

# 2016

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## ANNUAL REPORT



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

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# INTRODUCTION

On our path towards constant modernization, we tend to heighten the standards of a modern service and remain focused on “simplification” as key benchmark. In doing so, we continuously demonstrate our commitment to meet the needs of our employees, clients and collaborators, in order to ensure efficient and economical operations.

The results achieved last year are visible and measurable. Among them are:

- **High 27<sup>th</sup> position of the Republic of Macedonia at the indicator Trading Across Borders** in the latest Doing Business Report among 190 countries of the world. Maintaining this high rank, bearing in mind the fact that Macedonia is a land-locked country, is the result of the realization of several projects and measures taken by the Customs Administration, leading to trade and transport facilitation and acceleration;
- **Improved system for selective controls**, that led to reduction of the number of physical and document checks, while increasing the number of detected irregularities and subsequent collection of customs and other duties. Annually, the percentage of processed declarations on the so-called red channel (physical examination) that used to be 30% of the total number of processed declarations at the beginning of the realization of the project was reduced to 8.8% in 2016. The percentage of declarations sent to yellow channel (document inspection), from 35% dropped to 16.5%;
- **Remarkable success in revenue collection**, such as import duties (customs duty, value added tax, excise duty and fees), as well as collection of internal trade excise duties. The Customs Administration ended the year of 2016 with collected 72.9 billion Denars, which is for 8.5% more than the total revenues collected in 2015 and 5.5% more than the planned revenues for 2016;
- **Successfully implemented two twinning projects:** Project “Harmonization of the legislation and procedures with the Acquis and EU best practices related to excise” (IPA 2010), realized with the assistance of the Customs Service of Austria as twinning partner and the Project “Finalization of the preparation for the accession to the Convention on a Common Transit Procedure and to the Convention for Simplification of Formalities in Trade in Goods” (IPA 2010), with the Customs Administration of Slovenia as a twinning partner.

The results achieved reflect the commitment, enthusiasm and systematic work of the Customs Administration’s employees. This is the way we are going to continue working in the future as a safe path to success.



# 1. CUSTOMS RELATED LEGISLATION



The following customs related acts and regulations were adopted in 2016:

- **Ratified Protocol to the Stabilization and Association Agreement between the Republic of Macedonia on one side and the European Communities and their Member States on the other**, taking into consideration the accession of the Republic of Croatia to the EU.
- **Adopted Law ratifying Amendment to Protocol 4 of the Stabilisation and Association Agreement between the European Communities and their Member States on one side and the Republic of Macedonia on the other**, introducing possibility for application of the Regional Convention on Pan-Euro-Mediterranean preferential rules of origin, thus introducing for the first time possibility to apply the Regional Convention on Pan-Euro-Mediterranean preferential rules of origin between the Republic of Macedonia, the European Union and the EFTA countries.
- **Based on the Law on Representation activities in customs procedures, a Rulebook was adopted, determining the criteria for the manner and procedure for conducting the exam for licensed customs broker.**
- **Rulebook on the amount and the manner of determination of actual costs incurred in misdemeanour proceedings before the misdemeanour authority of the Customs Administration**, laying down the amount of costs in the proceedings was adopted.
- **New Rulebook on the form and content of mandatory payment order**, laying down the form and content of the mandatory payment order for natural persons and legal entities, i.e. sole trader was published.
- **Amendments to the Rulebook on the customs officers rewarding system**, laying down that the jubilee prize award shall be awarded in the form of a cash prize, expressed as a percentage of the average net salary level of the Customs Administration paid in the last three months.



- **Amendments to the Rulebook on the customs officers promotion** further regulating the conditions and manner of promoting customs officers conducted through internal calls publication.

## TARIFF

- On two occasions in 2016 **lists of goods imported under tariff quota at reduced or abolished customs duties to be applied in the second half of 2016 i.e. in the first half of 2017** were published. The published lists are applicable for import under prescribed quota of goods originating in the European Union, Turkey, Ukraine, the Swiss Confederation, Norway, as well as goods originating from WTO Member States. The allocation of tariff quotas is carried out on a "first come, first served" basis via the EXIM information system.
- Four amendments to the **Regulation concerning the classification of certain goods in the Combined Nomenclature in conformity with the EC regulations**, by which a total of 35 new EU regulations, adopted within 1st July 2015 - 30th June 2016 were adopted. The amendments concern the classification of different goods in the Combined Nomenclature.
- **Decision on Harmonisation and Amendment of Customs Tariff for 2017**, aligning and amending the Nomenclature in accordance with the amendments to the Combined Nomenclature adopted by the EC, concerning the system of commodity names, the system of numerical designation, unit measures as well as the explanatory notes to the respective sections and chapters.

## TRANSIT

With the amendments to the **Convention on a Common Transit Procedure** (consolidated version) in 2016, the Republic of Macedonia ratified the amendments to the Convention on a Common Transit Procedure concerning the accession of the

Republic of Macedonia and the Republic of Serbia to the Convention. The Annex with a list of goods with high risk of fraud was deleted, amendments were made in the types of simplified transit procedures and requirements that must be fulfilled to obtain approval for their use, as well as amendments concerning the use of comprehensive guarantee and cases when it is not required to provide a guarantee.

## EXCISE

The following acts and regulations related to excise operations were adopted in 2016:

- **Law amending the Law on Excise**, introducing new category of excise tax payers - small independent breweries, allowing relief from excise duty on all passenger cars with hybrid engine. Amendments were also made in the misdemeanor provisions.
- **Amendments to the Law on Excise Implementing Rulebook**, reducing the quantity condition for excise warehouse for alcohol and alcoholic beverages, issuance of new excise stamps for byproducts and ethyl alcohol and tobacco products. The amendments to this Rulebook also lay down the documents from competent inspection authorities to be presented together with the request for excise permit.

### Law on General Administrative Procedure

All Laws in the competence of the Customs Administration were aligned with the Law on General Administrative Procedure. Changes were made by abolishing the possibility for conducting second-instance administrative procedure and enabling direct initiation of administrative dispute.



## 2. EU INTEGRATION



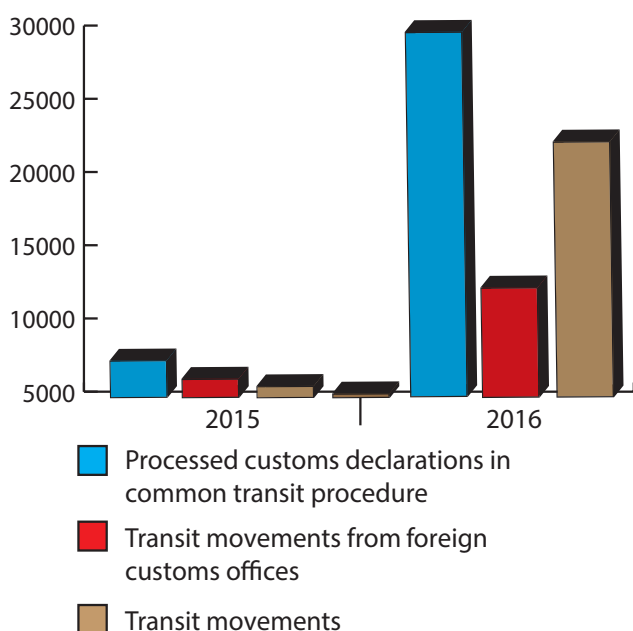
*The activities oriented towards permanent alignment with the EU Acquis and its implementation in the Republic of Macedonia have a special place on the Customs Administration's agenda in order to ensure fulfilment of the technical and organization-related requirements, enforcement of the administrative capacity and raising the public awareness about the manner and philosophy of the functioning of the Customs Union.*

### CONNECTION WITH THE CUSTOMS INFORMATION SYSTEMS

#### Common Transit System of the EU and EFTA countries

On 1<sup>st</sup> July 2015, the Republic of Macedonia became part of the European Union transit system.

The Conventions on a common transit procedure and on the Simplification of Formalities in Trade in Goods provide for single movement of goods within the territories of the Member States, from one entry point to the location of termination of the transit procedure, regardless of the number of countries and border crossing points of transit. The electronic transit declaration with which a transit procedure has been started in any country Member State of the Convention on a common transit procedure is acceptable for all



Member States of the Convention.

With the accession of the Republic of Serbia to these Conventions – as from 1<sup>st</sup> February 2016, the Pan-European corridor 10 was given additional value at wider international level.

### ADMINISTRATIVE CAPACITY BUILDING IN LINE WITH THE EU STANDARDS

#### IPA Projects

One of the priority activities of the Customs Administration is aimed at developing its administrative and institutional capacity, in accordance with the EU standards.

