

REPUBLIC OF MACEDONIA  
MINISTRY OF FINANCE  
CUSTOMS ADMINISTRATION



**ANNUAL  
REPORT  
2014**

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*The Customs Service of each country is an important state authority, whose primary function, from a historical point of view, has been collection of budget revenues. Today, the place and role of Customs is quite different. Besides being an important link in the chain providing support to international trade, every modern Customs Service plays a crucial role in the security system of its country, being not just a segment of the security system that fights terrorism and trans-border crime, but also in the entire system for overall protection of its citizens.*

*Dear readers,*

*The 14th April – the Day of the Customs Administration of the Republic of Macedonia is a day that each year reminds us to look back and see where our organization was twelve months ago, what we have done in the period between the two Customs Days and what lies ahead.*

*For a person managing a large team of professionals who work dilligently, who are committed and competent, there is no greater pleasure than being priviledged to proudly look back at the past months, knowing that they passed in great number of activities that brought visible and measurable results, results which showed and prove that the institution in which we invested all our efforts now strides in progress and successfully strives closer to the ambition to be and remain best service for the citizens, the economic operators and the country, in conformity with the best national and internationally recognized practices.*



*At times like these, the conditions are neither easy, nor simple. The global economic crisis has not yet completely sank, and our country, as part of the civilized world, also confronts the menace from international terrorism This does not let us relax and catch our breath, not even for a moment, because our organization is created and exists to be the first guardian of the financial interests of the country, but it is also an essential and indispensable part of the system for protection of the life and health of the citizens and one of the guarantors for the security of the state borders.*

*Last year we worked with commitment in implementation of the economic policies of the Government of the Republic of Macedonia, focused on improvement of the competitiveness of the economic environment through proposals and implementation of measures for trade and transport facilitation. We never neglected our first and main mission – protection of the financial interests of the country through successful collection of the budget revenues.*

*Our success is not a coincidence and does not come overnight. It always comes as a result of a multi-annual focused, patient and team work of the professionals of our institution, which makes the fruit of our success more appealing and sweeter.*

*The obtained highest score during the regular annual surveillance of the implementation of the ISO 9001:2008 Standard confirms the great level of fulfillment of the criteria required by this international standard, for which the Customs Administration worked with attentively, and is an acknowledgement of the quality performance of our institution..*

*The finalization of the Project: Integrated Tariff Environment (ITE), the objective of which was to harmonise the customs information systems with the corresponding tariff systems of the EU Integrated Tariff Environment and enable many benefits for the economic operators in the Republic of Macedonia, is another great result of the long term work of Customs.*

*The successful introduction of the New Computerised Transit System (NCTS) for processing transit declarations at national level by the Customs Administration, another project on whose*



*implementation we worked hard is a great step forward to the achievement of the strategic goal – accession of the Republic of Macedonia to the Convention on a Common Transit Procedure (expected to happen on 1st July 2015).*

*Part of the many projects which the Customs Administration worked diligently on in the past period, which we are proud of, is the introduction of cashless payment at the border Customs Offices, the reduction of the documents accompanying the Single Administrative Document, the improvement of the criteria for granting authorizations and licenses for customs agents activities, as well as the preparations aimed at acceleration of the cross-border trade and transport along the Pan-European Corridors 8 and 10.*

*We remained focused on the activities to reinforce of the institution through improvement of the human resources management system, to improve the transparency in our work and to extend the cooperation with other national and foreign institutions, with the aim to complete the responsibilities and duties determined by the Strategic Plan for 2014 and the Action Plan for its implementation, and to reach and maintain the highest working standards, in line with the guidelines of the European Union and the World Customs Organization. The numerous measures taken for prevention and repression of corruption and conflict of interest made the Customs Administration a leader in the fight against this social scourge.*

*Besides the accession of the Republic of Macedonia to the Convention on a Common Transit Procedure, another priority will be the putting into function of the new Customs Declaration and Excise Processing System (CDEPS), a system which will be a real revolution in the daily work of the Customs Service and a great relief in the work of the customs agents, in which realization the professionals of the Customs Administration will be engaged in 2015..*

*Another 14th April has come, another Day of the Customs Administration. Along with the celebration, the rewards, I am particularly delighted about an event that is now a tradition for us – the blood donation. Every year more and more customs officers give blood, aware of the noble act that shows that human people work for this institution, people with great hearts.*

*Our vision for the future is very clear. We have proven our devotion to achieve the set targets. We know that only hard work and commitment is the real and right way to success in the years before us.*

**Sincerely,**  
**Director General**  
**Natasha Radeska Krstevska**

## 2. CUSTOMS RELATED LEGISLATION

*In order to ensure further simplification of the customs procedures, better competitiveness of the national economy and reduced costs for the economic operators, as well as alignment of the customs legislation with the Acquis of the European Union, several laws and by-laws concerning customs procedures, customs tariff, excises, protection of intellectual property and implementation of international agreements have been amended in 2014.*

Under the CEFTA Agreement, the application of **Regional Convention on Pan-Euro-Mediterranean preferential rules of origin** started in September 2014. The Convention is a single document defining the rules of origin applied with all countries in the region (EU, EFTA, CEFTA and Mediterranean countries).

The amendments to the **Regulation concerning the closer criteria and manner of granting import duty relief and the value, quantity and purpose of the goods for which relief from import duties is granted** ("Official Gazette of the Republic of Macedonia" no. 113/14) adopted in July 2014, provide for relief from import duties for equipment intended for scientific and innovation research and abolish the provisions stipulating import duty relief for goods necessary for realization of projects financed by foreign donors considering the fact that this issue has been regulated by a separate Rulebook on relief of import duties. ("Official Gazette of the Republic of Macedonia" no. 98/14).

The **Decision determining the goods and services subject to preferential rate of Value Added Tax** was amended in August 2014 ("Official Gazette of the Republic of Macedonia" no. 117/14) extending the List of goods for which preferential tax rate of 5% is applied with animal feed, feed additives used and livestock, baby products and school supplies.





In 2014, there were three amendments to the Rulebook amending the Rulebook for completing customs declaration and the List of codes used.

- ✓ The first amendments from February 2014 (“Official Gazette of the Republic of Macedonia” no. 36/14), were made in order to establish new codes used when completing customs declaration enabling the application of the New Computerised Transit System as from 1st March 2014. With the introduction of the NCTS, the use of electronic transit declarations and the accomplishment of the transit related formalities through electronic standard messages became mandatory.
- ✓ The second amendments adopted in June 2014 (“Official Gazette of the Republic of Macedonia” no. 98/14) enable to use the existing code for import duty relief for foreign donations and for goods intended for realization of projects funded by the Instrument for Pre-Accession Assistance (IPA).
- ✓ The third amendments of November 2014 (“Official Gazette of the Republic of Macedonia” no. 172/14) was adopted to prescribe codes for the new excise product – petroleum coke, in accordance with the Law on Excises.

**Rulebook on relief from import duties, VAT and excises granted for goods intended for realization of projects financed with funds provided on grounds of a donation agreement signed between the Republic of Macedonia and foreign donors** (“Official Gazette of the RM”. no 98/14), was adopted in June 2014. The Rulebook stipulates that the granted funds of foreign donors shall not be subject to payment of import duties, taxes and excise duties and defines the form and contents of the application form for obtaining relief and the required documentation.

## CUSTOMS TARIFF

**Decision on alignment of and amendment to the Customs Tariff for 2015** was passed in December 2014 (“Official Gazette of the Republic of Macedonia” no. 191/14). With the harmonization of the Customs Tariff for 2015, the system of names and numeric codes (Nomenclature), the units of measures and the notes for the corresponding sections and chapters were completely aligned with the Combined Nomenclature of the European Union, published in the EU Official Journal L312 of 31.10.2014.

Amendments were also introduced to the **Lists of goods imported under quota with reduced or abolished duties** (lists which are published twice a year) compared to the Lists of the year before. The amendment was made in the part concerning the quota with the EU, stipulating that besides the existing new quota determined with the amendment to the Stabilisation and Association Agreements with the EU, having in mind the accession of Croatia to the EU.



The allocation of tariff quota is made according to the principle “first come, first served”, via the EXIM Information System.

The **Lists of goods imported under tariff quota with reduced or abolished customs duties to be applied in the first quarter of 2015** were published in December 2014 (“Official Gazette of the Republic of Macedonia no. 197/14).

## EXCISES

In 2014 the **Law on Excises** was amended three times:

With the first amendments to the Law, adopted in March 2014 (“Official Gazette of the Republic of Macedonia” no. 43/14) a deadline for claiming a excise refund is defined; deadline for requesting excise control stamps for alcoholic beverages and tobacco goods and deadline for collecting them; the date for increasing the excise for cigarettes and finely cut tobacco was precised; an obligation was introduced for the producers and importers of tobacco goods to make an inventory of the stock of tobacco goods on the day when the excise is increased and to submit inventory report to Customs within three working days. The amendments also stipulate an obligation for the manufacturers and importers to calculate the new excise for tobacco products on the day when the increased excise enters into force. The provisions of the amendments also enact that the passenger vehicles, that are relieved from excise duties cannot be expropriated without payment of the excises they were previously relieved from.

With the amendments of November 2014 (“Official Gazette of the Republic of Macedonia” no. 167/14) new excise goods was introduced—petroleum coke, the amount of excise levied for liquefied petroleum gas per kilogram, regardless of

its use, was unified, the deadline for claiming excise refund for liquefied petroleum gas was defined, obligation for the traders of mineral oils containing marking substances (“red oil”) to comply with the prescribed quantities of marking substances was prescribed, obligation for the retail traders of mineral oils containing marking substances to keep records on the clients was regulated, a provision concerning offences provisions were added for cases of import of mineral oils with marking substances which are not appropriately labeled, a measure seizure of the motor vehicle using mineral oils containing marking substance was introduced in cases of





recidivism; obligation for the offender to return the improperly marked excise goods in the country it came from was prescribed, the fine was increased, the competence on deciding on offences related to violation of the Law on Excises was precisely defined and the terms of outdatedness were fixed.

The third amendment to Law on Excise adopted in December 2014 (“Official Gazette of the Republic of Macedonia” no. 188/14) and with it. As of 1st January 2015, the excise for cigarettes was increased to 1.353 denar per cigarette and for 9% of the retail price.

In 2014 two amendments to the **Rulebook on Excise Law Implementation** were adopted:

The first amendments of June 2014 (“Official Gazette of the Republic of Macedonia” no. 98/14) concern the procedure of destruction of the excise stamps that have not been collected by the holders of excise license and the importers in the deadlines defined by the Law on Excises, the mandatory provision of information concerning the inventory of stored tobacco products in case of increased excise for tobacco products on 1st July each year, provision recognizing waste of 0.3% of the collected excise stamps for tobacco products, the abolishment of the provisions related to relief from excise duties for mineral oils and imported passenger vehicles used for projects, financed by funds provided by foreign donors or IPA.

The second amendments to the Rulebook of November 2014 (“Official Gazette of the Republic of Macedonia” no. 172/14) introduce definition of the caloric value of petroleum coke, reduction of quantity as condition for holding excise warehouse for beer, regulate the manner in which the retail traders of mineral oils containing marking substances should keep records on their clients, provide for the possibility to issue control stamps in quantity lower than 600 pieces in cases of non standardized packages, exclusive and limited editions and quantities for promotional purposes.

## REPRESENTATION IN CUSTOMS PROCEDURES

Having in mind that the customs agents are key participants in the customs procedures and the development of their competences would have an impact on the improvement of the business climate **new Law on Representation Activities in Customs Procedure** was adopted in December 2014 (“Official Gazette of the Republic of Macedonia” no. 180/14). This Law stipulates stricter criteria for obtaining authorizations and licenses for representation activities and defines the status of customs agent and licensed representative. The Customs Administration is determined as competent authority for granting authorizations and licenses for representation in customs procedures. The Law also lays down the manner and conditions to be fulfilled in order to obtain an authorization and a license for representation in customs procedures, it defines the conditions and criteria related to the withdrawal of the authorization and license

for representation in customs procedures and defines the rights and responsibilities of the customs agents with relevant offence provisions.

