

CUSTOMS UNION

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I. INFORMATION SYSTEMS

1. Please describe the current state of computerisation of your country's administrative IT systems particularly in the following areas:

a)

Customs import/transit/export/warehousing control, with or without electronic connection of traders (this item relates both to the means by which traders make customs declarations and the means by which customs authorities control them, e.g. risk analysis);

b)

Collection of import/export statistics;

c)

Electronic tariff available to traders and customs officials;

d)

Computerised accountancy system for duties and taxes.

The Customs Administration of the Republic of Macedonia is a state executive body within the Ministry of Finance and its job is to provide the necessary measures and procedures for a uniformed functioning of the customs system aimed at implementing the fiscal, protection and control operating policy.

The Customs Administration of the Republic of Macedonia consists of five regions (Customs Houses) with a total of 43 customs locations (customs offices and departments) out of which 36 are interconnected and soon additional 5 customs locations will be linked to the Macedonian Customs Information System (MakCIS). MakCIS is a system that integrates all the computerised customs locations that have LAN (Local Area Network) and have an access to a local or distant server with Asycuda - server application (configured for specific customs office). All the customs MakCIS locations are linked within the WAN (Wide Area Network) of the Customs Administration of the Republic of Macedonia which has two providers. Using the WAN, data is exchanged between the customs locations and the servers of the customs offices and the central server, which is used for both statistical processing and additional statistical data. We have also initiated a process of cutting down on the servers at the customs locations i.e. some smaller customs offices are connected to one server through the WAN. At this moment, complete centralisation is not possible mainly due to the insufficient quality of the communication link offered by the two providers, as well as due to lack of backup access. The users (customs officers and declarants) access Asycuda – the server application via PCs with Asycuda-client application. Locally, the server is accessed through two physically separated LANs, one for the declarants, another for the customs officers. Apart from this, the declarants access the MakCIS using the access service. In the customs locations there is an Internet access from a central location using single link protected by a Firewall.

The telecommunication network (WAN) consists of two parts: Frame Relay that links the border customs locations and IP/VPN (Internet Protocol/Virtual Private Network) over MPLS (Multiprotocol Label Switching) which links the internal customs location. The two WANs are designed and have star topology with a central location at the headquarters of the Customs Administration of the Republic of Macedonia in Skopje. Currently we are working on providing system backup. The communication network of the Customs Administration of the Republic of Macedonia uses modern network devices that enable multimedia support of numerous transfer technologies and multimedia services integrations. It is IP (Internet Protocol) based, simplifying the administration functions and reducing the Network congestions. In a functional sense, the network enables Internet/Intranet, e-mail access, access to data from the central server and to all operative servers.

The Customs Administration of the Republic of Macedonia uses Asycuda++ application (version 1.17d) for the customs procedures, which is a computerised customs management system developed by UNCTAD. The system encompasses most of the customs transit procedures; it processes documents for goods inspection, customs declarations, payment procedures and provides confidential and timely statistical data. The reference data are integrated in the system: Harmonised tariff System, declarants, companies, currencies and exchange rates, customs warehouses and all the reference lists that refer to the SAD (Single Administrative Document). It integrates the international standards and codes developed by ISO, WCO, WTO and UN. It provides possibilities and it is configured based on the requirements of the Macedonian legislation

The system has the following features:

1. Customs procedures: Goods inspection, customs declarations, temporary import/export procedures, customs officers' management, payment functions, statistical data presentation;
2. Risk management in the area of declaration processing: complete risk assessment and selectiveness module with an access to the risk analysis information;
3. Business logic: 20% integrated logic, 80% external customs user-friendly language for a system managed by tax regulation and selectiveness parameters;
4. Protection: User authentication, symmetrical encryption and
5. Historic data management (tariff, control tables).

Customs procedures application – Asycuda contains the following modules:

1. National transit module (T1 и TIR) – MODTRS;
2. Carrier or manifest module – MODCAR;
3. Customs declarations processing module – MODCBR;
4. Accounting module – MODACC;
5. Selectivity controls module – MODSEL;
6. Systems configuration module (MODSYSCF), central head office module (MODCHQ), customs headquarters configuration module (MODCHQCF) and
7. Brokers module (MODBRK), brokers transit module (MODTRB).

The public enterprises are also MakCIS direct participants: the Public Enterprise for Airport Services, the Macedonian Railway and the Macedonian Post Office. These participants forward data to the MakCIS on the goods that go through the customs and have an opportunity to inspect the goods during the customs procedure that they handle or vouch for. Apart from this, the data from the MakCIS in an electronic format are also used by the Ministry of Economy, the Ministry of Finance, the Ministry of Agriculture, Forestry and Water Economy, the National Bank of the Republic of Macedonia, the State Statistical Office, and the Public Revenue Office.