The Customs Administration is a beneficiary in the following projects under the National Programme for the Instrument on Preaccession Assistance (IPA)

#### Finished IPA Projects

➤ The “Project on Harmonization of the legislation and procedures with the Acquis and EU best practices related to excise“ (IPA 2010), started in the first quarter of 2015 and is realized with the assistance of the Customs Service of Austria as a twinning partner, ended in 30th November 2016. The objective of the Project was to ensure full alignment of the national legislation related to excise with that of the EU and to strengthen the administrative and operational capacity of the Customs Administration in the process of meeting European standards in this area.

The result of the Project activities is new Draft Law on Excise which is harmonized to a great extent with the EU Directives and covers the best practices and procedures of several EU Member States. Three draft Rulebooks in the area of excise operations which closely regulate the manner of implementation of the provisions of the law were also prepared. Correlation tables on the level of alignment of the Law with the EU regulations have also been made, being key indicator for measurement of the success of this Project.

➤ **Project “Finalization of the preparation for the accession to the Convention on a Common Transit Procedure and to the Convention for Simplification of Formalities in Trade in Goods”** (IPA 2010), started in the second half of 2014 with the assistance of the Customs Service of Slovenia as twinning partner, ended in May 2016. A result of the project activities were 89 organized workshops in the following areas: common transit, using SAD, electronic customs clearance, customs debt and guarantees, simplified customs procedures, procedures with economic impact, prohibitions and restrictions, post-clearance controls and Union Customs Code

The Customs Law and the the Customs Law Implementing Regulation were further harmonized with EU legislation and several Guidelines and instructions in accordance with the latest and best practices of the EU were drafted and revised.

➤ **Project “Technical assistance for testing the functionality and the interconnectivity of the Customs IT Systems in the Customs Administration”** (IPA 2011), the implementation of which lasted for 12 months (started in October 2015 and ended in October 2016), provided compliance with EU requirements and verification of the appropriateness of the interfaces and interoperability between the Customs Declaration and Excise Document Processing System (CDEPS), the New Computerised Transit System (NCTS), the Integrated Tariff Environment (ITE), the Import Control System (ICS), the Export Control System (ECS) and the Excise Movement Control System (EMCS) of the EU.

### Ongoing IPA Projects

➤ **“Administrative Capacity Building to fulfil the requirements for accession - Enforcement of Intellectual Property Rights”** (IPA 2011)





- Began in January 2016 and will last for 19 months. The Project is implemented in cooperation with the Office of Patents and Trademarks of the Kingdom of Denmark, the State Office of Industrial Property and the Customs Administration.
- Its objective is strengthening the capacity of the Customs Administration in the area of intellectual property rights protection, raising the public awareness about enforcement and protection of intellectual property rights.
- **“Technical assistance for preparation of blueprints for the project designs, project designs and drafting tender dossiers for the works at the road Border Crossing Tabanovce and road Border Crossing Kjafasan“** (IPA 2011)
  - Its objective is preparation of technical documentation for upgrading of road border crossing points Tabanovce and Kjafasan.
  - The result will be improvement of the infrastructure of the two border crossing points and greater traffic permeability of the border crossings; reduction of the time to perform border formalities; enabling use of modern means of inspection; acceleration and facilitation of trade; facilitation and acceleration of transport along the Pan-European Corridors 8 and 10.
- Its objective is expansion and adaptation of the existing import/export terminal for additional 4,000 m<sup>2</sup> construction of two lanes at the BCP – exit from Macedonia; construction of supporting facilities.
- **“Upgrade of the customs clearance and inspection facilities at the road Border Crossing Kjafasan“** (IPA 2013)
  - Its objective is construction of a new import-export customs terminal of 9,500 m<sup>2</sup>, access roads, facilities for clearance and other inspection authorities; reconstruction of the existing facilities.

### Future IPA Projects

- **“Enhancement of the Operational and Institutional Capacities of the Customs Administration“** (IPA 2013)
  - Will start in 2017 and will last for a period of 21 months.
  - Its objective is to increase the efficiency in detection and prevention of customs fraud through effective and targeted controls; strengthening the capacity for post-clearance controls; application of modern laboratory methods and materials, trade facilitation by improving risk analysis in accordance with EU standards; provision of equipment for the customs laboratory.

### CUSTOMS 2020 Programme of the Union

The Customs Administration actively participates in the European Commission Programme CUSTOMS 2020, funded by the EU and co-financed by the Budget of the Republic of Macedonia. Participation in this Programme is of importance for the Customs Administration because it allows for cooperation, exchange of information and best practices with the EU Member States, candidate countries and potential candidate countries. In 2016, 36 representatives of the Customs Administration took part in 20 events and got the opportunity to establish closer contacts with their counterparts from other countries and to exchange knowledge, expertise and experience.



- **Upgrade of the customs clearance facilities at the road Border Crossing Tabanovce** (IPA 2012)

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

In 2016, the Customs Administration organized a Workshop on Risk Analysis in Transit Procedure in Skopje under the TAIEX. The objective of the Workshop was for the participants to understand the application of the Conventions, particularly in the area of risk analysis in transit procedure.

Representatives of the Customs Administration also took part in 2 Workshops organized through TAIEX by other institutions: "Excessive classification of information in relation to the objective recognition of the need for having a security clearance - best practices and experiences" (organized by the Directorate for Security of Classified Information) and "An integrated approach to protection of cultural heritage and risk analysis in transit" (organized by the Ministry of Interior).

## Export Control and Border Security - EXBS Program of the Embassy of the United States of America in Skopje

On three occasions during 2016, the EXBS Program of the US Embassy in Skopje donated to the Customs Administration equipment consisting of: 5 videoscope inspection systems for interdiction of illegal trade in goods worth nearly 52 thousand US Dollars; 7 radiation detection pagers worth about 9 thousand US Dollars and patrol boats equipment worth 15 thousand US Dollars. In the past ten years, the EXBS Program of the Embassy of the United States has provided the Customs Administration with operational equipment worth over 2 million US Dollars with training on how to use the equipment and training to support the overall customs operations, and achieve better results in trade facilitation and protection of the society. Since the beginning of 2016, the physical customs control, conducted with assistance of, among other, equipment donated through the EXBS Programme resulted in over 300 success cases. Training was also organized to support the overall customs operations.





### 3. HUMAN RESOURCES



The Customs Administration, in 2016 continued to invest in strengthening its management of human resources considered as moving force in achieving the set strategic goals for EU integration and enhancement of the institutional work efficiency.

#### Employment status in the Customs Administration on 31st December 2016

Number of employees in the Customs Administration ->1132			
Status of employees		Level of education	
Office bearers	2	PhD holders	1
		Master degree holders	35
Customs officers	1012	University educated	643
		College educated	16
Administrative civil servants	12	High-school educated	410
Workers	106	Education of other kind	27
Total	1.132		

**59,98% of the total number of employees of the Customs Administration are university educated**

#### Training and professional development

*Continuous training is a prerequisite for achieving the necessary knowledge, skills, professional development of staff, supporting easier career-making.*

To ensure greater efficiency and better work performance of its employees, the Customs Administration adopted **Guidelines on implementation of the Customs Competences**, laying down the procedure for evaluating work performance and procedure to determine the training needs of customs officers, in line with the defined operational competences in the Dictionary of Customs Competences.

The Customs Administration started implementing the EU Customs Competency Framework adopted by the European Commission and accepted by the World Customs Organization as a system document which covers the knowledge, skills and attitudes required by customs professionals



for the appropriate position. **Programme of basic training on customs competences** was also adopted, laying down the target groups of participants, the type and duration of training, their content and method of implementation, the objectives to be achieved after the training and resources needed for their implementation. The objectives, themes and content of basic training in the Programme are defined in accordance with the EU Customs Competency Framework.

78.6% of the planned specialized training with the 2016 Annual Training and Professional Development Plan were realized.

233 Events for professional development of customs officers  
2,074 participants  
15.8 average hours spent at training per employee

Some of the training courses organised in 2016 include:

- taking and handling samples for analysis;
- risk assessment and selectivity;
- origin and amendments in the CEFTA Agreement;
- examination and search of luggage, vehicles and persons and interviewing passengers;
- recognizing and identifying counterfeit and smuggled tobacco products;
- fight against counterfeiting and piracy;
- protection of confidentiality and protection of personal data;
- excise procedures and control of retail sale of excise goods;
- Basis of accounting and submission of VAT returns.