**Rulebook on the amount of fees related to granting licenses for representation activities, identification card and taking a professional exam to obtain the status of licensed representative** was adopted in October 2014 (“Official Gazette of the Republic of Macedonia” no. 147/14). The Rulebook lays down the fees that shall be paid by candidates for professional exam for licensed representative. It also determines the fee paid by applicants for license for representation activities in customs procedures and the fee for licensed representatives to obtain identification card.

## INTERNATIONAL AGREEMENTS

During the Third Meeting of Heads of Government of China and Central and Eastern European Countries, held in December 2014 in Belgrade-Serbia, **a Framework Agreement on Cooperation in Facilitating Customs Clearance among the Chinese, Macedonian, Serbian and Hungarian Customs was signed**. The Agreement provides for constant exchange of information about operations for prevention, detection and repression of trans-border crime and customs frauds, additional contribution to the acceleration and facilitation of legal trade and higher level of safety of the international trade supply chain. The Framework Agreement re-affirms the established excellent cooperation with the Customs Services of Hungary and Serbia and is a step forward in the intensification of the cooperation with the Chinese Customs through signing of an agreement between our country and China on cooperation and assistance in customs matters.



### 3. EU INTEGRATION



*On top of the Customs Administration's agenda are the activities for permanent alignment with the EU Acquis and its implementation in the Republic of Macedonia, fulfillment of the requirements in technical and organizational matters, administrative capacity building and raising the public awareness about the manner and philosophy of the Customs Union, being a condition for accession to the European Union.*

#### **ALIGNMENT WITH THE CUSTOMS LEGISLATION OF THE EU**

In line with the Law on Customs Tariff, Regulation concerning the classification of certain goods in the Combined Nomenclature in accordance with the European Commission's regulations was adopted in 2014 ("Official Gazette of the Republic of Macedonia" no. 2/14) and three amendments ("Official Gazette of the Republic of Macedonia" no. 65/14, 113/14 and 157/14), adopting the classification of certain goods in the Combined Nomenclature that had been published by the European Commission's regulations, in the "Official Journal of the European Union".

#### **CONNECTION WITH THE EU CUSTOMS INFORMATION SYSTEMS**

##### **Accession to the Convention on a Common Transit Procedure**

**NCTS at national level (01.03.2014) → Many activities realized and series of technical requirements met → Positive report of the assessment missions → Recommendation for accession to the Convention on a Common Transit Procedure → Accession to the to the Convention on a Common Transit Procedure (mid 2015).**

To adjust the transit system in the Republic of Macedonia to the European Common Transit System which is based on control and management by using modern computer systems, electronic transit declarations and electronic data processing technique when performing transit formalities, in 2010 the Customs Administration started working on introduction of New Computerised Transit System (NCTS), which will be fully compatible with the EU transit system.

The NCTS was officially put in function at national level on 1st March 2014. To ensure uninterrupted functioning of the system and familiarization with the novelties from its implementation, the Customs Administration organized large number of training sessions for the economic operators, transporters, companies and other participants in transit procedure. The implementation of the New Computerised Transit System is of great importance, because one of the conditions for accession to the Convention on a Common Transit Procedure (CTC) is use of the system for a period of one year.

The accession to the CTC is conditioned by fulfillment of several technical requirements and realization of many activities. In order to assess the state of affairs, DG TAXUD of the European Commission carried out two monitoring missions (pre-assessment mission in July 2014 and assessment mission in January 2015), to evaluate the level of readiness of the Republic of Macedonia to undertake the responsibilities of the accession to the Convention on a Common Transit Procedure (CTC) and to the Convention for Simplification of Formalities in Trade in Goods. The missions conducted by representatives of the **European Commission – DG TAXUD and the Contracting Parties to the Convention**, with recommendation to the EU-EFTA Working Groups on Common Transit and Simplification of formalities in trade in goods for accession of the Republic of Macedonia to the Convention on a Common Transit Procedure.

Benefits from the **accession to the Convention on a Common Transit procedures**, i.e. NCTS for common transit (planned for 1st June 2015) will have **the economic operators, the Customs Administration and the entire Republic of Macedonia**. It will ensure faster flow of goods at the borders, reduced costs (less resources and means for completion of the customs formalities), greater competitiveness of the economic operators in (importers/exporters), less documents for processing by the Customs Administration (significantly lower volume of border formalities), confirmation of the readiness of the Republic of Macedonia for accession to the EU Customs Union.

## Accession to the integrated tariff environment

**The Integrated Tariff Environment is a business concept that groups several computer systems for information exchange between the European Commission and the Member States of the European Union. The main objective of the project is to align the Customs IT systems of the Republic of Macedonia to the corresponding tariff systems that are part of the Integrated Tariff Environment of the European Union.**

The Project ITE started in October 2012 and was finished in the planned deadline - October 2014. The value of the Project was 2.758.150 Euros, of which 2.428.425 Euros were provided by the European Union and 329.725 Euros by the Government of the Republic of Macedonia under national co-financing.

Before the accession to the European Union, the ITE System provides the following advantages for the economic operators in the Republic of Macedonia:

- ✓ On-line (electronic) access through the TARIM module to the information previously available in paper form (customs duties, VAT, excises and national non-tariff measures, import and export restrictions);
- ✓ Availability of the information even after the expiry of their validity;
- ✓ Access to the calculation module – possibility for accurate calculation of customs and other duties, as well as obtaining information about the documents required for import and export;

- ✓ Faster, cheaper, easier and more transparent access to the informations destined for the economic operators and
- ✓ Improved system for prevention and recognition of frauds.

The experience acquired in implementing national measures via ITE used at national level, will contribute to easier transfer to the measures of the European Union at the moment of accession.

## CUSTOMS 2020 PROGRAMME OF THE EUROPEAN COMMISSION

In the period 1<sup>st</sup> April 2009 – 31<sup>st</sup> March 2014 the Customs Administration actively participated in the activities of the European Commission's Programme CUSTOMS 2013, funded by the European Union and co-financed by the Republic of Macedonia. The participation in this Programme is of great importance because it provides cooperation, exchange of information and best practices with the Customs Services of the EU Member States, the candidate countries and the potential candidate countries. Under this programme, 117 representatives of the CARM had opportunity to establish closer contacts with their colleagues from other countries and exchange knowledge, expertise and experience.

With the signing of the new **International Agreement between the Republic of Macedonia and the European Union on participation of the Republic of Macedonia in the Customs 2020 Programme of the Union** ("Official Gazette of the Republic of Macedonia" no. 159/14), the customs officers will be able to participate in the new cycle covering the period 01.04.2014 - 31.12.2020. This programme offers the possibility for participation in the so-called common activities including seminars, workshops, working visits, trainings and possibility for the Customs Administration of the Republic of Macedonia to connect with the customs and tax systems of the EU (via CCN\CSI).<sup>1</sup>

## Technical Assistance and Information Exchange Instrument of the European Commission - TAIEX

In 2014, through the TAIEX instrument, several workshops were realized covering different topics: revision of the regional Convention on rules of origin, fight against international trade in illegal goods and criminal offences consisting in infringement of intellectual property rights, money laundering and terrorist financing risk assessment, customs value and risk management.

## IPA PROJECTS

The Customs Administration's priorities are directed towards full alignment with the EU customs legislation and its implementation in the Republic of Macedonia, fulfillment of the technical and organizational requirements, development of the administrative and institutional capacities. Under the National Programme for use of the funds of the Instrument for Pre-accession Assistance (IPA), the Customs Administration is a beneficiary in the following projects:

- ✓ **Strengthening the capacity of the Customs Administration for implementation of the customs and excise legislation (IPA 2010)**, with main objective to further align the legislation in the area of excise and customs with the Acquis, and to additionally strengthen the administrative and operational capacities of the Customs Administration in the process of meeting the EU standards in these areas. The project consists of two components:

<sup>1</sup>CCN\CSI system - Common Communication Network/Common System Interface, technical solution (gateway) developed by the services of the European Commission for establishing an unique, safe and secure infrastructure for data exchange that is obligatory for communication between the IT systems of the DG TAXUD and the corresponding systems of the Member States.

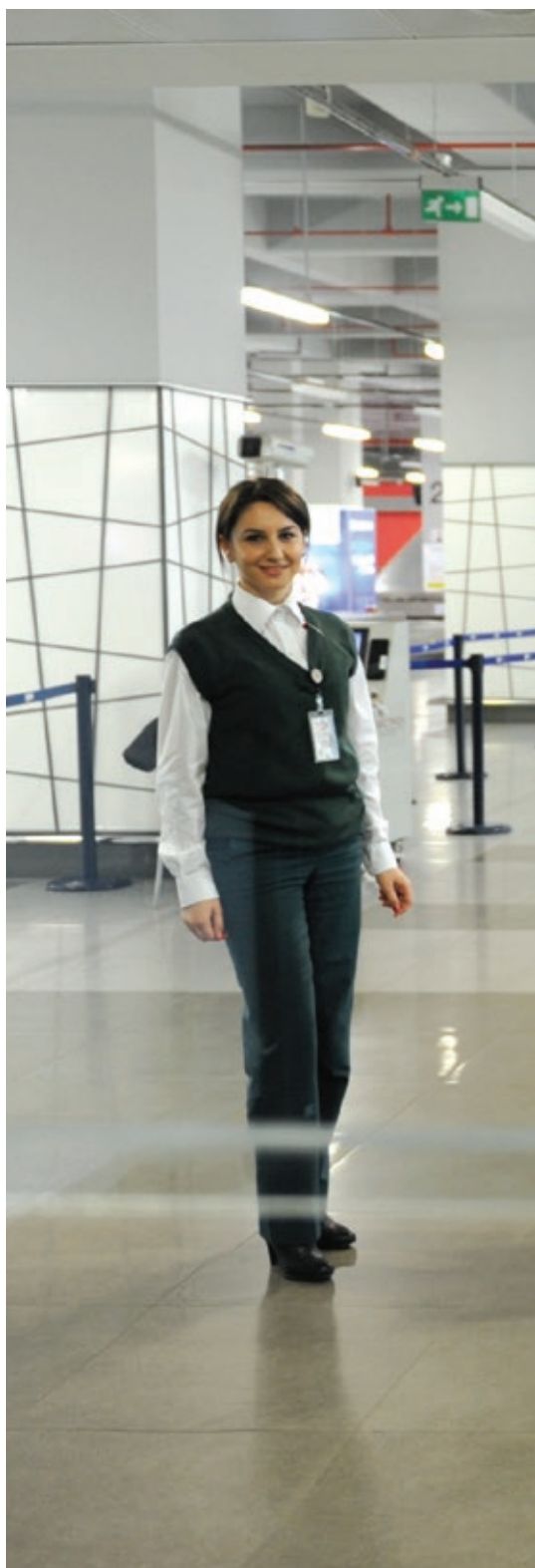


- » **Harmonization of the legislation and procedures with the acquis and EU best practice related to excise (IPA 2010), the implementation of which shall start in the first quarter of 2015 and which will be realized with the assistance of the Customs Service of Austria as a twinning partner, in duration of 24 months.**
- » **Finalization of the preparation for the accession to the Convention on a Common Transit Procedure (CTC) and to the Convention for Simplification of Formalities in Trade in Goods (IPA 2010), which started in the second half of 2014 with the assistance of the Customs Service of Slovenia, following the introduction of the NCTS. This Project's objective is to complete the last preparations (within 24 months) concerning the legislation and the internal procedures for accession to the Convention on a Common Transit Procedure.**
- ✓ **Administrative Capacity Building to fulfill the requirements for accession - Enforcement of Intellectual Property Rights (IPA 2011), whose main objective is to enhance the Customs Administration's capacities for protection of intellectual property rights.**
- ✓ **Upgrade of the customs clearance facilities at the road Border Crossing Tabanovce (IPA 2012), which includes extension of the present customs terminal for import and export of goods for additional 4000 m<sup>2</sup>, and construction of accompanying facilities.**
- ✓ **Upgrade of the customs clearance and inspection facilities at the road Border Crossing Kjafasan (IPA 2013), under which new import-export terminal of 9500 m<sup>2</sup>, access roads, buildings for customs clearance and for other inspections will be constructed, and the existing facilities will be reconstructed.**

The realisation of the last two projects will significantly improve the infrastructure of both border crossing points and will increase the traffic flow capacity, reduce the waiting time for border formalities, it will enable use of modern inspection equipment and faster and easier transport along the Pan-European Corridors 8 and 10.