Apart from the customs procedure modules the Customs Administration of the Republic of Macedonia also uses additional applications:

1. Quota application: daily collection of requests, quantity distribution, quantity registration, preferential treatment;
2. Application for statistical records on the size of trade and passenger traffic;
3. Keeping records of empty trucks entering and exiting the country;
4. Application of offline transit confirmations at the destination customs office;
5. Application for data collection from the customs offices and data input in the central server database;
6. Application for recording conversations and keeping records of the interventions at the Customs Coordination Unit;
7. Applications at the Collection Departments that have the following functions:
 - Providing reference data (customs offices, municipalities, postal codes, registered importers/exporters, guarantors (banks), bank guarantees and deposits, types of duties, contracts with MakCIS);

- Inflow-outflow records (collecting data from the treasury account on the entry/exit transactions for the Customs Administration accounts (registry, deposit and budget accounts));
 - Records on the customs documents different from the documents of the customs procedures application (documents for additional payment, documents for duty draw-back, customs travel declaration, guarantees based calculations, deposits calculations, invoices based on MakCIS contracts);
 - Connecting the customs documents and the appropriate inflows/outflows (SAD with adequate payment, duty draw-back documents with adequate payment, customs travel declaration with adequate payment, guarantees based calculations with adequate payment, funds transfer from deposit account to separate account statements, deposits returns, invoice payments register for using the MakCIS);
 - Providing interactivity of the guarantees, debts, adequate payments and customs documents (changing the guarantee level depending on the customs documents' debt and their adequate payments);
 - Distribution of the paid amounts based on the connection with the customs documents, their structure and adequate payments (creating funds distribution, connection with the treasury info-system and feedback about the completed distribution and draw-back);
8. Application for data processing regarding cases at the Investigation Unit;
 9. Application for data processing from the INTELL intelligence database;
 10. Management electronic reporting system about intelligence and statistical data;
 11. Application for registering seizures of drugs, money, excise goods, cultural heritage items and CITES goods. The Customs Administration of the Republic of Macedonia is connected with the CEN (Customs Enforcement Network) at the WCO;
 12. Application for monitoring the radioactive radiation detection (gamma and neutron);
 13. Human resources application (personal data, reallocation, trainings, awards, punishments);
 14. Customs vehicles application;
 15. Salaries calculation application;
 16. Application about the financial operating of the Customs Administration (inflow, distribution and outflow of funds);
 17. Treasury operation application (e- payment of invoices, their registration) and
 18. Application of the assets funds registration (inventory register).

a)

For the purpose of implementing the customs procedures, the declarants submit paper-based documents to the customs authorities. Along with the paper-based documents, electronic format of the same documents are also submitted.

With the Asycuda application for electronic processing of the customs documents the following customs procedures are formally and logically controlled:

- transit
- warehousing
- import/temporary import
- export/temporary export

The application for processing the customs documents enables implementation of the provisions from the Customs Law, the Law on Customs Tariffs, the Law on Value Added Tax and the Free Trade Agreements that the Republic of Macedonia has signed with other countries.

Electronic transit processing

When having transit, all types of transport (by air, railway, road) are electronically processed in two types of electronic documents:

- T1-National transport management document;
- TIR carnet document for managing the national part of international transport.

The electronic form of the T1-National transport management document is filled in and recorded on the server by the declarant. The customs officer reviews it on his/her computer, checks whether the data correspond to the paper-based document, registers it, and the document gets a registration number and registered status. After the goods get to the destination office, the departure office acquires information by mail (copy of the registered document) about the discharge of the transit operation, after which with a special application (offline), the transit declaration gets a validated and cleared status.

The electronic form of the TIR carnet document for managing the national part of international transport is filled in by the customs officer. The document gets a registered status and after receiving information (copy of the validated document from the destination office) with a special application (offline) its status is changed to a validated.

The information for a selective inspection of goods at the border is recorded in separate boxes of the transit documents.

Electronic processing of the goods presentation procedure

Based on the transit documentation data after the discharge of the transit procedure at the destination office, the declarant fills in special electronic format of this document – a manifest. The manifest as required acts as a summary declaration.

If the declarant places the goods in a customs warehouse, the declarant along with the manifest also fills an e-form of the SAD-U7 document. The verification of the data in the manifest and the e-form of the SAD-U7 document are checked by the customs officer and s/he changes their status from recorded to registered with a unique registration number for that customs office.