In cooperation with the Chambers of Commerce, economic operators and other institutions the Customs Administration organized 23 events in the form of counseling, presentations and training attended by 568 representatives of the business community and employees in institutions dealing with customs procedures. Topics covered by these events were:

- rules of origin;
- rules for tariff classification of goods in accordance with the Law on Customs Tariff;
- amendments to the Convention on a Common Transit Procedure;
- simplification and harmonization of customs procedures;
- Convention on a Common Transit, Concept Authorised Economic Operator and Protection of Intellectual Property Rights for the trademark UGG.

Training courses organized for customs brokers were designed according to 4 target groups (two sessions held in Skopje and one in Kavadarci and Bitola)

88 students of the faculties with which Memorandums of Cooperation have been signed, had the possibility to familiarize with the role and the powers of the Customs Administration through internship



## Implemented Common Assessment Framework (CAF)



In 2016 the Customs Administration implemented the Common Assessment Framework (CAF) - one of the best European practices in introducing a system of complete quality management in public institutions. The CAF implementation is in accordance with the guidelines laid down by the European Institute of Public Administration (EIPA) and the national legislation, regulating the establishment of the Common Assessment Framework in the civil service pursuant the Law on the Introduction of Quality Management and a Common Assessment Framework for the operation and the rendering of services by the civil service. The entire organizational structure of the Customs Administration was involved in the implementation of the CAF, adopting a Plan to improve the situation in the Customs Administration, which includes a detailed matrix for the Action Plan with measures to improve the situation and methodology for monitoring the implementation of the Plan.

## Integrity

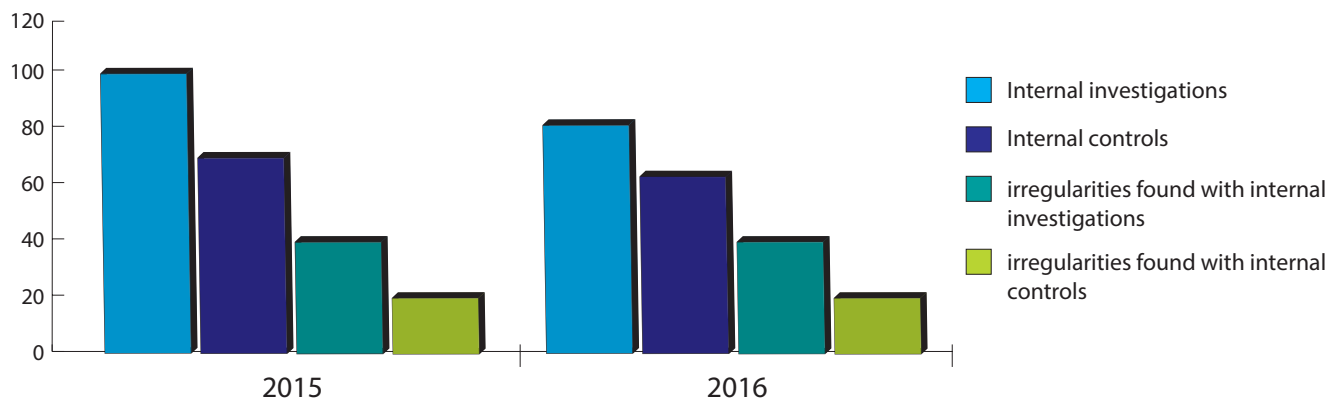
*Unity of all policies, standards and procedures implemented by an organization with the aim to ensure high level of immunity to corruption and decreased risk of employees' corruptive behaviour represents the integrity system. At organizational level, integrity is interpreted as "immunity to corruption".*

**80 internal investigations** were conducted in 2016, on grounds of the Plan of the Sector for Professional Responsibility, the received complaints related to illegal and unprofessional conduct of employees, information received via the 197 customs hotline with allegations for unprofessional conduct of customs officers, as well as on grounds of information delivered or directly presented by line managers and employees in the Customs Administration. In 37 cases it was established that the customs officers had acted contrary to the legal provisions, by-laws, guidelines and the provisions of the Order and Discipline Rules at the Customs Administration and the Customs Officers Code of Conduct and for these cases, corrective measures were proposed.

In 2016, **57 internal controls** were conducted that were focused on control of the observance of the law, by-laws and operating instructions of the Customs Administration. Irregularities in the acting of customs officers were found in 23 cases.

32 complaints and 5 online complaints related to illegal, unprofessional and corruptive conduct of customs officers, were

Number of conducted internal investigations/controls per organizational unit				
Organisational unit	2015		2016	
	Internal investigations	Internal controls	Internal investigations	Internal controls
Headquarters	22	24	13	23
Customs House Skopje	25	19	17	21
Customs House Kumanovo	26	9	30	6
Customs House Shtip	5	5	3	1
Customs House Gevgelija	14	9	14	4
Customs House Bitola	16	5	3	2
<b>Total</b>	<b>108</b>	<b>71</b>	<b>80</b>	<b>57</b>



CARM had highest level of realization of the State Programme for Prevention and Repression of Corruption and Prevention and reduction of conflicts of interest for the period 2011 - 2015 of 11 sectors

received via the 197 customs hotline and the online tool for corruption tip-off on the Customs Administration website. Activities / investigations and controls were conducted for these cases. Only in one reported case it was established that the allegations are legitimate and that the involved violated the law and internal acts of the Customs Administration. The investigation for one case is still ongoing.

For realization of the state programmes for prevention and repression of corruption and conflict of interests, the Customs Administration adopted a "Plan for the implementation of activities from the National Programme for Prevention and Repression of Corruption and Prevention and reduction of conflicts of interest for the period 2016-2019".

In order to facilitate the daily work and ensure



appropriate implementation of the laws and by-laws, a **Guide on most frequent mistakes and faults in the daily operations** in 2016 was published on the Intranet portal of the Customs Administration.

In 2016, the **Register on risk points in the customs operations, susceptible to corruption** was revised and drafted on quarterly basis. The Register is a useful tool for permanent and efficient handling possible violations of customs regulations.

During 2016, the Customs Administration **conducted a second internal survey** to assess the **level of exposure to and misuse of official powers and corruption** in our institution through the provided opinion of the employees concerning how successfully and efficiently the Customs Administration handles the activities to prevent corruption. 26.21% of the employees took part in the survey.

The Customs Administration participated in the IPA 2010 Twinning Project "Support for effective prevention and combating corruption" and activities for updating the methodology for relevant statistical monitoring system of the anti-corruption policy.

### Internal Audit

In 2016, 19 internal audits were conducted in the Customs Administration. The audits resulted in 54 findings and 57 recommendations given to improve the operations in the Customs Administration. 50 recommendations were completely implemented, 2 recommendations partly and the actions concerning 4 recommendations are ongoing.

## 4. FACILITATION AND ACCELERATION OF CUSTOMS PROCEDURES



The Customs Administration constantly works on maintaining the existing and introducing new possibilities for facilitation and acceleration of the customs procedures and the conditions for conducting the formalities with the support of information and communication technology.

### World Bank Doing Business Report, indicator Cross-border trade

As a result of the dedicated work and the implementation of the economic policies of the Government, the World Bank Doing Business Report ranks the Republic of Macedonia on the high 10<sup>th</sup> position among 190 countries of the world.

*In the latest Doing Business Report, for the indicator "Cross-border trade", the Republic of Macedonia has kept the 27<sup>th</sup> position, same as the previous year. Considering the fact that in 2007 we were ranked on the 127<sup>th</sup> position, achieving and maintaining this high position, particularly bearing in mind that Macedonia is a land-locked country, is due to the realization of several projects and measures by the Customs Administration and the plan for trade and transport facilitation and acceleration.*

Within its competences, the Customs Administration will continue to work devotedly to improve the business environment.

### Improved system for selective controls based on risk analysis

By improving the system for selective controls, i.e. their suitable targeting, the customs controls decreased and the percentage of consignments processed through the green channel (free passage of goods) has doubled from 35% to 75%.

The reduced intensity of customs controls provided for faster customs procedures for the legitimate trade observing the customs and other import and export related regulations and greater efficiency and effectiveness in customs operations when conducting controls.

Annually, the percentage of processed declarations on the so-called red channel (physical examination), that was 30% of the total number of processed declarations at the beginning of the realization of the project, was reduced to 8.8% in 2016.