## 4. HUMAN RESOURCES

*The human resources management is an import link in the institution management in general. Aware of this importance, in 2014 the Customs Administration continued to invest in its improvement and development, acknowledging it as a moving force for achievement of its strategic goals for integration in the European Union, i.e. to improve the efficiency of the institution as state authority.*



### LEGAL GROUNDS

The basic act that regulates the human resources management is the **Law on Customs Administration**. To ensure alignment with the new legal solutions for the administration in the Republic of Macedonia, the Customs Administration amended the Law on the Customs Administration ("Official Gazette of the Republic of Macedonia no. 43/14 and 167/14). According to the amendments, the customs officers, i.e. their posts are classified in 3 categories:

- » B – managing customs officers,
- » V – professional customs officers and
- » G – assisting professional customs officers.

Each category distinguishes several levels of job posts of the customs officers.

At the beginning of 2014, the Customs Administration revised the **Strategy on the priorities, objectives and development of the human resources at the Customs Administration for the period 2015-2017**, which defines the goals of the human resources management, the basic principles and policies regarding the human resources management, as well as the strategic activities planned for the period 2015 - 2017. The reinforcement of the capacity for human resources management (recruitment, deployment, training and professional development, rewarding and career-making, performance measurement mechanisms and mechanisms applied in the area of professional responsibility of the employees) results in professional, efficient and competent employees for execution of the mission, realization of the vision and achievement of the objectives of the Customs Administration.

With a view to approximate with the human resources management policies of the World Customs Organisation, a **Strategy on implementation of the World Customs Organisation's Compendium on human resources management for the period 2015-2017 and Action Plan for its implementation** were adopted in 2014.

21 internal acts regulating the human resources management were adopted in 2014.





## EMPLOYEMENT

At the beginning of 2014, the Customs Administration passed the **2014 Programme for employment**. The Programme enables recruitment of personnel with certain academic and professional knowledge. The continuous recruitment of new personnel will contribute to better effectiveness and efficiency in the execution of the competences of the Customs Administration. The realization of the Programme is supported by an **Employment Plan**.

At the end of 2014, the Customs Administration had 1.135 employees. Of the total number of employees, 2 have a status of office-bearers (Director General and Deputy Director General), 1.006 have status of customs officers pursuant the Law on Customs Administration, 13 have a status of civil servants pursuant

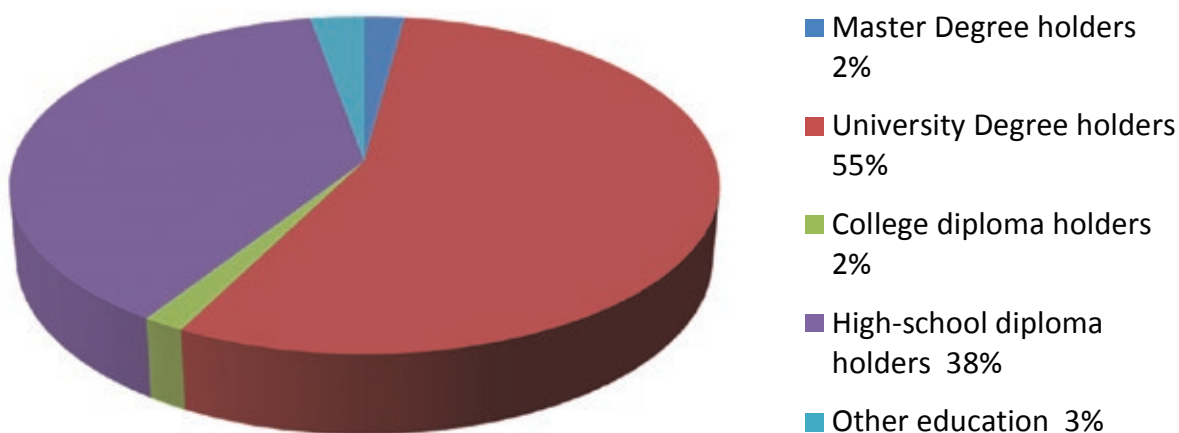
### NUMBER OF EMPLOYEES AT THE CUSTOMS ADMINISTRATION

Organisational unit		31.12. 2013	31.12. 2014
1.	Office of the Director General	12	10
2.	Department for International Cooperation and Projects	5	6
3.	Internal Audit Department	3	3
4.	Department for Administrative Procedure and Court Representation	18	16
5.	Department for Customs Offence Procedures	20	27
6.	Department Customs Call Centre		18
7.	Sector for Human Resources Management	17	17
8.	Sector for Administrative and Technical Matters	177	183
9.	Sector for Information and Communication Technology	25	28
10.	Sector for Accountancy and Finance	39	39
11.	Sector for Professional Responsibility	17	15
12.	Sector for Customs Systems	41	29
13.	Sector for Excises and Non-tariff Measures		17
14.	Sector for Control and Investigation	115	91
15.	Regional Customs House Skopje	233	214
16.	Regional Customs House Bitola	111	119
17.	Regional Customs House Gevgelija	129	127
18.	Regional Customs House Kumanovo	126	122
19.	Regional Customs House Shtip	53	54
Total		1.141	1.135



with the Law on Civil Servants and 114 have a status of employees pursuant the Labour Relations Law. In terms of qualifications, 24 employees are master degree holders, 629 have university education, 19 are college-educated, 431 are with secondary education and 32 have education of a different kind. 57.5% of the employees of the Customs Administration have university education. In 2014, there were **23 new employments**.

### Qualifications of the Customs Administration's employees



### TRAINING AND PROFESSIONAL DEVELOPMENT

In 2014, the following acts were passed in the area of professional development:

- ✓ **2014-2016 Strategy for Training and Professional Development of the Customs Officers;**
- ✓ **2015 Annual Plan for Training and Professional Development of the Customs Officers;**
- ✓ **Guidelines on internship at the Customs Administration;**
- ✓ **Programme for volunteering;**
- ✓ **Manual for strategic planning;**
- ✓ **2015 Annual Programme for training of civil servants;**

- ✓ **Training Programme of the WCO Regional Training Centre in Skopje;**
- ✓ **Revised Catalogue of Training Courses for Professional Development.**

The **Annual Plan for Training and Professional Development** for 2014 envisaged 40 events – courses, e-learning courses and presentations to be organized by the Customs Administration alone. 37 of these events (realization of 92.5%) were realized. The topics covered matters related to efficient and effective execution of the Customs Administration competences by its personnel and law enforcement – prevention of illicit import of illegal goods and timely collection of customs and other duties.

In 2014, **302** events for professional development of customs officers took place. These were attended by **3.077** participants<sup>2</sup>. Each participant followed a course in average duration of 7 hours. The ratio of the total number of hours of trainings courses realized in this period to the number of employees indicates that each employee received training in average duration of 18.8 hours.

Some of the important training activities, organised in 2014 dealt with: control of the quality of the controls of trade companies; protection of intellectual property rights, strengthening of the personal and professional integrity and professional ethics; strategic planning and communication; leadership; planning of excise revenues; origin of goods; customs tariff and taking of samples; post-clearance audit and control; analysis of x-ray images; women in border security and management of institutions; leaders today and tomorrow etc.

Under the **Export Control and Related Border Security (EXBS) Programme of the U.S.A. Embassy**: radiation detection; manipulation with manual detector of explosives and narcotics Vapor Tracer 2; prevention of weapons of mass destruction; seminar on the basic principles of strategic trade control; course on prevention of illegal activities including commercial motor vehicles. The Programme also provided assistance for organization of study visit for exchange of best practices in risk analysis, in conformity with the common integrated module of the European Union concerning the risk analysis and training concerning prevention of weapons of mass destruction.

The intensification of the activities carried out in cooperation with the Chambers of Commerce, the economic operators and other institutions, resulted in realization of 21 events – advisory meetings, presentations and training, attended by 430 representatives of the business community and employees of institutions whose work is related to customs procedure. The discussed topics at these events include: Integrated Tariff Environment, customs debt, customs offences, Law on Excises, New Computerised Transit System, Customs Tariff, Customs Declarations and Excises Processing System etc.

**Basic training** for 27 new employees and promoted customs officers was also realised.

In the reported period the Customs Administration organised **internship** for **95 students** from the faculties with which the Customs Administration has signed Memorandums 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 work duties, in conformity with the Human Resources Management Strategy, a 2014 Volunteering Programme was adopted, according to which **9 volunteers** were deployed at the Customs Houses Skopje, Kumanovo, Gevgelija, Shtip and Bitola.

<sup>2</sup> Of the 1.135 employees (situation in December 2014), 890 attended the training. Some employees participated in several training sessions.

## INTEGRITY

At organizational level, integrity is interpreted as “immunity to corruption“, while the integrity system is an unity of all policies, standards and procedures implemented by an organization with the aim to ensure high level of immunity to corruption and decreased risk of employees’ corruptive behavior. For prevention of abuse of powers and corruptive activities and for development of the established professional standards, two procedures and three internal guidelines were adopted by the Customs Administration in 2014.



In its action to ensure high level of integrity of its employees, the Customs Administration took series of measures for detection of cases of misuse of official powers, including regular inspection of the compliance with the customs regulations, at the organizational units of the Customs Administration.

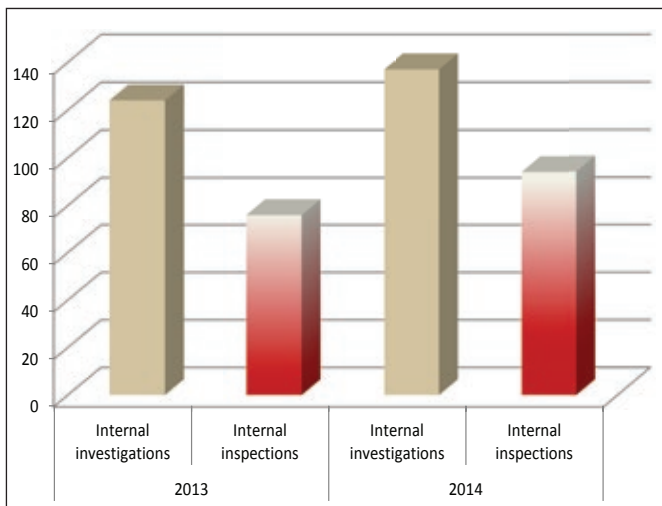
In the reported period, **137 internal investigations / controls** were carried out. In 25 cases, it was established that there are reasonable suspicions about violations of regulations by customs officers. Of the **94** internal inspections conducted, violations were established in 23 cases.

The Customs Administration actively participates in implementation of the National programme for prevention and repression of the corruption, the National programme for prevention and reduction of the conflicts of interests and the 2011- 2015 Action Plan. In realization of the programme activities, it was noted that the Customs Administration has best performance (77%), compared to the other institutions responsible for these programme activities.