The manifest has an option to consolidate/deconsolidate goods from different importers. Each freight bill from the manifest is discharged with the final customs clearance or other customs procedures (i.e. transit). The manifest's freight bills clearance is automatic.

Import/export electronic processing

The declarant fills in and saves the electronic form of the customs declaration on the server. The customs duties VAT and duty exemption calculation is automatic within the application. The custom officer retrieves the customs declaration using the unique reference number for that customs office. The customs declaration obtains a unique registration number and at the same time the selectiveness method is activated, establishing one of the three control channels: red (physical control), yellow (documents control) and green (no control of goods or documents). Based on the national criteria and the random selection, the envisaged percentage of selected declarations is: 20% red channel, 40% yellow channel, 40% green channel. After adequate control, the customs declaration obtains an assessment status that provides the final duties calculation. After receiving the electronic payment verification the payment entry is confirmed at the customs office.

One of the features of the electronic processing of export is that the procedure ends with a discharge confirmation by the exit border customs office.

b)

The processed declarations' data at the Customs Administration of the Republic of Macedonia are collected by two central servers. They are used for responding to different statistical requirements at the Customs Administration of the Republic of Macedonia.

Data from the processed declarations are forwarded to the State Statistical Office and the National Bank of the Republic of Macedonia on monthly bases (by the 15th of the current month for the previous month).

State Statistical Office is authorised for making the data public and their presentation, while the processing and statistical data at the Customs Administration of the Republic of Macedonia are solely for internal use.

c)

The electronic form of the customs tariff is available to all interested users of the web page of the Customs Administration of the Republic of Macedonia. It offers information on:

- The system of names of the goods classified in sections and chapters within the Customs Tariff;
- The system of goods numeration (tariff headings and tariff subheadings) in the Customs Tariff;
- The rules on goods classification based on the tariff headings and tariff subheadings, as well as the tariff lines in the Customs Tariff;
- Customs duties (based on ad valorem or by unit of quantity if required by law) and
- Mandatory unit of quantity for all tariff lines.

The application for processing customs documents enables use of the Customs Tariff in a number of columns in compliance with the Law on Customs Tariff ("Official Gazette of RM" Nos. 23/03 and 69/04), the Decision on Harmonising and Amending the Customs Tariff for 2005 ("Official Gazette of RM" No. 86/04) as well as the preferential tariff rates in accordance with the free trade agreements signed by the Republic of Macedonia.

d)

Accounting and customs debts payments are centralized at the Customs Administration. After duties calculations for certain customs procedures become final and the procedures get their identification, they are automatically registered at the Customs Administration's accounting office.

The registered customs debt is analytically listed, based on registered importers/exporters and sub-analytically, based on the duties and organisational units where it was created.

The treasury system forwards complete information on the payments from the previous day on daily bases. In the course of the current day, temporary information are received on the payments that refer to procedures that have been initiated but have not been completed.

Based on the previous identification of the calculated customs debt, the customs debt is automatically closed when it is paid. In case when due to errors in the computer system by those working with the payment operation system the customs procedure cannot be closed after the payment, these procedures are closed manually. Such errors range from 1-2%.

There is an additional quarterly control whether the payment has been made within the legally regulated timeframe. If delay in the payment is registered, an interest rate payment procedure is initiated due to the delay in the payment of the customs debt.

Based on these linked customs procedures and their adequate payment, there is daily distribution towards the budget accounts based on the duties structure of the procedures.

The Public Revenue Office receives electronically for each registered importer/exporter information on the calculated and paid VAT within the framework of the import procedure.

2. Please provide information on plans for further computerisation of the above-mentioned areas.

The future development plans are mainly focused on:

- Connecting 5 customs locations into the MakCIS – by the end of 2005;

- Reduction of the number of servers at the customs locations by connecting a number of locations to one server – in the course of 2005;
- Installing a new centralised WEB-oriented application for customs procedures– AsycudaWorld – June 2005;
- Integrating a new centralised system with the new platform and new database, data migration – by the end of 2005;
- Introducing and implementing Public Key Interface, digital signature and complete automated electronic exchange of documents –by the end of 2007;
- Computers and the computerised equipment modernisation and updating – in the course of 2005;
- Designing a new - Intranet version - of the quota application – by the end of 2005;
- Application of a customs laboratory and data entering on collected samples – June 2005;
- New human resources management application – by the end of 2006;
- Application for control and records on public procurements – by the end of 2006;
- Preparations for installing and implementing CCN/CSI (Common Communication Network/Common System Interface) – by the end of 2007;
- Technical preparations for installing and integrating MCC (Minimal Common Core) – by the end of 2007 and
- Exchange of transit messages with the neighbouring countries- by the end of 2007.