The percentage of declarations sent to yellow channel (document inspection) from 35% dropped to 16.5% in 2016. **Although the number of physical and documentary checks reduced, the number of detected irregularities and cases of subsequent collection of customs and other duties increased.**

Reduced percentage of physical and document controls	
2014	2016
Physical control 30%	Physical control 8,8%
Document control 35 %	Document control 16,5%





The number of irregularities detected in 2016 is for 13,5% higher, compared to the irregularities discovered in 2015. In 2016, the subsequently collected revenues following identified irregularities during controls is for about 23% greater, compared to that of 2015, showing higher level of efficiency and effectiveness.

The average time to complete import procedure is reduced by about 30%, compared to the average time registered before the start of the project.

## E-CUSTOMS

### Accreditation of the ICT System of the Customs Administration

Following the successful finalization of the process for security accreditation of the ICT system for classified information of the Customs Administration, on 24<sup>th</sup> June 2016, the Customs Administration was awarded with a Security Certificate by the Directorate for Security of Classified Information. With this, the

Customs Administration obtained a unique accredited information and communication system which is used for creation and processing classified information.

## EXIM

The electronic system for import and export licenses and tariff quota - EXIM, which has been in operation since 2008 is becoming more sophisticated each year, increasing the efficiency and providing faster customs procedures. The number of registered users is continuously growing.

The majority of issued licenses in 2016 concern import of food products (around 35 thousand), veterinary documents (around 14 thousand), certificates of organoleptic examination (13 thousand), consents for customs clearance of items of common use (10 thousand) and medicines and medical aids (9 thousand).



### 2016 EXIM RELATED STATISTICS

Involved government authorities - **17**

↓

Number of licenses that can be obtained via EXIM - **60**

↓

Registered **6,391** economic operators – system users

↓

Issued import, export, transit licenses via EXIM - **88,751**

↓

Applications for tariff quota submitted via EXIM - **6,954**

↓

Average time for obtaining a license via EXIM **3** hours



## Volume of work

### Customs and excise authorisations and licenses

<b>CUSTOMS AND EXCISE AUTHORISATIONS AND LICENSES</b>		
Type of authorization/license	2015	2016
<b>CUSTOMS AUTHORISATIONS</b>		
Authorisation for customs representation activities	319	328
Licenses for customs representation	1,243	1,316
<b>Customs procedures with economic impact</b>	<b>5,606</b>	<b>5,362</b>
Authorisation for inward processing	169	167
Authorisation for outward processing	16	13
Authorisation for customs warehousing	82	82
Processing under customs surveillance	1	1
Single use authorisations	5,338	5,099
<b>Simplified customs procedures</b>	<b>230</b>	<b>215</b>
Authorisation for local clearance - import	51	48
Authorisation for local clearance - export	73	75
Authorised consignee in transit	70	60
Authorised consignor	34	29
Authorisation for submission of incomplete declaration	2	3
<b>Binding Tariff Information</b>	<b>558</b>	<b>585</b>
<b>Authorised exporter</b>	<b>120</b>	<b>131</b>
<b>Authorisation for deferred payment</b>	<b>171</b>	<b>141</b>
<b>EXCISE LICENSES</b>		
Excise licenses	83	84
Excise preferential use permits	342	320
<b>Total</b>	<b>8,670</b>	<b>8,428</b>

### Preferential origin of goods

<b>USE OF FREE TRADE AGREEMENTS</b> (In billion Denars)				
Contracting party	Import and export in 2015		Import and export in 2016	
	Total		Total	
	MKD	%	MKD	%
<b>EU</b>	301,4	81,6	322,9	82,0
<b>EFTA</b>	1,5	0,4	1,6	0,4
<b>CEFTA</b>	51,0	13,8	53,0	13,5
Albania	4,3	1,2	4,4	1,1
B&H	7,8	2,1	8,0	2,0
Montenegro	1,7	0,4	1,9	0,5
Kosovo	9,1	2,5	10,1	2,6
Serbia	28,1	7,6	28,5	7,2
Moldova	0,1	0,0	0,2	0,0
<b>Turkey</b>	15,0	4,1	16,2	4,1
<b>Ukraine</b>	0,3	0,1	0,3	0,1
<b>Total</b>	<b>369,2</b>	<b>100,0</b>	<b>393,9</b>	<b>100,0</b>

The Republic of Macedonia has concluded Free Trade Agreements with Turkey, Ukraine and EU, EFTA and CEFTA Member States.

The foreign trade realized in 2016 with

**proofs of preferential origin**, amounts to 393.9 billion Denars (increase, compared to 2015 – 369.2 billion Denars). 82% of this trade was realized with the EU Member States and amounts to 322.9 billion Denars. The trade

## TRAFFIC OF FMV PER BORDER CROSSING (IN THOUSAND)

Border crossing point			Kosovo			Serbia			Bulgaria			Greece			Albania				Total			
			Blace	Jazince	Total	Tabanovce	Pelince	Total	Deve Bair	Delchevo	Novo Selo	Total	Dojran	Bogorodica	Medjiti Ijia	Total	Stenje	Kjafasan		Sv. Naum	Blato	Total
2015	Total	loaded	35,4	0,0	<b>35,4</b>	169,4	0,0	<b>169,4</b>	23,7	15,8	22,4	<b>62,0</b>	30,6	162,5	6,2	<b>199,2</b>	0,4	44,2	0,0	0,8	<b>45,3</b>	511,4
		empty	68,3	4,2	<b>72,4</b>	58,2	0,1	<b>58,4</b>	20,6	16,5	22,9	<b>59,9</b>	19,9	109,8	13,9	<b>143,6</b>	1,3	31,9	0,6	2,3	<b>35,9</b>	370,4
		total	103,6	4,2	<b>107,8</b>	227,6	0,1	<b>227,7</b>	44,3	32,4	45,3	<b>122,0</b>	50,5	272,3	20,1	<b>343,0</b>	1,6	76,1	0,6	3,1	<b>81,3</b>	881,8
2016	Total	loaded	35,4	0,0	<b>35,4</b>	153,6	0,2	<b>153,8</b>	30,5	16,2	17,6	<b>64,6</b>	64,6	103,1	7,8	175,6	<b>0,5</b>	52,8	0,0	0,7	53,9	<b>483,0</b>
		empty	79,0	6,2	<b>85,2</b>	60,5	0,1	<b>60,7</b>	23,6	18,5	25,4	<b>67,5</b>	23,9	99,2	13,1	<b>136,2</b>	1,7	38,5	0,4	3,4	<b>43,9</b>	393,6
		total	114,4	6,2	<b>120,6</b>	214,2	0,4	<b>214,5</b>	54,2	34,7	43,0	<b>131,8</b>	88,5	202,4	20,9	<b>311,8</b>	2,1	88,3	0,4	4,2	<b>97,8</b>	876,6

with the CEFTA in the reporting period was 53 billion Denars or 13.5 % of the total trade with preferential origin (increased compared to the same period in 2015 - 51 billion Denars). The largest percentage of the trade with preferential origin with the CEFTA countries accounts for the trade with Serbia.

### Traffic of Freight Motor Vehicles (FMV) through the border crossings

In 2016, the road border crossings of the Republic of Macedonia were crossed by over 876 thousand FMV, of which 483 thousand loaded and about 393 thousand empty FMV. Greatest frequency was noted at the border crossing points with Greece - 312 thousand FMV of the total traffic (36%).

### Processed customs declarations

986.1 thousand **customs declarations** were processed in 2016, the majority being for **import** (about 44.9% of the total number of processed declarations) and **transit** declarations (31.63%), followed by **export** declarations (about 20.75%) and **re-export** (2.72%).

Declarations lodged for **simplified procedures** participate with 27.17% of the total import and export customs procedures (declarations for export simplified procedures - 42.86% and declarations for import simplified procedures - 19.92%). **Road traffic** dominated in 2016 as usual with about 94.2% of the total processed customs declarations. **Railway traffic** accounted for 0.46%, and **air transportation** with 3.2%.



### CUSTOMS PROCEDURES IN 2016 (IN THOUSAND)

TYPE	2015 Total	2016 Total
<b>Transit</b>	<b>320,7</b>	<b>311,9</b>
<b>Export</b>	<b>189,5</b>	<b>204,6</b>
Regular export	109,0	113,8
Simplified export procedure	77,8	87,7
Temporary export	2,7	3,1
<b>Import</b>	<b>442,4</b>	<b>442,8</b>
Regular import	302,4	323,5
Simplified import procedure	108,1	88,2
Customs warehousing	7,3	7,0
Temporary admission	21,6	21,4
Import of temporary exported goods	2,85	2,8
<b>Re-export</b>	<b>27,6</b>	<b>26,8</b>
<b>Total</b>	<b>980,0</b>	<b>986,1</b>

## 5. REVENUES



*One of the basic competences of the Customs Administration, pursuant the Law on Customs Administration is calculation and collection or drawback of export and import duties, taxes and other fees related to import, export or transit of goods.*

The duties and taxes administered by the Customs Administration are:

- ✓ Customs duties,
- ✓ VAT on import,
- ✓ Excise duties (production, import and trade)
- ✓ Fees.