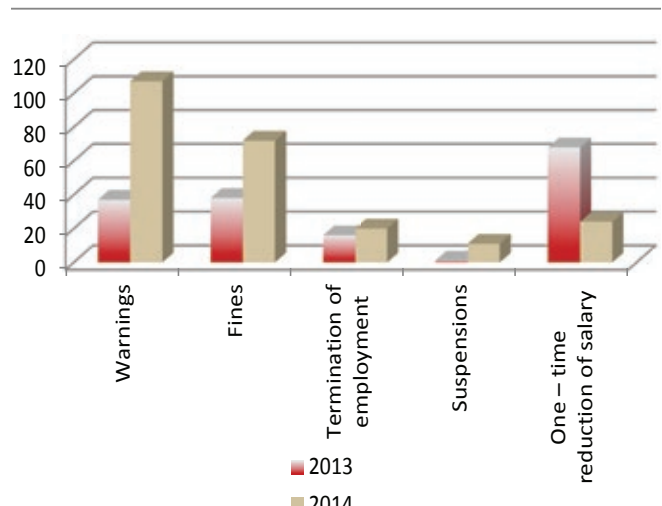
234 decisions for disciplinary and other measures, 24 decisions for salary reduction of 15% (reduction of the last paid salary) were passed in 2014,. The basic courts pronounced 16 executive sentences, of which 10 sentences were passed on the basis of agreement with the Public Prosecutor.

With a view to facilitate the daily work and ensure appropriate implementation of the laws and by-laws, **Guide on most frequent mistakes and faults in the daily operations in 2014** was published on the Intranet of the Customs Administration.

**Fight against corruption**



**Fight against corruption disciplinary measures**



In addition to the mentioned activities, the Customs Administration also participates in realization of the **Twinning Project “Support to Efficient Prevention and Fight Against Corruption”** funded by the European Union (IPA 2010). The objective of the project is improve the implementation of the national legal frameworks related to combating corruption, reinforcement of the national mechanisms for prevention and fight against corruption and intensification of the cooperation with the competent state institutions.

The Customs Administration pays particular attention to the opinions and positions of the business community and its perception of the level and exposure to corruption. The activities in this domain included a publication of a **Poll** on the Customs Administration’s web site, intended for the customs agents.



## INTERNAL AUDIT

**Internal audit is conducted with the aim to ensure independent, reasonable and objective persuasion and council to the manager of public sector entity, thus ensuring improved work and better efficiency in the implementation of the internal audit systems. The findings and the recommendations resulting from the internal audit are a tool for the management to improve the current situation, minimize the weaknesses and efficient performance.**

In 2014, a total of 18 internal audits were conducted in the Customs Administration (20 internal audits in 2013). On grounds of the results of the audits, 60 findings and 57 recommendations were given to the relevant Customs Administration’s organizational units to improve their operation. 43 recommendations were completely implemented, 2 recommendations partly and the actions regarding the remaining 12 recommendations are ongoing.



## INSPECTIONS AND AUDITS AT THE CUSTOMS ADMINISTRATION

In 2014, the work of the Customs Administration was subject to several inspections and audits by the following inspection bodies:

### 1. State Audit Office carried out two audits:

- » Efficiency and effectiveness of the financial management system and control and internal management
- » Conditions of functioning of the border crossing points.

2. **State Administrative Inspectorate** conducted inspections of the entire operation of the Central Headquarters and the Customs Houses Skopje, Kumanovo, Gevgelija, Bitola and Shtip.

3. **The Protection and Rescue Directorate** carried out successive inspections at the Customs Office Bogorodica – border crossing point and Terminal, border crossing points Dojran, Novo Zelo and the customs office Gevgelija concerning the application of the Law on Protection and Rescue.

4. **State Communal Inspectorate** conducted separate inspections at the border crossing points: two controls at BCP Tabanovce, two controls at BCP Kjafasan, two controls at BCP Medjitlija and one control at BCP Sveti Naum, BCP Blato, BCP Stenje, BCP Blace, BCP Bogorodica, BCP Dojran.

5. **State Transport Inspectorate** conducted controls of the vertical and horizontal signalisation at the BCP Star Dojran and BCP Bogorodica.

## UNION ACTIVITIES

**The Independent Union of the Customs Administration is a voluntary organization of employees that takes care of the workers and makes efforts for maintenance and improvement of the work conditions.**

In the reported period, in accordance with the Rulebook on the use of the union membership funds, the Union provided financial assistance in amount of one salary to several Union members. As an organization responsible for realization of the employees' rights, the Union provides free-of-charge legal assistance for its members. It offers free tickets for several cultural manifestations and actively participates in the preparation of amendments to the Collective Agreement. Last year the Union realized several working visits to the Customs Houses.



## 5. FACILITATION OF CUSTOMS PROCEDURES

*The permanent activities for facilitation and acceleration of the customs procedures and the creation of a modernised institution that will be an equal partner of the companies as a key moving force of the economy, were one of the basic objectives of the Customs Administration in 2014.*

### SIMPLIFICATION OF CUSTOMS AND EXCISE PROCEDURES

In line with the amendments to the legislation related to preferential duties and in conformity with the Free Trade Agreements, VAT rates, excise duties and non-tariff measures, a **Handbook on Customs Tariff for 2014** integrating the data that resulted from the **Decision on Alignment of and Amendment to the Customs Tariff 2015** (“Official Gazette of the Republic of Macedonia” no. 191/14) was prepared. In order to make it available free of charge to large number of users, the Handbook was published on the Customs Administration website.

To facilitate the operations for the economic operators and to simplify the customs formalities, the following internal acts were adopted: **Guidelines on successive import, Manual for Approved Economic Operator, Guidelines on customs procedure in technological industrial development zones (TIDZ), Guidelines on guarantees and Guidelines on deferred payment of customs debt.**

**Committee for Surveillance, Analysis and Improvement of the Business Climate in the area of “Cross-border Trade” in conformity with the Doing Business of the World Bank**

In 2014 the Customs Administration defined and implemented several measures and activities for improvement of the business climate. Their complete realization in practice led to reduced number of documents to be submitted and reduced time of the customs procedure, which certainly contributes for additional acceleration, lower costs and facilitation of cross-border trade and transport.



Moreover, the implementation of the New Computerized Transit System and the Integrated Tariff Environment at national level, the signed Protocol regulating the procedures for faster flow of livestock and fresh goods, ADR (dangerous substances) and empty trucks at the border crossing points Tabanovce and Bogorodica, the adopted Law on Representation Activities in Customs Procedures and the new Guidelines on documents accompanying the Single Administrative Document (SAD) and the several trainings and workshops organised for the economic operators are all in the context of simplification and facilitation of the customs formalities.

## ADMINISTRATIVE PROCEDURES

**The Electronic Document Management System** (introduced in 2009 and with mandatory use since 2010) enables an electronic movement of documents at the Customs Administration. It allows managing of **179 workflows**, with pre-defined business processes, determined on the basis of analysis. In 2014 there were 322.109 registered accesses to the EDMS system, used by 1.130 users, and 89.442 new created files.

## E-CUSTOMS

### New customs declarations processing system

**Committed to ensure reliable and sophisticated IT support to the customs declarations processing and introduce paperless environment, the Customs Administration is implementing a new Customs Declaration and Excise Processing System.**

The activities for implementation of the New Customs Declarations and Excise Processing System (CDEPS) that will replace the existing system ASYCUDA (started in May 2012) continued in 2014. At the moment, activities for creation of corresponding web services for electronic connection with the external users are underway. The connection of this system with the functional systems of the Customs Administration (NCTS, ITE and EXIM) has been defined and is expected to be realized along the implementation of the project .

The introduction of the CDEPS will ensure reliable, secure, inter-operational IT solution that meets the standards of the World Customs Organisation and the European Union, paperless environment for the customs and excise procedures, electronic data exchange with the economic operators and other state institutions, faster customs and excise procedures for the economic operators and complete compatibility with the systems of the European Union.

*Measures for improvement of the business climate propped by the Customs Administration:*

- *Implementation of the CDEPS;*
- *Up-grade of the EXIM;*
- *Adoption of new Law on Representation Activities in Customs Procedures;*
- *Strict compliance with the new Guidelines on documents accompanying the SAD;*
- *Proper implementation of the Protocol regulating the procedures for faster flow of livestock and fresh goods, ADR (dangerous substances) and empty trucks at the border crossing points Tabanovce and Bogorodicaa;*
- *Introduction of the concept of joint controls with the neighboring countries;*
- *Realisation of the Project for Upgrade of the customs clearance facilities at the road Border Crossing Tabanovce and the Project for Upgrade of the customs clearance and inspection facilities at the road Border Crossing Kafasan.*



## EXIM

The Electronic System for Issuing Import and Export Licenses and Tariff Quota that introduced in 2008, is becoming more and more sophisticated and efficiently contributes to acceleration of the customs procedures. The number of registered users grows every day.

The EXIM application was upgraded in 2014 to ensure greater efficiency and integration into new systems, as well as implementation of the new regulations and demands of the users.

At the end of 2014, 5.275 economic operators were registered users of the system, who directly applying via EXIM for 60 different import, export and transit lienses and tariff quota through 11 state authorities (of the 16 registered authorities) dealing with granting licenses and authorizations. 79.018 licenses were issued in the reported period. The average time for obtaining a license was about 2.5 hours.

EXIM RELATED STATISTICS		
Description	2013	2014
Number of involved public institutions	16	16
Number of licenses issued via EXIM	59	60
Number of economic operators users of the EXIM	4.563	5.275
Import, export and transit licenses issued via EXIM	74.491	79.018
Applications for tariff quota submitted via EXIM	3.930	6.850
Average time for obtaining a license via EXIM (in hours)	2.4 h	2.5 h

The majority of issued licenses concern import of food products (30 thousand), veterinary documents (13 thousand), certificates of organoleptic examination (10.4 thousand), consents

for customs clearance of items of common use (9.4 thousand) and medicaments and medical aids (8.5 thousand).

NUMBER OF IMPORT AND EXPORT LICENSES ISSUED VIA EXIM		
Type of license	2013	2014
Authorisation for import of veterinary-medicine products	175	179
Document for veterinary examination of animal feed at import	551	456
Veterinary entry document for live animals	556	414
Veterinary entry document for products of animal origin	12.697	12.840
Consent for consignments of food, products or materials that come in contact with food to enter the territory of the Republic of Macedonia	28.031	29.930
Authorisation for transfer of firearms and amunition on import	124	125
Precursors export license	168	167
License for export of narcotic drugs and psychotropic substances	498	590
Precursors import license	255	303
Authorisation for import of medicines	3.497	3.897
Authorisation for import of medical aids	4.238	4.654
Authorisation for import of hazardous and other types of chemicals	1.298	1.327
License for import of narcotic drugs and psychotropic substances	152	152
License for transport/transit of hazardous substances	1.155	1.358
Consent for customs clearance of goods of common use	8.654	9.377
Certificate for organoleptic examination and sampling	9.678	10.380
AUTHORISATION FOR IMPORT OF PLANT PROTECTION PRODUCTS*	187	0
Certificate for export and exit of unprotected cultural goods	517	468
Other licenses	2.060	2.401
Total:	74.491	79.018
*THE AUTHORISATION WAS ABOLISHED IN JULY 2013		

## Portal for electronic communication

Within the Integrated Information System, a Portal for Electronic Communication has been installed at the Customs Administration website 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 save time and costs as a result of the electronic submission and receipt of documentation and shorter time for response about the submitted requests.

At the end of 2014, PEC had **428 registered external users**. They submitted to Customs **33.214** requests via PEC, of which **33.214** were approved. The majority of the approved requests concerned relief from import duties (1.453), followed by requests for import related simplified procedures (339).



