, the current situation of the customs operations in the European region.

The Customs Administration of the Republic of Macedonia was a host of the **Regional Conference on the Role of the Customs in Protection of the Cultural Heritage**, which was organised in cooperation with the State Customs Committee of the Republic of Azerbaijan and took place on 27th November 2013 in Skopje. The participants exchanged experiences and considered the control measures undertaken for protection of the movable cultural heritage, the role of the Customs, the international standards on registration of cultural objects and the latest trends in trafficking cultural heritage by organized criminal groups.

The Customs Administration of the Republic of Macedonia was certified for ISO 9001:2008 Quality Management Standard.

The decision to fulfill of the conditions for certification of implemented quality management system in accordance with the ISO 9001, confirms the devotion of the Customs Administration to observe the quality standards and meet the needs of the users and clients.



INTER-INSTITUTIONAL COOPERATION

The Customs Administration is the first state institution in Macedonia that was awarded with a **Certificate for the Functionality of the MAKCIS Customs Information System** (intended for processing of customs declarations), which is awarded for the information systems used by the state authorities in electronic communication and data and documents exchange.

System for exchange of electronic information between the Customs Administration and the Public Revenue Office was established at the end of 2013, in order to facilitate the procedures of VAT return under export of goods. Owing to this system, companies are no longer obliged to submit documents in paper form that are related to import of goods and are issued by the Customs Administration in procedures of VAT return at the Public Revenue Office.



A round-table meeting concerning “Coordination of the state authorities in the fight against counterfeiting”, was held in October 2013, organized by the Customs Administration of the Republic of Macedonia and the International Trademark Association (INTA), for exchanging experiences and knowledge in the field of protection of intellectual property rights and for ensuring a more efficient coordination between the state authorities and the representatives or holders of intellectual property rights.



The **Export Control and Related Border Security Programme (EXBS) of the U.S. Embassy** donated an equipment intended for the Customs Administration and the Border Police of the Ministry of Interior. The equipment donated is a contribution to the enhancement of operational capacities and the border controls.

Activities of reconstruction of the administration building and the accompanying facilities at the Bogorodica border crossing point, financed by the IPA funds for cross-border cooperation between Macedonia and Greece and financial contribution of the Government of the Republic of Macedonia, are under way. The realization of the project will facilitate the movement along the Corridor 10 and will contribute to the development of cross-border trade, simplification of customs procedures,

improvement of the working conditions for the employees and for the citizens waiting for entry into and exit from the Republic of Macedonia.

The reconstructed and modernized Blace border crossing point, intended for passengers, light vehicles and buses was put into operation. The finalization of this significant infrastructural operation was officially marked by the ceremony held in the presence of high representatives of the Government of the Republic of Macedonia, the Customs Administration, representatives of the institutions of the Republic of Kosovo, the World Bank and the business community. Before the reconstruction, this border crossing point was a bottleneck in the traffic flow and exchange of goods and services between Macedonia and the northern countries along the Adriatic Highway.

CUSTOMS IN CONTACT WITH THE STUDENTS

In November 2013, the Director General of the Customs Administration delivered an academic lesson before the students of the **Faculty of Tourism and Hospitality - Study Program Customs and Freight-forwarding, unit of the University "St. Kliment Ohridski" - Bitola**. The lesson concerning "Management of operations and reforms at the Customs Administration" was organised for introduction of the students into the practical working activities of the Customs Administration.

The Customs Administration hosted **professors and students of textile faculty in the Kingdom of the Netherlands**. During the

visit, a presentation was delivered for familiarization of the students with the working activities of the Customs, the future projects and plans, as well as the concrete contribution of the Customs Administration to the development of the textile industry in the Republic of Macedonia.

In December 2013, **students of jurisprudence of the American College - Skopje**, accompanied by the dean of the College, visited the Customs Administration and got acquainted with the missions of the Customs Administration, its organizational units and their function, the role of the Customs considered from financial aspect and its role in protection of the environment and the health of the citizens of the Republic of Macedonia.





CELEBRATION OF THE DAY OF THE CUSTOMS ADMINISTRATION

With the activities organized on the occasion of 14th April, the **Day of the Customs Administration**, the 21 anniversary jubilee of establishment of independent and autonomous Customs Administration was celebrated. At the traditionally organized ceremony, attended by members of the Government of the Republic of Macedonia, representatives of the diplomatic corps, the business community, business associations and other partners of the Customs Administration, plaques and certificates of recognition were awarded to institutions and companies with which the Customs Administration has established a significant level of cooperation. The customs officers that have achieved particular results and shown dedicated engagement to their professional activities were awarded certificates of recognition. The celebration activities included a ceremony where the new employed customs officers gave an oath and swore to respect the Constitution and the laws of the Republic of Macedonia and perform their tasks and duties professionally and honestly.

The customs officers' humanity is every year manifested by traditionally organised blood donation action.



THE CUSTOMS VIEWED BY THE YOUNGEST PEOPLE

Within the framework of the activities undertaken in the constant efforts to contribute to education of the young population about the missions of the Customs Administration, particularly in the field of protection of human health and life, a **presentation on drugs, intended for students of secondary schools in Skopje**, was delivered at the premises of the Customs Administration. Teenagers were introduced to the manner in which customs control is performed by the Customs Mobile Teams, and the capability of the customs sniffing dogs for detection.

With the aim to acquaint the youngest people with the vocation "customs officer" and the related responsibilities and duties, an **educational children program entitled "Customs" was produced with the pupils of the elementary school "Rajko Zhinzifov" in Skopje**. At the Customs Administration the children were welcomed by the Director General and were familiarized in details with the activities of the Customs. They also visited the Tabanovce border crossing point, the Regional Customs House Skopje and the "Alexander The Great" airport. During the visit to the Tabanovce border crossing point, the customs officers demonstrated practically how vehicles are searched, control by X-ray inspection systems and control supported by customs sniffing dogs for detection of narcotics. The visit to the Regional Customs House Skopje was an opportunity to present the customs clearance formalities. At the "Alexander The Great" airport the pupils participated in the control of the passengers' bags carried out by the customs officers, assisted by customs dog. The children visited also the Customs Information Museum Space. The most sincere emotions of the children, expressed during the visit, were filmed and presented at the ceremony organised on the occasion of the Day of the Customs Administration.



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