The revenues collected by the Customs Administration are part of the total tax revenues of the Budget of the Republic of Macedonia.

### REVENUES COLLECTED IN 2016

The Customs Administration ended the year of 2016 with collected 72.9 billion Denars,

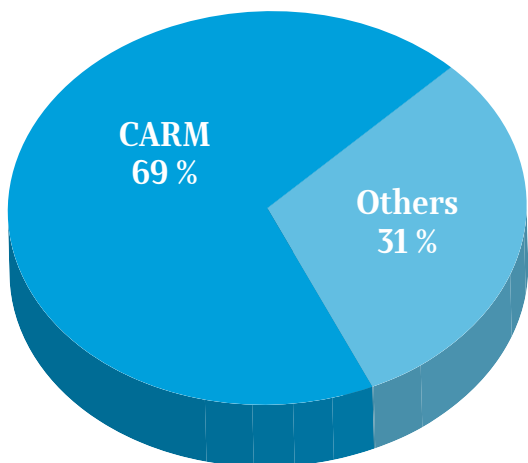
which is for 8.5%, i.e. 5.7 billion Denars more than the total revenues collected in 2015.

In 2016, the Customs Administration collected 3.8 billion Denars or 5.5% more than planned. In other words, the plan for revenue collection for the Customs Administration was 69.5% of the budget tax revenues and Customs collected 73.3%.

With regard to the collected revenues in 2015, in 2016 we achieved significant increase in the collection of all types of duties and taxes. This increase has been realized in circumstances of increased value of import of only 1.8%.



Planned participation of CARM revenues in the total tax revenues 2016 after budget revision

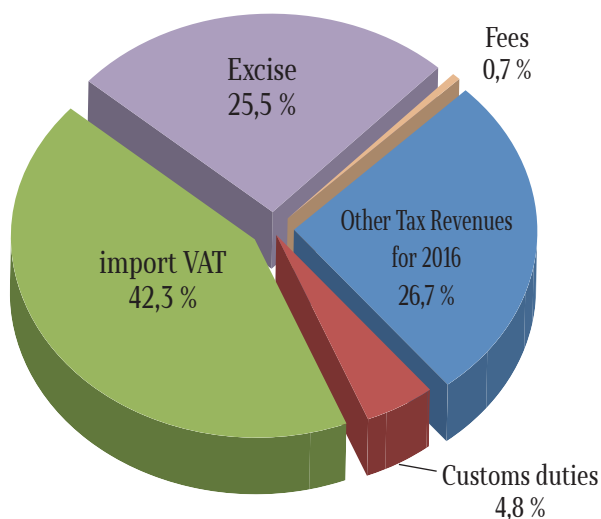


In 2016 we note:

greater collection of:

- Excise duties for +11.7 %,
- Customs duties for +9.9 %,
- Fees for +8.4 %
- Import VAT for +6.5 %

Participation in collected revenues by CARM in 2016, compared to the planned tax revenues for 2016



- Other Tax Revenues for 2016
- Customs duties
- Import VAT
- Excise
- Fees

### Customs duties

In the period January – December 2016, **4,760.74** million Denars were collected as customs duties. This is:

⬇️ less for - **3.2 %** than planned (4,918.00 million denars and

⬆️ more for + **9.9 %** than the collected in 2015 (4,330.39 million denars).

### VAT

The revenues collected as VAT within January – December 2016 amounts to **42,098.25** million denars. This amount is:

⬆️ more for + **3.6 %** than planned (40,647.00 million denars) and

⬆️ more for + **6.5 %** than the collected in 2015 (39,538.72 million denars).

### Excise duties

The total revenues collected as excise duties in 2016 is **25,402.09 million Denars. This is:**

⬆️ more for + **10.7 %** than planned (22,949.56 million Denars) and

⬆️ more for + **11.7 %** than the collected in 2015 (22,736.51 million Denars).

### Fees

In the period January-December 2016, the total revenues collected as fees is **680.72** million Denars. This is:

⬆️ more for + **7.2 %** than planned (635.00 million Denars) and

⬆️ more for + **8.4 %** than the collected in 2015 (628.10 million Denars).



## 6. LAW ENFORCEMENT



*Besides being an important link in the international trade support chain, every modern Customs Service plays an extremely important role in the security system of its state, while in organized joint actions with other customs services guarantees general safety and security. The Customs Administration is committed to acting preventively, but also repressively in this area, by at the same time strictly observing the principles stemming from its key role in the field of prevention, intelligence and investigation of customs offenses and crimes, as well as in the fight against trafficking in prohibited goods, drugs, products related to terrorism and dual-use goods, but also the fight against counterfeiting and piracy and protection of the environment and cultural heritage.*

### Administrative capacity building

*Through implementation and introduction of new, modern internal procedures and drafting in details the internal processes in guidelines, procedures and other acts in the area of prevention of illegal trade, passenger selection, document verification, customs or external control of trade companies, procedure for arrest, detention of suspects etc., in 2016 the Customs Administration additionally strengthened its administrative capacities, thus achieving real optimization of operations.*

### Risk management

Risk management at import (targeted controls) has significant contribution to the successful operation of the Customs Administration, leading to better results with fewer conducted controls. Although it seems contradictory, less physical and documentary controls on goods under customs procedure results in greater revenue collection. Gradually, over the last two years, the percentage of physical examination of the goods has been reduced from almost 30% to approximately 8.8%. This was achieved by improving the systems for risk management or precise targeting of controls to risk consignments where irregularities are possible. This way, the Customs Administration also improves its human resource management

and ensures faster procedures for the companies.

Pursuant the established Administrative Agreement on the Anti-Fraud Information System-ATIS between the Customs Administration and the European Anti-Fraud Office (OLAF) related to exchange of information in the fight against fraud in transit procedure, this system, as an effective tool for analyzing and assessing risk and combating fraud in transit started to be used in the Republic of Macedonia. This system is used by the EU and CEFTA Member States that have acceded to the Common Transit Convention and the New Computerized Transit System of the EU.

### Customs and other control

#### Physical Customs Control

In 2016, the customs officers had 644 success cases, seizing 300 kg of narcotics, 2.5 million



pieces of cigarettes, 2.5 tons of tobacco, foreign currency in equivalent amount of 1.3 million Euros, 12 kg of gold jewelry and 30 kg silver and other jewelry, 1200 litres alcoholic and non-alcoholic beverages etc.

### **Foiled attempts of illegal trade in narcotics, psychotropic substances and precursors**

In 2016, the customs officers thwarted 49 attempts of smuggling nearly 290 kg of narcotics.



At the border crossing point Blace, a Customs Mobile Team foiled attempt of smuggling 27 kg marijuana, concealed in a bunker built along the entire floor of an Albanian registered vehicle



34 kg of marijuana found in passenger bags concealed inside the cargo loaded on a Macedonian truck semi-trailer declared for exit from the country at the border crossing point Dojran



In a joint action with the MOI, in a truck declared for import clearance at the Customs Terminal Skopje 3, the customs officers found 70 kg marijuana concealed in PVC window panes

### **Detected cases of smuggling cigarettes and other tobacco products**

In 63 actions in 2016, the customs officers prevented smuggling of 2.45 million pieces of cigarettes and 2.5 tons of tobacco.



4.5 kg of heroin found in a suitcase with double bottom that belonged to a Turkish national who arrived from Istanbul at the Skopje Alexander the Great Airport



100 kg water pipe tobacco found at the border crossing point Blace, exit section





250 thousand pieces of illegal cigarettes found in a vehicle near Skopje, during regular control

### Illegal transfer of cash

In 2016, 76 attempts were prevented for illicit transfer of foreign cash in equivalent amount of nearly 1.3 million Euros.



458,000 Czech Koruna and 25,000 Euros were found on a Czech and Slovak nationals who arrived at the border crossing point Bogorodica, exit section



46,000 Euros found on three Turkish nationals who intended to exit the country through the border crossing point Bogorodica



39,400 US Dollars found on a Turkish national who landed at the Skopje Alexander the Great Airport

### Prevented attempts for illegal trade in gold and silver

The customs officers thwarted 24 attempts for smuggling 11.6 kg gold jewellery, nearly 30 kg of silver and other jewellery and 1,200 pieces of trinkets.