## CUSTOMS AND EXCISES AUTHORISATIONS AND LICENSES

### Representation in customs procedures

The number of companies holders of authorizations for representation activities in customs procedures, was 345 at the end of 2014, being 13 more than the number of active authorizations at the end 2013. 1.216, natural persons were holders of licenses for representation in customs procedures (customs agents), which is for 84 more than at the end of 2013.

CUSTOMS AND EXCISE AUTHORISATIONS	
Type of authorization	2014
<b>Authorization for representation activities in customs procedures</b>	<b>345</b>
<b>Licenses for representation in customs</b>	<b>1.216</b>
<b>Customs procedures with economic impact</b>	<b>5.869</b>
Authorisation for inward processing	174
Authorisation for outward processing	18
Authorisation for customs warehousing	78
Processing under customs surveillance	1
Authorisations for single use	4.793
<b>Simplified customs procedures</b>	<b>236</b>
Authorization for local import customs clearance	51
Authorization for local export customs clearance	89
Authorisation - authorised consignee in transit	65
Authorisation-authorised consignor	29
Authorisation for submission of simplified declaration	2
<b>Binding Tariff Information</b>	<b>525</b>
<b>Authorisation for approved exporter</b>	<b>108</b>
<b>Approval for deferred payment of customs debt</b>	<b>131</b>
<b>Total</b>	<b>8.430</b>

### Simplified customs procedures

The Customs Administration continues with the promotion of the authorizations for simplified procedures as one of the modern methods for facilitation and acceleration of the customs



formalities. The authorizations for simplified procedures reflect the capacities of the economic operators and the Customs Administration for risk management and also ensure faster import and export operations and reduce the related costs.

**236 authorisations for simplified procedures** were active at the end of 2014 - 51 authorisations for local import customs clearance, 89 authorisations for local export customs clearance, 65 authorisations – authorized consignee in transit procedure, 29 authorisations – authorized consignor and 2 authorisation for simplified customs clearance.

### **Customs procedures with economic impacts**

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 2014, **174** companies had authorizations for inward processing and **18** companies - authorizations for outward processing. **78** companies - authorizations for customs warehousing.

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 2014, **314** authorisations of this type were issued – **11** authorizations for simplified authorization for inward processing, **184** authorisations for temporary admission with complete relief, **40** authorisations for temporary admission with partial relief and **74** authorisations for temporary export for reparation.

One authorization for Authorised Economic Operator AEO-F has been issued so far.

## Binding tariff information

At the end of December 2014, 525 Binding Tariff Information (BTI) were valid (481 at the end of 2013). The Customs Administration issues BTI upon a written request submitted by a legal entity or a natural person for determination of the tariff code for certain goods, with the objective to correctly calculate the customs and other duties and ensure correct application of non-tariff measures for planned import or export. BTI is valid for 3 years and ensures simpler and faster customs procedures, 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 2013 was 93. In 2014 this number continuously increased and at the end of December, the total number of active issued authorizations for approved exporter was 108. The granting of the 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 is already a holder of authorization for local clearance and the export procedure is performed in premises outside customs terminals and after working hours.

## Approvals for deferred payment of customs debt

At the end of December 2014, there were **131 active approvals for deferred payment of customs debt**, 16 less authorizations compared to the situation at the end of 2013 (147 authorisations).

## Excise preferential use permits and excise licenses

At the end of 2014, the total number of active excise licenses for economic operators was **83** (81 in 2013). At the end of 2014, the total number of active excise preferential use permits was **329** (319 in 2013).

EXCISE AUTHORISATIONS		
Type of authorization	2013	2014
Excises		
Excise licenses	81	83
Excise preferential use permits	319	329
<b>Total</b>	<b>400</b>	<b>412</b>



## 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 2014, subject to use of proof of preferential origin, amounts to 325,7 billion Denars, being an increase compared to 278,5 billion Denars in the same period in 2013. The largest part of this trade was realized with the EU Member States and amounts to 261,1 billion Denars or 80,2%. The exchange with the CEFTA in 2014 was 49,5 billion Denars or 15,2% of the total trade with preferential origin, where the exchange with Serbia is dominant.

TOTAL APPLICATION OF FREE TRADE AGREEMENTS (in billion denars)				
Contracting Party	Import and export			
	2013		2014	
	MKD	%	MKD	%
EU	214.6	77.1	261.1	80.2
EFTA	1.7	0.6	1.5	0.5
CEFTA	50.3	18.0	49.5	15.2
Albania	3.5	1.2	3.6	1.1
B and H	5.8	2.1	6.3	1.9
Montenegro	1.4	0.5	1.5	0.5
Kosovo	8.9	3.2	9.1	2.8
Serbia	26.3	9.4	25.5	7.8
Croatia*	4.4	0.0		
Moldova	0.0	0.0	3.5	1.1
Turkey	11.4	4.1	13.1	4.0
Ukraine	0.5	0.2	0.4	0.1
Total	278.5	100.0	325.7	100.0
*since 01.07.2013 the data for Croatia is included in the data for EU				

## PROCESSED CUSTOMS DECLARATIONS

**990,1 thousand customs declarations were processed in 2014**, the majority related to import (42%) and transit (37%), followed by the declarations related to export (18.5%) of the total number of processed customs declarations. The simplified procedures participate with 28% in the total number of export and import procedures. The simplified procedures at export participate with 40%, and the simplified procedures at import with 23%.

NUMBER OF REALISED CUSTOMS PROCEDURES IN 2014 (In thousand)		
Type of customs procedure	2013	2014
Transit	359.7	363.0
Export	173.1	183.4
Regular export	103.8	107.9
Simplified procedure of export	67.2	72.8
Temporary export	2.2	2.7
Import	388.6	417.4
Regular import	277.0	288.8
Simplified procedure at import	80.1	96.0
Customs warehousing	6.5	6.5
Temporary import	22.3	22.9
Import of temporary exported good	2.7	3.0
Re-export	25.6	26.3
<b>Total</b>	<b>947.0</b>	<b>990.1</b>

\*the documents related to customs procedure of destruction of goods (IMA9, IMZ9) and the incomplete declarations (IMB4, IMB5, IMB7) are not included

Compared to the the number of customs declarations processed in 2013, in 2014 the number of processed customs declarations is raised for about 4.6 %. Per type of declarations: the number of processed import declarations has increased for about 7.4%, while the export eclarations for about 6%. In 2014, more transit declarations were processed (increase of 0.9%), compared to 2013.





## TRAFFIC OF CARGO AND PASSENGER VEHICLES

In 2014 the road border crossings of the Republic of Macedonia were passed by over 845 thousand FMV, of which about 515 thousand loaded and about 330 thousand empty trucks. Greatest frequency was noted at the border crossing points with Greece - 312 thousand trucks or about 37%. On the other hand, the largest number of trucks transited through the BCP Bogorodica (30% of the total traffic). In the same period last year a total of 870 thousand trucks transited, of which 558 thousand loaded and about 312 thousand empty trucks.

TOTAL TRAFFIC OF FMV PER BORDER CROSSING (IN THOUSAND)							
Border crossing point		2013			2014		
		Loaded	Empty	Total	Loaded	Empty	Total
Kosovo	Blace	62.7	58.3	121.0	41.9	59.7	101.7
	Jazince	0.0	4.4	4.4	0.0	3.7	3.7
	<b>Total</b>	<b>62.7</b>	<b>62.8</b>	<b>125.5</b>	<b>41.9</b>	<b>63.4</b>	<b>105.3</b>
Serbia	Tabanovce	208.6	44.3	253.0	186.6	48.2	234.8
	Pelince	0.0	0.0	0.0	0.0	0.0	0.0
	<b>Total</b>	<b>208.6</b>	<b>44.3</b>	<b>252.9</b>	<b>186.7</b>	<b>48.3</b>	<b>235.0</b>
Bulgaria	Deve Bair	31.2	18.6	49.8	24.2	19.7	43.8
	Delcevo	16.9	13.1	30.0	16.5	14.8	31.2
	Novo Selo	19.9	18.2	38.1	21.8	22.7	44.5
	<b>Total</b>	<b>67.9</b>	<b>50.0</b>	<b>117.9</b>	<b>61.9</b>	<b>57.2</b>	<b>119.0</b>
Greece	Dojran	30.8	18.9	49.7	23.8	19.0	42.8
	Bogorodica	140.1	89.1	229.2	156.8	95.9	252.7
	Medzitlija	7.4	12.4	19.9	6.1	10.5	16.7
	<b>Total</b>	<b>178.3</b>	<b>120.4</b>	<b>298.7</b>	<b>186.6</b>	<b>125.5</b>	<b>312.2</b>
Albania	Stenje	0.3	4.2	4.4	0.4	1.5	1.9
	Kjafasan	39.0	27.9	66.9	37.1	31.5	68.6
	Sv. Naum	0.1	0.8	0.8	0.3	0.5	0.8
	Blato	0.9	1.9	2.7	0.5	1.7	2.2
	<b>Total</b>	<b>40.2</b>	<b>34.8</b>	<b>75.0</b>	<b>38.2</b>	<b>35.2</b>	<b>73.4</b>
<b>Total</b>		<b>557.8</b>	<b>312.3</b>	<b>870.1</b>	<b>515.2</b>	<b>329.7</b>	<b>845.0</b>



## 6. LAW ENFORCEMENT



*The Customs Administration enforces the law 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 health and life, as well as protection of the environment and cultural heritage.*

### LEGAL GROUNDS

In 2014 the Customs Administration continued to improve its systems for risk analysis, customs intelligence, trade companies control, investigations and the work of its special units.

For successful execution of the responsibilities in this area, the Customs Administration in 2014 passed:

- ✓ **Strategy on prevention of unauthorized manufacture, traffic and smuggling of tobacco and tobacco products for the period 2014-2016;**
- ✓ **Strategy on protection of intellectual property rights for the period 2014-2016;**

In 2014, in addition to the mentioned strategies, **10 internal guidelines and procedures** related to customs intelligence, investigations, mobile teams and post-clearance controls were drafted in line with the ISO 9001:2008, regulating the operation of the organizational units of the Control and Investigation Sector, including:

- ✓ **Procedure on operation in cases of detected undeclared cash and securities and determination of their origin;**
- ✓ **Guidelines on selective customs controls and**
- ✓ **Amendments to the Guidelines concerning implementation of the Market Surveillance Law.**

## ADMINISTRATIVE CAPACITY BUILDING

### Risk management

In the area of risk management, the Customs Administration in 2014 carried out activities for determination and profiling of risks and definition of the manner of conducting customs surveillance in conformity with the particularities related to the operation in post offices, express delivery services and air cargo traffic, customs clearance of goods separately per Customs Office, passengers and personal luggage for each border crossing point separately, simplified customs procedures and customs warehouses.

### PHYSICAL CUSTOMS CONTROL

Physical customs control is control of the legality at entry, exit and transit of goods and passengers on the customs territory of the Republic of Macedonia and the declaration of the type and quantity of goods for clearance. By applying risk analysis system, in 2014, in joint operations with other national law-enforcement agencies, as well as on grounds of direct assessment of the customs officers, the physical customs control resulted in 683 successful actions with findings, concerning goods controlled on the basis of 845 defined criteria.

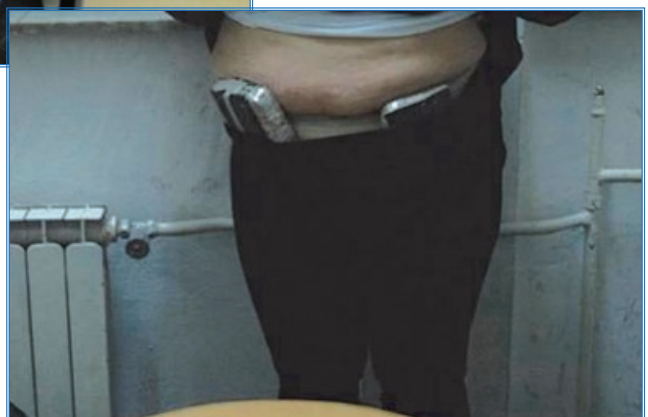
### PREVENTION OF ILLICIT TRAFFIC IN NARCOTICS, PSYCHOTROPIC SUBSTANCES AND PRECURSORS

In 34 actions carried out in 2014, illicit trafficking of about 150 kilos of different drugs (126 kg. of marijuana, 22 kg. of heroin, 96 pieces of methamphetamine pills, 1 kilo of amphetamine and other drugs such as psilocine, magic mushrooms, hashish and cocaine) was prevented.