II. CUSTOMS

1. Please provide a copy of your country's tariff (if possible, together with a translation into a Community language) and indicate whether this is entirely based on the EU's Combined Nomenclature (Annex I to Council Regulation 2568/87).

In accordance with Articles 4 and 5 from the Law on Customs Tariffs ("Official Gazette of RM" Nos. 23/03 and 69/04), See [25 Annex 01](#), the Government of the Republic of Macedonia adopts the customs tariff for the following year at latest until November 30 of the current year. The customs tariff of the Republic of Macedonia applied in 2005 is published in the Decision on Harmonising and Amending the Customs Tariff for 2005 ("Official Gazette of RM" No. 86/04), See [25 Annex 02](#).

The customs duties provided in the Customs Tariff are harmonised with the undertaken obligations resulting from the Protocol on the Accession of the Republic of Macedonia to the World Trade Organisation (Law on Ratification of the Protocol on the Accession of the Republic of Macedonia to the World Trade Organisation ("Official Gazette of RM" No. 07/03).

The Customs Tariff nomenclature is harmonized each year with the Combined Nomenclature (CN) of the European Community. This harmonisation is due to the provisions in Article 15 paragraph 2 from the Stabilisation and Association Agreement between the Republic of Macedonia and the European Communities and their Member States (SAA), ("Official Gazette of RM" No. 28/01), which prescribes that the Combined Nomenclature shall be applied to the classification of goods in trade between the two parties.

The Republic of Macedonia's Customs Tariff is fully based on the CN. The CN code has been fully accepted as well as the additional notes with the exception of those that regulate the issue of customs duties calculation upon import of goods in the EC.

The national subheadings are established above the level of an eight-digit tariff code of the CN in a manner that enables the singling out of the exact items from the appropriate CN subheading. The national subheadings are marked with the ninth and the tenth digit while the first eight digits refer to the CN subheading.

2. Please describe duty rate structure and level (see also chapter 26 on common commercial policy).

The third column in the Customs Tariff of the Republic of Macedonia ("Official Gazette of RM" No. 86/04) titled "duty rate" lists the basic duty rates used when importing goods into the Republic of Macedonia.

The basic duty rates are MFN rates i.e. rates based on the Most Favoured Nation (MFN) clause, that in compliance with Article 2 paragraph 1 from the Law on Customs Tariffs ("Official Gazette of RM" Nos. 23/03 and 69/04) are implemented for goods that originate from the World Trade Organisation member-countries, countries with whom the Republic of Macedonia has signed agreements that include the Most Favoured Nation clause, or with countries that practice this clause for goods that originate from the Republic of Macedonia.

When importing goods with non-preferential origin into the Republic of Macedonia, the basic duty rates (MFN duty rates) stipulated with the Customs Tariff are applied for all countries, since the Government of the Republic of Macedonia, in compliance with Article 2 Paragraph 3 from the Law on Customs Tariffs, does not list the countries for which 70% higher duty rates will be applied, i.e. for those tariff codes for which a "free" tariff rate is stipulated a duty rate of 30% is applied.

The basic duty rates

The Customs Tariff duty rates are expressed as follows:

- as a percentage calculated on the customs value of the goods, the so-called "ad valorem" or customs duty based on value. The abbreviation "free" written instead of the duty rate means "duty free", i.e. zero duty rate (0%) or
- as a fixed amount per unit of quantity of the imported product, the so-called specific duty. Specific duty is applied for certain agricultural-food products.

For example, the duty rate for a tariff code 0406 30 10 00 is 10+0.62 €/kg, max 32, where:

- "10" means "ad valorem" duty (10% from the goods' customs value are calculated);
- "0.62" means specific duty, i.e. duty based on the unit of quantity (it is calculated by multiplying the goods quantity (Net weight) expressed in kg with the fixed amount in Euros of the unit of quantity) and
- "max 32" is the maximum duty calculated "ad valorem" and it is a duty limit. If the "ad valorem" duty and the specific duty are higher than the maximum duty, the maximum duty is applied.