During detailed search of a passenger who landed at the Skopje Alexander the Great Airport, the customs officers found and seized 22 gold coins

### Cases of prevented smuggling of other goods

In 2016, the customs officers prevented 338 attempts for smuggling different goods (quantity of about 330 thousand pieces, 14 metres, 1,092 kg and 20 litres).



21 mobile phones and 5 watches detected at the Skopje Alexander the Great Airport

17 attempts were thwarted for smuggling of 17,400 medicines, ampoules, dental and medical materials and aids.



4,512 pieces of different medicines detected at the border crossing point Deve Bair, entrance section



687 pieces of medicines found during detailed inspection of a vehicle declared for exit from the country at the border crossing point Blace



1,680 pieces of medicines found during detailed inspection of a vehicle declared for entrance in the country at the border crossing point Jazince

The customs officers also prevented 34 attempts for illegal trafficking of 1027 pieces and 1,443 kg of food products, food supplements and 1,191 litres of alcoholic and non-alcoholic beverages.

In 22 cases, smuggling of 4,000 pieces of perfumes, cosmetics and hygiene products were prevented in 2016.

### Declared foreign cash

Nearly 11.2 million Euros in different currency were legally declared at the border crossing points in 2016, of which 11,126,329 Euros at entrance and 39,900 Euros at exit from the Republic of Macedonia.

The declared foreign cash includes: 9,371,514 Euros, 807,120 US Dollars, 5,188 Austrian Schillings, 4,100 Australian Dollars, 27,135 German Marks, 147,000 Danish Kroner, 89,600 British Pounds, 3,000,000 Japanese Yens, 580 Kuwait Dinars, 28,000 Macedonian Denars, 665,000 Norwegian Kroner, 104,370 Swedish Kroner and 930,940 Swiss Franks.

### Control of Excise Goods on the Internal Market

To protect consumers from potentially unsafe and dangerous alcoholic beverages, to





ensure effective collection of excise duties in all phases of the sales of products subject to excise duties and to provide equal conditions for doing business for all the traders in excise goods, the Customs Administration, in cooperation with the Public Revenue Office carried out several controls focused on labeling and use of excise stamps in shops, restaurants, bars and cafes dealing with trade in excise goods.

The controls resulted in detection and seizure of excise goods with or without excise stamps, goods for which no excise duty has been paid and goods for which there were no origin, health and safety documents.

In 16 cases, the customs officers seized 426 liters of alcohol, about 257,000 pieces of cigarettes and 2,000 kg of tobacco.

### Document Customs Control

33,451 cases were discovered in 2016 where Customs found inadequate documents for clearance, of which 95% refer to invalid, forged and other inappropriate documents presenting lower customs value for calculation of import duties. 538 cases were discovered where the declarants presented

invalid certificates of preferential origin of goods in order to evade payment of import duties, around 712 cases of wrong tariff classification in order to pay lower import duties and over 115 cases of presentation of other improper documents.

Invalid, falsified and inappropriate documents are usually submitted to avoid payment of import duties and avoid trade policy measures.

By presenting invalid and falsified customs and other documents the importers attempted to evade payment of import duties in amount of about 1 billion Denars.

### Customs Laboratory

*The Customs Laboratory plays an essential role in the fight against illegal trafficking and customs fraud by providing the scientific expertise needed to enforce national regulations in all matters related to Customs tariff, classification and nomenclature.*

DOCUMENT CUSTOMS CONTROL - RESULTS							
Type of document		Invoices (undervaluation)	Preferential origin Certificates	Wrong tariff classification	Other documents for calculation of duties	Other invalid documents	Total
2015	Total						
	Invalid	14,368	532	519	151	6	15,576
	Falsified	0	1	0	76	0	77
	Other	13,500	111	169	5	27	13,812
	<b>Total</b>	<b>27,868</b>	<b>644</b>	<b>688</b>	<b>232</b>	<b>33</b>	<b>29,465</b>
2016	Total						
	Invalid	15,590	440	523	113	3	16,668
	Falsified	2	1	3	1	0	7
	Other	16,490	97	187	1	1	16,776
	<b>Total</b>	<b>32,082</b>	<b>538</b>	<b>712</b>	<b>115</b>	<b>4</b>	<b>33,451</b>



In 2016, the Customs Laboratory analysed 489 samples and identified 152 cases of incorrect classification of goods. The analyses led to conclusion that the importers who applied incorrect tariff classification attempted to evade customs duties in the amount of 8 million denars. Appropriate measures, as per the Law, were taken against the offenders.

### Results from Post - clearance Control

*Post-clearance control is control carried out in the premises of companies following completed clearance, as well as surveillance of holders of authorizations for customs procedures with economic impact, authorizations for simplified customs procedures, excise licences etc.*

In 2016, Customs carried out 1,380 controls of trade companies and found several attempts to evade import duties amounting to 18.5 million Denars.

### Criminal charges and customs, excise, foreign currency related misdemeanor charges

In 2016, the Customs Administration brought criminal charges in 101 cases, against 116 natural and 40 legal persons (in 2015, 110 criminal charges were filed, against 123 natural and 48 legal persons).

In 2016, misdemeanor charges were pressed in 658 cases against 606 natural and 52 legal persons, of which 544 for customs offences, 76 foreign currency related offences and 38 excise offences. 704 misdemeanor cases were solved in 2016 and the offenders were fined with an amount of about 219.2 million Denars.

In 2016, in 2,084 cases Customs imposed fines on 1,262 individuals and 822 legal entities, and the perpetrators were fined in the amount of about 21.52 million Denars (2,848 cases in 2015 where fines were imposed against 1,462 individuals and 1,386 legal entities with sentences totaling approximately 33.8 million Denars).

### Participation in international activities

**Last year, the Customs Administration continued to take part in international actions, projects, conferences and various events to strengthen customs cooperation, organized and implemented to enhance the capacity to execute the competences and duties and detect illegal trade and economic crime, as well as to exchange knowledge and experience related to trade and transport facilitation.**

TRADE CONTROL RESULTS 2015-2016		
Type of control	2015 Total	2016 Total
Trade companies controls	89	100
Controls of excise licenses holders	46	63
Controls of holders of inward processing authorisations	240	85
Controls of holders of customs warehousing, temporary warehousing authorisations	203	54
Controls of holders of other authorisations for procedures with economic impact	13	1
Controls of simplified customs procedures	557	963
Controls of holders of authorisations for customs warehousing	69	98
Controls of holders of other authorisations	14	15
<b>Total</b>	<b>1,231</b>	<b>1,380</b>

In 2016, the Customs Administration took part in 10 international operations:

- ECLIPSE – tracking down illegal trade in tobacco and tobacco products, organized by the SELEC<sup>1</sup> in cooperation with the Albanian Customs Service;
- GLOBAL SHIELD – monitoring and detection of illegal trade in precursor chemicals that can be used for production of improvised explosive devices, organized by the WCO;
- GRYPHON II – tracking down illegal trade in tobacco and tobacco products, organized by the WCO<sup>2</sup>;
- BALKAN TRIGGER, focused on illegal trade in firearms, ammunition and radioactive material, organized by the INTERPOL<sup>3</sup>;
- PANGAEA IX – identification and prevention of internet sale of counterfeit and illegal medicines, organized by the Organisational Committee of Health and Law Enforcement Agencies of Canada, France, Ireland, Great Britain and the USA, Europol<sup>4</sup>, Interpol and the WCO, the International Forums, PFIPC<sup>5</sup> and WGEO<sup>6</sup> and the PSI<sup>7</sup> Institute;
- SMART CAT 2 – Project against smuggling of new psychoactive substances which covers all modes of transport of goods and passengers, organized by the WCO, coordinated by the RILO AP<sup>8</sup> and the RILO ECE;
- CHIMERA, first phase – against illegal trade in small and light weapons, organized by the WCO;
- CHIMERA, second phase – against illegal transfer of cash and other means of payment;
- ORION 3 – prevention of hunting and illegal transport and trade in endangered and protected species, poaching, use of prohibited methods of hunting and illegal transport and trade and hunting trophies, organized by the SELEC;
- MIRAGE 2016 – against illegal migration and smuggling migrants. Participants in the operation, organized by the SELEC were SELEC Member States;
- Western Balkan Action Day 2016 – preparatory meeting for the Operational Action (OA) 2.1 on fight against trade in arms, within Empact<sup>9</sup> Firearms Initiative, held in the Hague, the Netherlands, organized by the Europol;

## Protection of Intellectual Property Rights

**The Customs Administration permanently works to improve the system of customs measures for protection of intellectual property, fulfilling its responsibilities in accordance with the Law on Customs Measures for Protection of Intellectual Property Rights. Prevention of smuggling of counterfeit products is of great importance because that way we largely protect the citizens' health and the environment.**

At the end of 2016, 908 trademarks were registered for customs protection of their intellectual property rights (in 2015 the number of this type of requests was 673).