975 gr. of marijuana seized at the Blato BCP – entrance section.

7 packages of heroin weighing 1.935 gr. found on an Albanian citizen travelling by bus, at the Bogorodica BCP – entrance section.



Attempt for smuggling of 1.2 kg. of heroin concealed in juice tetrapack prevented at the Bogorodica BCP.



Attempt for smuggling of 14 kg. of marijuana concealed in vehicle with Polish license plates discovered at the Tabanovce BCP.



In a German passenger vehicle, controlled at the Blace BCP 6 kg. of marihuana were detected with assistance of a customs drug-sniffing dog.

## PREVENTION OF ILLICIT TRADE IN WEAPONS AND EXPLOSIVES

In 23 attempts, detected in 2014, Customs prevented smuggling of over 15 thousand pieces of weapons and explosives – pistol, hunting and other ammunition, firecrackers, firework rockets, fireworks.



Smuggling of 20 pieces of hunting ammunition detected at the Delchevo BCP-entrance section.

One pistol, 2 cartridges and 13 pieces of ammunition found at the Blace BCP-entrance section.



## PREVENTION OF ILLEGAL MIGRATION

In **38 cases** in 2014, **572 migrants** were found, during their attempt to illegally cross the territory of the Republic of Macedonia.



During control conducted on the road Gevgelija-Smokvica 15 migrants were detected by a Mobile Customs Team.

During a routine control carried out in April 2014, at the Bogorodica BCP - entrance section, five Somali were found, concealed in a specially made hiding in a German registered truck .



## PREVENTION OF ILLICIT TRAFFIC IN CIGARETTES AND TOBACCO PRODUCTS

In 74 actions realized in 2014, Customs prevented smuggling of 642.270 pieces of cigarettes and 63 kilos of finely cut tobacco.



2.757 pieces of undeclared cigarettes, concealed in a fire extinguisher, found at the Tabanovce BCP-exit section.

3.880 undeclared cigarettes found at the Bogorodica BCP-exit section.

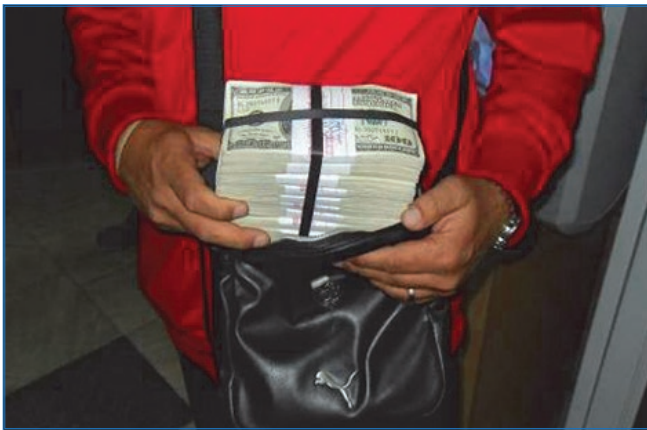


In February 2014, during a routine control, 2.413 pieces of cigarettes (13 cartons) found at the Delchevo BCP.

## PREVENTION OF ILLICIT TRANSFER OF CASH AND SECURITIES

In 2014, Customs detected 80 attempts for illicit transfer of cash and securities in different foreign currencies in equivalent amount of about 3 million Euros (778.635 Euros, 141.400 US Dollars, cheques worth 1.960.895 Euros and 130.180 Swiss Francs).

*3.000 Euros found and seized at the Airport BCP-entrance section.*



*97.300 US Dollars detected and seized at the Medzitlija BCP.*

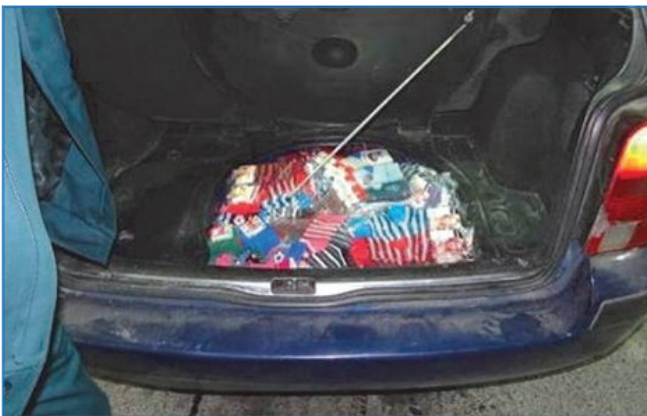
### **Besides the mentioned seizures, below are other interesting seizures:**

- ✓ 1.748 live animals, aquarium fish and turtles (8 attempts);
- ✓ 27.720 pieces of foodstuff, diet supplements, spirulina, 14.548 kg. of fresh fruit, meat and other food products and 1.078 litres of alcohol and soft drinks (55 attempts);
- ✓ 30.500 medicaments, ampules, dental and medical materials and aids (31 attempts);
- ✓ 5 kg. of golden jewellery, about 5.3 kg. of silver jewellery and about 12.300 of other jewellery (in 49 actions)
- ✓ 30 thousand pieces of apparel and 52 thousand meters of fabric (135 attempts).



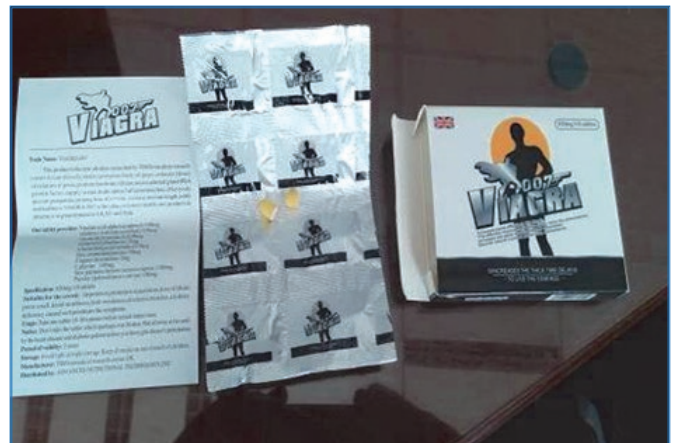
671 kg. of undeclared grapes were detected in October 2014, at the Customs Office Gevgelija-traffic of goods.

56 budgerigars seized at the Tabanovce BCP



1.410 pairs of socks, pantyhose and tights found at the Blace BCP-entrance section in October.

1.080 pieces of medicines and Viagra detected at the Alexander the Great Airport BCP-traffic of goods in May.



1.131 kg. golden jewellery detected at the Alexander the Great Airport BCP –entrance section in August.

## VIOLATION OF THE RULES CONCERNING STIRRING FOREIGN VEHICLES AND PUBLIC TRANSPORT VEHICLES

Due to disregard of the regulations on stirring foreign vehicles in the Republic of Macedonia, in 2014 the Customs Administration seized 213 motor vehicles: 169 passenger, 5 trucks, 34 motorcycles, 2 mopeds, one four wheel motorcycle, one bicycle with engine and one tractor.

Independently or in cooperation with the State Transport Inspectorate, the Customs Administration detected 31 cases of violation of regulations related international transport of passengers and goods. For these, 9 offence procedures were initiated, 2 fines and one interdiction for exit from the Republic of Macedonia were imposed and one decision for correction of the established irregularities was passed.

## FOREIGN CURRENCIES

In 2014, at the border crossing points of the Republic of Macedonia, a total amount of 14,732,000 Euros (in different currencies) were declared – 14,623,000 Euros on entry and 109,000 Euros on exit from the Republic of Macedonia.

The declared foreign currencies include 10,077,000 Euros, 3,194,500 Swiss Francs, 1,888,300 US Dollars, 62,870 German Marks, 50,000 Canadian Dollars, 37.760 Danish Krone, 22.000 Australian Dollars, 11.190 British Pounds and 61.000 Denars.



## DOCUMENTARY CUSTOMS CONTROL

**Documentary customs control is control of the regularity of customs and other documents. This control is performed upon import, export, transit and temporary admission of goods by legal entities and their managers, and by individuals.**

Based on direct documentary customs control, carried out in 2014, in over 29 thousand cases, Customs found inadequate documents for clearance and compliance with the trade policy measures. Of these, over 28.5 thousand cases involve invalid, falsified and other improper documents presented in order to wrongly present lower customs value for the calculation of import duties, 435 cases of invalid certificates of preferential origin of goods submitted in order to evade payment of import duties, over 580 cases of wrong tariff classification in order to pay lower import duties and

RESULTS OF DOCUMENTARY CUSTOMS CONTROL IN 2014							
Period	Type of document	Invoices (presented lower value)	Certificates of preferential origin	Wrong tariff classification	Other documents for calculation of import duties	Other invalid documents	Total
2013	Invalid	18.630	318	329	28	15	19.320
	Falsified	4	13	21	7	2	47
	Other	7.346	70	149	62	4	7.631
	Total	25.980	401	499	97	21	26.998
2014	Invalid	20.659	333	473	35	6	21.506
	Falsified	4	2	0	5	0	11
	Other	7.890	100	107	60	43	8.200
	Total	28.553	435	580	100	49	29.717





over 100 cases of presentation of other improper documents to evade payment of import duties or trade policy measures and 49 other cases involve other kinds of invalid documents. By presentation of invalid and falsified customs and other documents the importers attempted to evade payment of import duties in amount of about 752 million Denars.

### CUSTOMS LABORATORY

In 2014, the Customs Laboratory analysed **869 samples** and identified **115 cases** of incorrect classification of goods. In **48 cases** the tariff heading was modified based on the laboratory analysis and in **67 cases** based on the technical documentation.



The purpose of the incorrect tariff classification is to benefit from a lower or 0% customs rate or VAT rate, and to avoid prohibitions and restrictions for import of goods introduced with the trade policy measures. The analyses led to conclusion that the importers who applied incorrect tariff classification attempted to evade customs duties in the amount of 3.5 million denars. Appropriate measures, as per the Law, were taken against the offenders.

### RESULTS OF POST-CLEARANCE CONTROL

**Post-clearance control covers post-clearance control of companies, as well as surveillance of holders of authorizations for customs procedures with economic impact, authorizations for simplified customs procedures, excise licences etc.**

In 2014, the Customs carried out 923 controls of trade companies, concerning import and export procedures, which resulted in the detection of 34 cases of customs duty evasion of a total amount of 8.5 million Denars.

The 237 controls of holders of authorizations for inward processing discovered 6 attempts at import duties evasion in the amount of 1 million denars. The control of 235 holders of

authorizations for customs warehousing and premises for temporary storage established irregularities in one case.

RESULTS OF CONTROL OF TRADE COMPANIES IN 2014		
Type of control	2013	2014
Control of trade companies	70	72
Control of excise permit holders	45	56
Control of holders of authorisations for inward processing	261	237
Control of holders of authorisations for customs warehousing and premises of temporary storage	241	235
Control of holders of other authorisations with economic impact	50	20
Control of holders of authorisations for simplified customs procedures	247	220
Control of holders of customs representation authorisations	111	58
Control of holders of other authorisations	5	25
<b>Total</b>	<b>1030</b>	<b>923</b>

The 56 controls of holders of excise licenses, users of liquified petroleum gas as engine fuel and one documentary control showed 6 cases of excise duty evasion of a total amount of 2.4 million denars.