<sup>1</sup> SELEC – South European Law Enforcement Center (Центар за спроведување на законите во Југоисточна Европа)

<sup>2</sup> WCO – World Customs Organisation

<sup>3</sup> INTERPOL - International Criminal Police Organization

<sup>4</sup> Europol – European Police Office

<sup>5</sup> PFIPC - Permanent Forum on International Pharmaceutical Crime

<sup>6</sup> WGEO - Working Group of Enforcement Officers

<sup>7</sup> PSI - the Pharmaceutical Security Institute.

<sup>8</sup> RILO - Regional Intelligence Liaison Offices

<sup>9</sup> EMPACT - European Multidisciplinary Platform against Criminal Threats

New requests for customs protection of intellectual property rights were submitted for the following trademarks:

FRED PERRY, EPSON, BRUT, GEZER, BOSE, PEGASYS, MABTHERA, RECORMON, PINK PANTHER, LA SENZA, VAN CLEEF, HERCEPTIN, PULMOZYME, FACEBOOK, GUESS, GUESS?, FLIGHT SERIES, NEVER STOP EXPLORING, ALLERGAN, BOTOX, JUVENTUS, AMARIGE, EXTRAVAGANCE, EYE FLY, ZEGNA, MINI, ZIPPO, FORMULA1, F1, ZLATOPOLJE, EB, TOD'S, HOGAN, NBA, F (stylized), HUMMEL, TALKING ANGELA, TALKING TOM, TALKING BEN, SCRABBLE, FINISH, RAFFAELLO, NUTELLA, TIC TAC, KINDER BUENO, CHEVROLET, GM, MONCLER. FERRAGAMO, SALVATORE FERRAGAMO, UGG, KOLID, SUNDAY, JEEP, JEEPSTER, GRAND, MILKA, ESCADA, BOSS, BOSS HUGO BOSS, BOSS WOMAN, BOSS HUGO BOSS INTENSE, HUGO BOSS DARK BLUE, HUGO BOSS WOMAN, BOSS ORANGE, CANON, VW, BEETLE, POLO, GOLF, PASSAT, VOLKSWAGEN, COLGATE, PALMOLIVE, PALMOLIVE NOURICHE, PALMOLIVE INVISIBLE, PALMOLIVE THERMAL SPA, LADY SPEED STICK 24/7 FRESH & LIGHT, LADY SPEED STICK IR (7913), KOLYNOS, LAMBORGHINI, AJAX PROFESSIONAL EXTRA POWER, ASICS, TIGER, BOGNER, FIRE & ICE BOGNER, ISKRA, V'A VOLTA, ELIE SAAB, ISEY MIYAKE, NARCISO RODRIGUES, MSD MERCK SHARP & DOHME,

SWATCH AG, ONLY THE BRAVE, OMEGA, BEATS BY DR. DRE, ICE WATCH, OPEL, HYUNDAI DRIVE YOUR WAY, ELISABETTA FRANCHI, NEW BALANCE, TAÇ, TAÇ, WINSTON AMERICAN FLAVOR, SMIRNOFF, JOHNNIE WALKER, J&B, GORDONS, HAIGS WHISKY, POKEMON, BIO-OIL, LIPIDOL, PURCELLIN OIL, CAPTAIN MORGAN, FENDI, HUNTER, DEFENDER, EVOQUE, JAGUAR, DISCOVERY, FREELANDER and ZOMLINGS.

As before, in 2016 the Customs Administration continued to successfully detect and prevent illegal trade and to dedicate its resources to the fight for protection of the intellectual property rights through different activities and actions.

In 154 actions conducted in 2016, the customs officers seized 814,384 pieces of different goods, due to reasonable doubts that they violate intellectual property rights.

In their daily work, the customs officers actively use the WCO's IPM (Interfaced Public Member) platform. In 2016, the platform was used by 544 customs officers – registered application users. The application is an efficient tool for recognition of products' originality, as well as for effective detection and proving the counterfeit nature of seized products.



## 7. TRANSPARENCY AND COOPERATION IN THE AREA OF CUSTOMS



### Public Relations

In times of continuous change and high economic and technological development, public relations are becoming essential for every institution and are part of the strategic priorities in the pursuit of modernization and development of operations. Established public relations affect the reputation of the organization and contribute to building trust and cooperation between the institution and its public.

In this regard, 140 press releases were published throughout 2016 about the activities of the Customs Administration, introduced novelties in customs operations and detected undeclared and counterfeit goods and customs frauds.

### Events

#### 26<sup>th</sup> January - International Customs Day marked

The International Customs Day was devoted to “Digital Customs” with the slogan “Progressive Engagement”, emphasizing the modernization of Customs Services in the area of Information and Communication Technology, particularly the innovations introduced in customs operations, on a global level. On this occasion, the Director General of the Customs Administration presented Certificates of Merit of the WCO Secretary General Mr. Kunio Mikuriya to 10 customs officers, for their exceptional engagement in the implementation of IT systems. The Customs Administration decided to also present WCO Certificates of Merit to 10 institutions as gratitude for the good collaboration in the domain of IT system implementation, continuous cooperation and electronic gathering, exchange and protection of data related to customs operations.



## Campaigns

The Customs Administration, as a socially responsible institution continuously undertakes activities to inform the public about the role it has in society and the activities taken under its protective and fiscal competences. In this regard, the Customs Administration in 2016 organised three promotional campaigns.

**With the first campaign, the Customs Administration organised presentations in high schools to raise the awareness of the young population on the harmful consequences of drugs consumption and trafficking.** In February 2016, presentations



were delivered in three high schools in Skopje, Tetovo and Prilep, in order to transmit the message to greater public.

**The second campaign “No to Illegal alcoholic beverages”** started in May with a press-conference presenting the results of the controls of sale of excise goods.

The objective of this campaign was to raise the public awareness about the potential



risk from consuming illegal alcohol, above all in terms of health. The booklets distributed during the campaign contained information about why, where and how illegal alcohol is produced and sold, the risks from its consumption, how to recognize illegal alcohol and where to report illegal sale.

**The third campaign covered several activities to inform passengers on their rights and obligations.** The Customs Administration usually organises this type of campaigns during the summer holidays when the frequency of passengers at the border crossing points is greater, and so



was this year. During the summer holidays, several activities were organized to inform the passengers entering, exiting or transiting Macedonia on their rights and obligations in order to avoid longer delays at the border crossing points and to provide fast, easy and secure customs control.

## Social Responsibility

### Blood Donation Action

127 customs officers gave blood and showed their humanity at the blood donation action organized on the occasion of the Day of the Customs Administration.

### Humanitarian Aid for 13 socially vulnerable families

Upon their own initiative, the customs officers organized humanitarian aid donation action for 13 socially vulnerable families, donating food and hygiene products.



## Humanitarian aid for the employees of the Customs Administration who suffered from floodings

The customs officers demonstrated their humanity, benevolence and collegiality by successfully organising a humanitarian action donating funds for Customs Administration employees who suffered from the Skopje and Tetovo floodings, areas in which the Government of the Republic of Macedonia declared state of emergency.

## Tree Day - Plant your Future



As in the previous actions, the Customs Administration took an active part in the traditional action “Tree Day - Plant your Future” that happened on 30<sup>th</sup> November 2016. Customs officers organized actions for planting bedding plants at all border crossings. Representatives of the border agencies and local authorities from both Macedonia and the neighbouring countries greatly supported the action.

## Memoranda on cooperation

In February 2016, Memorandum on cooperation was signed with the **Economic Chamber of North-West Macedonia**. The main objectives of the memorandum relate to organization of training courses for the business community, as well as identification of the need and the topics of their realization.

In November 2016, Memorandum on cooperation was signed with the **Agency for Medicines and Medical Devices** as an



incentive to intensify the mutual cooperation in the area of customs legislation and the legislation regulating the control of medicines and medical devices. The purpose of the Memorandum is to provide high level of protection of the population in terms of safety of medicines, medical devices, similar products and preparations containing narcotic drugs and psychotropic substances, as well as to facilitate, simplify and ensure faster international trade of this type of goods.



In November 2016, Memorandum on cooperation was signed with the **State Agricultural Inspectorate** in order to ensure efficient and coordinated acting of the two institutions in the area of customs rules and regulations governing the control of agricultural products, as well as to provide



information exchange towards smooth, regular and safe control of agricultural products and other objects, plant protection products, fertilizers, performance and soil enhancers, seeds and planting material for agricultural plants.

## Customs Cooperation

### Advisory Council

The partnership between the Customs Administration and the business community is accomplished through the work of the Advisory Council<sup>10</sup> as forum for exchange views. In 2016, the Advisory Council held meetings where a number of topical issues of customs operations and requests of the business community were discussed. Representatives of the business community were familiarized with the advantages of submission electronic request for access to the ICT systems of the Customs Administration by using a single form. The possibility for cashless payment was once again promoted at one of the Advisory Council meetings, a possibility which ensured quality and fast service to the clients. Furthermore, the new Procedure on correct application and record keeping of the rate of yield in textile industry was announced and the effects concerning the application of the Stabilization and Association Agreement between the EU and Kosovo, particularly in terms of diagonal cumulation of origin between the EU, Macedonia and Kosovo were also discussed.

### Meetings with the business community

In order to strengthen the cooperation with the business community, the Customs Administration organized working meetings in all regional Customs Houses (Bitola, Skopje, Kumanovo, Stip and Gevgelija) and centrally at the Customs Administration's Headquarters in Skopje. About 100 representatives of companies attended the meetings among which: companies specializing in textile industry, so-called - Lohn production, producers and importers of excise goods, transport and freight-forwarding companies,

representatives of companies - foreign investors and representatives of foreign companies that intend to start work in the Republic of Macedonia.



Under the regular activities for efficient realization of one of the basic competences for trade and transport facilitation and ensuring fast, efficient and uninterrupted import, export and transit of goods, in December 2016, the Customs Administration held a working meeting with freight-forwarding companies from the territory of the Customs House Gevgelija. During the working meeting the attendees exchanged ideas, opinions and suggestions about customs and other regulations and their application in their daily work.

### Customs renews ISO 9001:2008 Certificate

To renew the Certificate for the Quality Management Standard (that Customs obtained on 13th December 2013), certification of compliance with the requirements of the international standard ISO 9001: 2008 was conducted in November 2016 by the certification body MKD Certificate. The Customs Administration was rated with the highest grade and significant changes and improvements in the established business processes were noted. With this certification, the Certificate is renewed for the next 3 years.

<sup>10</sup> The Advisory Council within the Customs Administration has 13 members - the Customs Administration, Economic Chambers, AMERIT, the Macedonian International Forwarders Association, clusters



## Bilateral cooperation

### Cooperation between the Customs Administrations of Macedonia and Albania

In June 2016, a bilateral meeting between delegations of the Customs Services of the Republic of Macedonia and the Republic of Albania took place in Pogradec, Albania. The meeting of the delegations was organized with the aim to strengthen the cooperation, established under the Agreement on Bilateral Cooperation between the two countries on mutual assistance and cooperation in customs matters. Topics of discussions included improvement of the electronic customs data exchange to prevent customs



frauds in both countries, enhancement of the cooperation between the field customs officers at operational level, coordination of activities between the Customs Services of both countries to facilitate trade and security and cooperation of the two Services in the implementation of modern computer systems.

### Cooperation between the Customs Services of the Republic of Macedonia and the People's Republic of China

Bilateral meeting of delegations of the Customs Services of the Republic of Macedonia and the People's Republic of China took place in Skopje in June 2016. The aim of the meeting of the delegations, headed by Mr. Lyu Bin, Vice Minister of the General Administration of Chinese Customs and Director General of the Customs Administration of the Republic of Macedonia, Natasha Radeska Krstevska was to strengthen the cooperation between the two Customs Services, established under the Framework Agreement on Cooperation



in Facilitating Customs Clearance among the Chinese, Hungarian, Serbian and Macedonian Customs, signed in December 2014. The need for successful cooperation between the two Customs Services was particularly emphasized in order to improve the efficiency of controls and facilitating trade at the same time through a joint striving towards removing barriers on legitimate trade and modernization of customs procedures.

### Bilateral Meeting between Customs Services of Macedonia and Kosovo

In September 2016, a bilateral meeting between



delegations of the Customs Administrations of Macedonia and Kosovo took place in Skopje, headed by the Directors General of both agencies. Representatives of the two customs administrations expressed satisfaction with the cooperation and interest in organizing new activities and exchange of experiences which will be of benefit to both sides.

### Bilateral Meeting of Customs Services of Macedonia and Serbia

In June 2016 in Belgrade, Serbia, of the Customs Administrations of the Republic of Macedonia and the Republic of Serbia signed a Protocol on the implementation of Agreement on bilateral cooperation



between the Governments of the Republic of Macedonia and the Republic of Serbia determining the border procedures for the railway border crossing point Tabanovce – Preshevo. The bilateral cooperation between the two Customs Services continued in 2016, and in October 2016 followed a meeting in Skopje when the delegations discussed and considered infrastructural works at BCP Tabanovce, manners of coordination of the joint activities taken to facilitate trade and ensure safety.



## International cooperation

### WCO Europe Region Heads of Customs Conference

In May 2016, delegation of the Customs Administration participated at the WCO Europe Region Heads of Customs Conference held in Astana - Kazakhstan. The main focus of the Conference was IT systems, the use of which leads to progress and contributes to greater efficiency and effectiveness in the operation and trade facilitation, transport and modern information exchange.

### Regional Workshop on Implementation of WTO Free Trade Agreement

Delegation of the Customs Administration took part at the Second Regional Workshop on implementation of the Trade Facilitation Agreement, held within 1 - 3 June 2016, in Stockholm, Sweden.

The objective of the Workshop was the WTO Member States to get familiarized more thoroughly with the current situation concerning the ratification and the implementation of the provisions of the Agreement and to determine future course of action of all government institutions with competences in international trade and private sector.

### World Customs Organisation Council Session

Delegation of the Customs Administration took part at the 127/128 World Customs Organisation Council Session, held within





14-16 July 2016 in Brussels, Belgium. At this session, priority was placed on security and fight against illegal trade and terrorism. The increasing importance of setting up a network to combat trafficking of cultural



heritage (especially in conflict zones) was also noted, in order to preserve the global memory, but also to tackle terrorism financing.

### **Trade Facilitation Seminar in the Republic of Korea**

In August 2016, representatives of the Customs Administration took part at the seminar on "Trade Facilitation and Digital Customs", realized in organization of the Customs Service of the Republic of Korea. The organizer and the customs administrations participants at this event delivered presentations and exchanged experiences, reiterating their common



striving for additional trade facilitation through introduction and use of information technologies and modernized customs procedures. The already taken measures to facilitate trade, activities in the fight against terrorism, the introduction of the Single Window System, the concept of authorized economic operator, as well as improvement of the system of risk analysis were presented at the event.

### **Seminar: eCommerce, Opportunity or Challenge for EU Customs**

Delegation of the Customs Administration, together with senior officials of the customs administrations of EU Member States took part in the seminar "eCommerce - Opportunity or Challenge for EU Customs", held in October 2016 in Cracow, Poland. The purpose of the seminar was for the participants to agree on a common and coordinated approach to the challenges arising from e-commerce and opportunities to successful resolution (insight was provided into e-commerce in low value shipments transmitted by Post and Courier Services which increases every year by 10 to 15 percent, thereby increasing losses in collection of import duties).

### **Internet and Intranet**

In 2016, the website was visited by 178.545 users. In the reporting period, the visitors sent 829 questions, complaints and suggestions, which were all appropriately addressed.

388 pieces of information were published on the Customs Administration's website in Macedonian, English and Albanian language. 906 pieces of information were published on the intranet portal of the Customs Administration in 2016. The intranet portal was visited over 130 thousand times.



### Customs Hotline (197)

In 2016, a total of 8.243 calls (an average of 23 calls per day) were received on the 197 Customs Hotline, of which: “A” class calls<sup>11</sup> – 18 calls; “B” class calls<sup>12</sup> – 31 calls; “C” class calls<sup>13</sup> - 736 calls and “J” class calls<sup>14</sup> – 40 calls. Most of the calls were related to the operation of and conditions at the borders and inland customs offices, as well as performance of

particular customs procedures. As a result of the processed calls received over the customs hotline, controls were conducted by the border and inland customs offices, as well as by the Customs Mobile Teams. The competent services processed, analysed and conducted investigations, under their competences.

<sup>11</sup> “A” class calls are information implying urgent actions by a customs office or mobile customs unit.

<sup>12</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>13</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>14</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.