## REVENUES COLLECTED

One of the main functions of the Customs Administration, in addition to its mission to protect the citizens and the environment, is to protect the financial interests of the state. This mission continued its successful implementation in 2014 and the Customs Administration collected revenues in a total of 63.064 million denars, which is 1,9% more than the revenues collected in 2013 when a total of 61.883 million denars was collected.

## CUSTOMS DUTIES

In 2014, 4.222 million Denars were collected as customs duties, which is 0,8% less than the revenues collected as customs duties in the same period in 2013, when a total of 4.255 million denars was collected.

## VAT

In 2014, 38.513 million Denars was collected as VAT at import, which is 2% more compared to the VAT revenues collected in 2013 when a total of 37.741 million denars was collected.

### Total revenues

↑ 1,9%

2014



2013



## EXCISE

**19.695 million denars** was collected as excise duties in 2014, which is 9% more than the amount collected in 2013 (18.064 million denars). However, to ensure a realistic comparison against the revenues collected in 2013, it is necessary to take into consideration the transfer from fees collection into excise collection, which in 2013 resulted in 19.259,2 million denars collected as excises in 2013. The excise revenues in 2014 are 2% higher than those collected in 2013.

## FEES

In 2014, the revenues collected from import fees amount to **635 million denars**, where the most significant contributor (85% of the total revenues) is the fee on the obligatory reserves of oil and oil derivatives.

**1.823 million denars** was collected in the same period in 2013. The great difference compared to the excise collected in 2013 is due to the abolition of the excise on tobacco and tobacco products, the environment fees and health protection fees (Law amending the Law on Tobacco and Tobacco Goods - "Official Gazette of RM" no. 93/2013, Law on Health Protection - "Official Gazette of RM" no. 87/2013 and Law on Environment - "Official Gazette of RM" no. 93/2013) and the transfer of their collection in excise collection.

To ensure a realistic comparison, it should be noted that the fees collection was transferred to excise collection and the import fees revenue in 2013 amounts to 629 million denars, or for 1% less than the revenue collection in 2014.

## SUBSEQUENT COLLECTION OF IMPORT AND EXCISE DUTIES

714 decisions for post-clearance collection of a total 51,1 million denars were passed in 2014:

- ✓ 37 on post-clearance collection in a total amount of 1,7 million Denars following incorrect tariff classification of goods in headings with lower (or zero) rates of import duties;
- ✓ 41 on post-clearance collection in a total amount of 16.2 million, following undervaluation



of goods and of customs base for the calculation of import duties, as confirmed by the verification of invoices and other documents concerning customs value done by the Customs authorities of the exporting countries;

- ✓ 150 on post-clearance collection in a total amount of 5.2 million, following invalid proofs of preferential origin of goods, as verified by the Customs authorities of the exporting countries and
- ✓ 486 on post-clearance collection in a total amount of 28 million denars on other grounds.

## CRIMINAL CHARGES

In 2014, the Customs Administration brought criminal charges in 119 cases, against 139 natural and 72 legal persons (in 2013, 94 criminal charges were raised cases, against 123 natural and 25 legal persons).

## CUSTOMS, EXCISE AND FOREIGN CURRENCY - RELATED OFFENCES

In 2014, 947 requests for initiation of offence procedures were raised against 781 natural and 166 legal persons - customs offences (859), foreign currency related offences (80) and excise offences (8).

In 2014, 2.409 offence cases were solved and the offenders were fined with an amount of about 152.5 million denars.

In the reported period, 2.264 on-the-spot fines in amount of 17.9 million denars were imposed against 1.466 natural and 798 legal persons. In the same period of 2013, 2.093 on-the-spot fines in amount of 21,2 million denars were filed, against 1.159 natural persons and 934 legal entities.

## INTERNATIONAL ACTIVITIES

In 2014, the Customs Administration continued its cooperation and participation in international operations, exercises and exchanges such as the following, as most significant ones: regular cooperation with the UNODC through the UNODC contact point for Macedonia; cooperation with the EU-TWIX through information exchange; cooperation with the Customs Administrations of Albania, Bulgaria, Germany, France, Croatia, Serbia and Kosovo; the operation “Bitter Pill”, organized by OLAF and the Italian Customs, focusing on the fight against the illicit traffic of counterfeit medicaments and cigarettes; training organized by OLAF and the Customs Administration of Greece, the ERMIS operation combating trade in counterfeits; participation at the 14th Conference on Export Control held in Dubai- United Arab Emirates, organised by the Governments of the United States of America and the United Arab Emirates etc.

## PROTECTION OF INTELLECTUAL PROPERTY

**The Customs Administration continued with the activities to strengthen its capacities to protect intellectual property rights. Activities were undertaken to improve the administration and the generation of interest by the holders of trade marks to submit requests for customs actions protecting intellectual property rights and increasing public awareness of the harmful effects of the production, trade and use of counterfeit goods. Actions were initiated towards the building of capacities for risk analysis and identification of counterfeit goods.**

In their daily work, the customs officers actively use the WCO’s platform for efficient recognition of products’ originality, as well as for effective detection and proving of counterfeited trademarks - IPM (Interface Public Member). In 2014 the platform of the WCO was used by 529 customs officers – application users, 327 of whom were active users who accessed the application 249 times.

At the end of 2014, 345 trademarks were registered for customs protection of their intellectual property rights (334 at the end of 2013).

In the 157 actions performed in 2014, 945.302 pieces and 768 kg. of goods were temporarily seized (compared to the same period in 2013 when 333.799 pieces were seized) on grounds of suspicions that they infringe intellectual property rights. With regard the type of goods, the seizures of cosmetics (58% of the cases) are more specific. Regarding the origin of the seized goods, the products originating in Turkey were dominant. **66.384 pieces of counterfeits were destroyed** in 2014 on the basis of confirmed infringement of intellectual property rights.

*The following brands submitted new requests for protection of their intellectual property to the Customs Administration:*

*Parodontax, Perwoll, Domestos, Veet, Real Madrid, Champion, Lady Speed Stick, Augmentin, Panadol, Gsk, Aquafresh, Sensodyne, Dermovate, Zinnat, Seretide, Ventolin, Fortum, Dragon, Zippo, Cresta, Zegna, Aristoteli Bitsiani, Viva, Viva Fresh, Schwarzkopf, FC Barcelona, Porsche, Lamborghini, LG and Lexus.*

## 7. TRANSPARENCY



*One of the principal orientations of the Customs Administration is to provide for transparent, timely, accurate and organised information to all interested groups, with the main aim to improve information flow and information availability to all concerned parties and to increase the public awareness aiming at attaining a positive opinion about the work, services and role of the Customs Administration. To that end, the Customs Administration has, on a daily basis, been presenting its activities before the public and has been sharing timely and useful information with the citizens and the business community.*

### CAMPAIGNS TO RAISE PUBLIC AWARENESS

In 2014, the Customs Administration was particularly focused on informing the passengers about their rights and responsibilities, on the efficient organisation and the introduction of modern customs procedures as a secure manner of ensuring fast, safe and easy customs controls. To that end, and with particular intention to contribute to reach a higher level of public awareness about the consequences of violation of the laws, in 2014 the Customs Administration launched two campaigns:

In February 2014, the Customs Administration launched the **campaign “DON’T BE A MULE” informing about the consequences of the illicit manufacture, trade and consumption of drugs**. The target group of this campaign were the young people as most vulnerable and easily manipulated category. The campaign started with a presentation to the students from the Gymnasium “Josip Broz Tito” – Skopje delivered by experts of the Customs Administration. The presentations continued in two other high schools in Skopje and in high schools in Bitola, Gevgelija, Shtip and Kumanovo. The objective of the campaign was to act in preventive and educational manner in order to protect the young population. The contents of the presentations included the consequences of consumption and trafficking of drug, the detecting skills of the customs officers and the available equipment used by them and some practical exercises of drugs detections by the customs sniffing dogs.

In August 2014, the Customs Administration started a **campaign to inform passengers entering, leaving or transiting Macedonia about their rights and obligations related to bringing in and taking out cash**. The campaign “**DECLARE CASH**” was launched at the Airport “Alexander the Great” in Skopje. Leaflets with information on the current customs legislation related to money declaration have been published in Macedonian, English, Albanian and Turkish language. Besides the leaflets, the information was also shown on the monitors at the airports “Alexander the Great” and “St.Paul the Apostle” to remind the passengers of the customs regulations. At



the border crossing points metal boards were also placed with information about customs legislation concerning passenger traffic, i.e. the allowed amounts for tobacco and alcohol, perfumes, objects for personal use, medicines, pets etc.

### CUSTOMS HOTLINE (197)

**The 197 telephone number is a free of charge line enabling the citizens to anonymously declare problems at the Customs, including smuggling, drug trafficking and misuse of official duty of customs officers. By declaring via this line, the citizens directly participate in the fight against smuggling and corruption and they contribute to combatting and reducing criminal activities.**

In 2014, a total of **12.359** calls (an average of 34 calls per day) were received on the 197 Customs Hotline, of which 41 were “A”<sup>3</sup> class calls, 59 were “B”<sup>4</sup> class calls, 680 were “C”<sup>5</sup> class calls and 71 “J”<sup>6</sup> class calls. Most of the calls were related to the functioning and the situation at the borders and the inland customs offices, as well as the performance of particular customs procedures. As a result of the processed calls, controls were conducted by the border and inland customs offices, as well as by the Customs Mobile Teams. The competent services carried out processing, analyses and investigation, which contributed to prevention of customs frauds and combatting corruptive behaviour of the customs officers.

<sup>3</sup> “A” class calls are information implying urgent actions by a customs officer or mobile customs unit.

<sup>4</sup> “B” class calls are information imposing additional examination/investigation by other Departments at the Control and Investigation Sector or other Departments of the Customs Administration.

<sup>5</sup> “C” class calls are information that cannot be used, i.e. is related to delays, communicated by transporting companies, complaints or praises concerning customs procedures.

<sup>6</sup> “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



## **FREE ACCESS TO INFORMATION**

In 2014, the Customs Administration received 23 requests for free access to information of public character and they were appropriately addressed.

## **INTERNET, INTRANET, COMPLAINTS, APPRAISALS AND SUGGESTIONS**

In 2014, the Customs Administration's website was visited 1.888.100 times, by 195.221 users. In the reporting period, the visitors sent 1.092 questions, complaints and suggestions. 595 questions of clients were answered to. 781 pieces of information were published on the Intranet Portal of the Customs Administration in 2014. The Intranet Portal was visited 135.430 times by 1,133 users. In 2013, 1.901 pieces of information were published and the Intranet Portal was visited 122.712 times by 1.128 users.

## **SOCIAL RESPONSIBILITY**

### **Donation of seized goods to socially vulnerable categories**

The amendments to the Law on Customs Measures for Protection of Intellectual Property (adopted in May 2013) now provide for the donation of seized counterfeit goods (clothing and footwear).

In 2014, in cooperation with the Ministry of Labour and Social Policy and on the basis of a Decision of the Government of the Republic of Macedonia, the Customs Administration realised two successful donations of goods to socially vulnerable categories. The first donation (June 2014) included 3.924 pairs of footwear and 204 pieces of clothing and the second one (November 2014) - 290 pieces of clothing and 1284 pairs of footwear.

### **“Drop of blood, a glimmer of hope for life”**

Within the Customs Day's celebration activities, in the period from 7th to 10th April, in a desire to show different responsibility to the community and the people who need help, the Customs





Administration, in cooperation with the State Institute of Transfusion Medicine, organized its 5th blood donation action, under the motto “Drop of blood, a glimmer of hope for life”, at the entire territory of the country. One hundred customs officers gave blood.

### **The Customs Administration’s employees donated medical equipment to the Clinic for Children**

On 16th May 2014, on the occasion of the Customs Administration’s 22nd anniversary, the Customs Administration’s employees donated medical equipment (three pieces of infusomates) worth 175,815 denars to the PHI University Clinic for Children Diseases Skopje. The donated equipment shall be used for treatment of children suffering from leukaemia. Again in 2014, the employees of the Customs Administration traditionally organized humanitarian action and showed their willingness to help those who mostly need help. The humanitarian campaign was also financially supported by the Independent Union of Customs Officers.

### **Day of the tree**

The Customs Administration actively participated in the **fourteenth action “Day of the tree-Plant your future!”**, held on 3rd December 2014 under the slogan “Stop disasters”. At all border crossing points bedding plants were planted, together with the police officers of the MOI, the representatives of the Border authorities and the local authorities of the neighbouring countries. The Customs Administration continues to contribute to the protection of the human health, symbolically emphasizing its commitment to one of its main functions – protection of the environment.

## CUSTOMS COOPERATION

### SIGNED MEMORANDUMS

In January 2014 the Customs Administration of the Republic of Macedonia **signed a Memorandum of Cooperation with the State Inspectorate for Transport and the Port Authority – Ohrid**, aiming to establish an advanced system of data exchange between the institutions, to improve the actions taken to prevent violations against the customs legislation and to protect the interests of the country. The Memorandum of Mutual Cooperation between the Customs Administration and the Port Authority – Ohrid refers to several regulations concerning establishment of international passenger shipping line Ohrid – Podgradec. **The temporary border crossing point Sveti Naum-Pogradec was officially put in function in June 2014, in accordance with the Law ratifying the Agreement signed between the Government of the Republic of Macedonia and the Government of the Republic of Albania on international passengers lake line Ohrid-Pogradec.** The official ceremony was attended by the Directors General of the Macedonian and Albanian Customs, the Ministers of Transport and Communications of both countries, the mayors of Ohrid and Pogradec and the Ambassador of Macedonia to the Republic of Albania. The meeting was an opportunity to reiterate the good cooperation between the customs institutions and the readiness for its intensification in the future.

**In June 2014, the Customs Administration and the State Market Inspectorate signed a Memorandum of Mutual Cooperation** aiming to improve the cooperation and to strengthen the mutual assistance and support in establishing high level of protection of the population from the aspect of product safety, monitoring, alignment, optimization and finding solutions for possible problems.



With a view to organise trainings with the business community and determine the needs for their realisation and the matters to be covered by the training programmes, the Customs Administration signed **Memorandums of Cooperation with the Macedonian Chambers of Commerce, the Economic Chamber of Macedonia and the Freight Forwarding Macedonian International Forwarding Association (MIFA)**. Within this framework of established partner relations, since September 2014, the Customs Administration has been analysing and delivering training for continuous professional development for the representatives of the business community and for other target groups.



### COOPERATION WITH THE BUSINESS COMMUNITY

In 2014 the Advisory Council held 4 meetings on a number of customs matters and requests from the business community. The representatives of the business community were informed about the novelties introduced in the Customs Administration's work, such as the New Computerised Transit System and the forthcoming accession to the Convention on a Common Transit

Procedure, about issues related to guarantees submitted in transit procedures, representation activities in customs procedures, origin of goods, trainings for the business community, the introduction of the possibility for a faster flow of livestock, fresh goods and empty trucks at the border crossing points Tabanovce and Bogorodica etc.

## INTER-INSTITUTIONAL COOPERATION

In June 2014, the Customs Administration and the Academy for Judges and Public Prosecutors held a workshop on customs debt. The workshop was attended by judges and professional court officers of the Administrative Court and Higher Administrative Court, as well as by representatives of the Customs Administration and the Ministry of Finance. The cooperation with the Academy for Judges and Public Prosecutors continued in 2014 and in September an advising meeting concerning “customs offences” took place.

In 2014 the Customs Administration continued the tradition of good cooperation with the high-education institutions and provided summer internship for the students. The internship programme included students of the Faculty of Tourism and Hospitality – Ohrid, Study Program “Customs and Freight-forwarding” within the “St. Clement of Ohrid” University in Bitola, and of the Faculty of Law - Iustinianus Primus of the Ss. Cyril and Methodius in Skopje. The objective of the internship was to provide students with the possibility to understand the role and the powers of the Customs Administration and to gain practical experience by joining the working processes.

## CUSTOMS COOPERATION

In September 2014, the **Directors General of the Customs Administrations of the Republic of Macedonia and the Republic of Croatia had a bilateral meeting.** The meeting was an opportunity to exchange experiences from the processes of pre-accession negotiations with the European Union, the joint controls with the neighbouring countries, as well as experiences from the development of IT systems for connection with the European Union’s systems. The representatives of both administrations agreed that the intensification of the already good cooperation and exchange of experiences would be of great benefit for both sides.

In December 2014, a **delegation of the Customs Administration paid a visit to the Customs and Tax Administration of Hungary in Budapest, where a bilateral meeting between the Heads of the two Customs Administrations was held.**



The meetings were used to share experiences in customs clearance of small consignments, the development of information systems related to excise procedures and the development of the organizational structure of the Customs Laboratory in conformity with the ISO 17025 Quality Standard. The representatives of both administrations expressed their satisfaction from the cooperation realised thus far and showed great interest to organise new activities and experience sharing opportunities to the common benefit.

## INTERNATIONAL COOPERATION

In March 2014, the Director General of the Customs Administration of the Republic of Macedonia participated at the **annual Conference of Heads of Customs of the World Customs Organization (WCO) Europe Region**, held in Tbilisi – Georgia where the most important issues of regional



interest, the WCO policies, the reinforcement of the customs capacities and the Regional Intelligence Liaison Offices (RILO) were discussed. The conference was attended by directors and high representatives of 53 Customs Services of the region and the Secretary General of the WCO.

In May 2014, a delegation of the Customs Administration participated in the **Regional Conference of Ministers on the “Intensification of Cooperation, overcoming of economic challenges, increased regional economic cooperation and joint efforts against gray economy”**, which took place in Prishtina-Kosovo. The Director General of the Customs Administration took part in the panel discussion between the Heads of the Customs Administrations of the region entitled “The Customs Role in the Fight Against Gray Economy”, particularly focusing on the role of the Customs in intensifying cooperation in the area of detection of tax evasion.

**The Annual Session of the Customs Cooperation Council** (World Customs Organization) took place in June 2014 in Brussels, Belgium. The delegates considered the progress of the realization of the WCO strategic priorities related to the security and the facilitation of the international trade, and the determination of the strategic principles for future WCO actions. A Deputy Secretary General and members of steering bodies of the Council at global and regional level were also elected.

A delegation of the Customs Administration attended the **“High Level Forum of the Western Balkans, Turkey and Italy”**, held in Florence, Italy in July 2014. The forum discussions included consideration of the results achieved in the implementation of the project “Cooperation and Strategy to fight illicit trafficking of counterfeit cigarettes and medicines in the Western Balkans, Mediterranean Region, Eastern neighbouring countries, Turkey and Italy”, funded by OLAF (European Anti-Fraud Office) and coordinated by the Italian Customs, under the auspices of the HERCULE II Project.



A delegation of the Customs Administration of the Republic of Macedonia attended the **Second Steering Committee Meeting on the Systematic Electronic Exchange of Data (SEED)**, held in Florence-Italy, in July 2014. The Project SEED, financed by the European Commission and led by the Customs Administration of the Republic of Italy started in September 2010. The Steering Committee evaluated the achieved project results and discussed the issue of continuation and maintenance of the SEED application in the future. On this occasion, the Director General of the Macedonian Customs presented the achieved results and the development of the application in the Republic of Macedonia. Besides the Directors General and the high representatives of the regional Customs Administrations, the Steering Committee Meeting was also attended by relevant representatives of the European Commission.

A delegation of the Customs Administration attended the **Regional Border Security Conference held in Prishtina-Kosovo** in November 2014, organized by the Kosovo Border Police and Customs, in cooperation with the US Export Control and Related Border Security (EXBS) programme. Participants at the conference were high representatives of the Border Police and Customs Services of Albania, Kosovo, Macedonia and Montenegro, representatives of the international organizations ICITAP, SELEC, FRONTEX, who discussed issues related to cross-border trade, fight against organised crime, terrorism threats and the challenges to the institutions responsible for the border security in the region.

In December 2014, in the presence of representatives of the Government of the Republic of Macedonia, the diplomatic corps, the business community and other associates of the Customs Administration, a promotional event was organised on the occasion of the **start of the Twinning Project “Finalization of the preparation for the accession to the Convention on a Common Transit Procedure (CTC) and to the Convention for simplification of formalities in trade in goods”** funded by the EU Instrument for Pre-Accession Assistance (IPA TAIB 2010) and



realised with expert assistance of the Financial Administration of the Republic of Slovenia. The objective of the project is to operationalise the system in the customs procedures performed among all 33 Member States of the EU Common Transit System and to provide additional support to the accession to this system and further alignment of the customs legislation through transposition of the provisions of the Union Customs Code and the Implementing Regulations that shall enter into force in May 2016.

**Delegation of the European Union to the Republic of Macedonia, headed by the Chief of Operations Martin Klaucke visited the Customs Administration** in July 2014. The objective of the visit was to discuss and review the progress in the realization of the Project Integrated Tariff Environment (ITE) under the IPA 2009 Programme. The EU delegates concluded that the project was progressing as per its implementation schedule and the Customs Administration received positive remarks.

## OTHER ACTIVITIES

In September, the **reconstructed administrative building and the accompanying facilities of the Bogorodica border crossing** were put in function. The Project was realized in the framework of the Cross-border Co-operation Programme between the Republic of Greece and the Republic of Macedonia 2007-2013, of the Instrument for Pre-Accession Assistance (IPA) and was funded by the European Union, with co-financing by the Government of the Republic of Macedonia. The project will result in increased functionality, saving of resources for maintenance and functioning of the buildings and modernisation and higher quality of the services offered to employees and passengers-users. The activities for reconstruction were officially completed on 16th September. The ceremony organised on that occasion was attended by a delegation of the European Commission's Directorate General for Enlargement headed by Mr. David Cullen, as well as by high representatives of the Delegation of the European Union in the Republic of Macedonia.

The **Export Control and Related Border Security (EXBS) Programme** at the U.S.A. Embassy made a donation to the Customs Administration in equipment worth of 70.000 US Dollars -5 fiberscopes, 2 contraband detection kits and two spare parts for scanners.

Within the period 10th-11th December 2014, the international certifying body TÜV NORD Bulgaria carried out the regular annual surveillance of the compliance with the requirements of the international ISO 9001:2008 Standard at the Customs Administration. The received highest grade confirms the successful implementation of the Quality Management ISO 9001:2008 Standard in 2014. The certificate of implemented quality management standard was received on 13th December 2013.

### **BEST PERFORMING INLAND AND BORDER CUSTOMS OFFICES**

The Customs Administration continues to invest in its employees' training and offers continued incentives.. With the aim to support the competitive spirit and spur the customs officers' ambitions, the Customs Administration, on the basis of determined criteria, selected:

- ✓ the best Customs Office for passenger traffic – Customs Office Tabanovce Motorway, Customs House Kumanovo and
- ✓ the best Inland Customs Office for goods clearance – Customs Office Skopje 2, Customs House Skopje.

### **22 years of the establishment of the Customs Administration**

In April 2014, the Customs Administration celebrated its 22nd anniversary as a state administration authority. On that occasion, a traditional ceremony was held, attended by members of the Government of the Republic of Macedonia, representatives of the diplomatic corps, the business community, their associations and other partners of the Customs Administration.

In November 2014, at a ceremony organised at the premises of the Customs Administration, the newly employed customs officers gave an oath and certain individuals, institutions and companies that have contributed to successful realisation of the activities of the CARM were awarded with certificates of recognition. Jubilean awards were also given to the employees for their 10, 20 and 30 years of service at the Customs.



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