In the Republic of Macedonia, apart from the basic duty rates stipulated with the Customs Tariff, for goods' import/export also an export promotion fee 0.1% for supporting foreign trade is paid, calculated on the base on the customs value of goods. The export promotion fee is stipulated with Articles 57-a, 57-b, 57-d from the Foreign Trade Law ("Official Gazette of RM" Nos. 31/93, 41/93, 78/93, 59/96, 15/97, 13/98, 13/99, 50/99, 82/99, 4/01, 2/02, 45/02 and 31/03), and it is valid until 31.12.2005. Furthermore, the application of this levy until 31.12.2005 is agreed with the obligations undertaken with the accession to the World Trade Organisation.

Except for the duty rates and the fee for export promotion, the Customs Tariff of the Republic of Macedonia and other regulations do not stipulate other duties or charges with equivalent effect, i.e. there are no additional duties to be paid when importing certain goods.

Preferential duty rates

For certain goods that originate from countries with which the Republic of Macedonia has concluded preferential trade regime agreements, the Customs Tariff's basic duty rates are not implemented (rate according to the Most Favoured Nation Clause), but preferential duty rate is applied. The preferential duty rates are established with the preferential trade regime agreements.

Preferential duty rates are applied only for goods with preferential origin from countries encompassed with the agreements, and when all the other terms and conditions from the agreements are fulfilled. The preferential origin must be proved with an invoice declaration or with a EUR 1 movement certificate.

As an attachment within the Customs Tariff chapters you will find data organised in tables on the import structure for 2003 and for the first six months of 2004, separately for the total import, and separately for the import based on the preferential trade regime agreements, such as:

- the total value of the goods expressed in Euros (EUR),
- total customs duties (that include the duty calculated on the base on the value (ad valorem) and the specific duty) expressed in Euros (EUR) and
- the average duty (as the percentage: sum of customs duties/total customs value x 100%),
See [25 Annex 03](#).

3. Please provide a description of your tariff system for tariff suspensions, tariff quotas and tariff ceilings.

Suspensions

The tariff suspensions (the preferential tariff treatment) are regulated with Article 24a from the Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03). In compliance with the provisions of this Article, the Government of the Republic of Macedonia prescribes the conditions and the criteria for the import of certain goods into the country exempted of import duties or with reduced import duties based on a proposal by the Minister of Economy and with previous opinions provided by the Minister of Finance and the Minister of Agriculture, Forestry and Water Economy. Namely, these are goods imported for the needs of the production, for example, raw materials and intermediate goods for the needs of the processing industry. Based on Article 24a from the Customs Law, the Government of the Republic of Macedonia has adopted the following decisions:

- Decision on terms and criteria for granting preferential tariff treatment when importing raw materials and intermediate goods for the needs of the processing industry ("Official Gazette of RM" Nos. 59/03 and 65/03);
- Decision on terms and criteria for granting preferential tariff treatment when importing wheat for direct production ("Official Gazette of RM" Nos. 65/03, 4/04 and 8/04) and
- Decision on terms and criteria for granting preferential tariff treatment when importing cattle barley and wheat and corn bran ("Official Gazette of RM" No. 10/04).

Based on these decisions for the regulated goods, the interested party submits a request to the customs authorities providing all the guarantees for proper implementation of the end-use for which the goods are imported, and proper implementation of the customs procedure. The issuance of approvals, i.e. distribution of the quantity of goods is done by the Customs Administration based on the principle "first come, first served" on a daily base (all the submitted requests during the day are equally treated). If the total quantity of goods from the requests submitted in the course of the day overcomes the remaining quantity, the distribution of the quantity of goods is done with equal division of the quantity for each single request depending on the requested quantity.

Tariff quotas

The tariff quotas used in the Republic of Macedonia are established in compliance with the Free Trade Agreements concluded with the Republic of Macedonia, the Stabilisation and Association Agreement between the Republic of Macedonia and the European Communities and their Member States (SAA) and the Protocol on the Accession of the Republic of Macedonia to the World Trade Organisation.

The lists of goods for which quotas are established, are published in the Official Gazette of the Republic of Macedonia. They are published by the Ministry of Economy in accordance with the quantities envisaged in the Free Trade Agreements, the SAA and the Protocol on the Accession of the Republic of Macedonia to the World Trade Organisation.

The procedure for tariff quotas distribution is regulated with the Decision on methods and procedures for distribution on goods within the tariff quotas ("Official Gazette of RM" Nos. 29/03, 59/03, 76/03 and 01/04). According to this decision, the procedure for distributing the quantities of goods is carried out in two ways based on:

- the distribution principle "first come, first served" or
- the auction distribution principle.

According to the distribution principle "first come, first served", the interested party submits a request to the customs authorities by providing all the guarantees for proper implementation of the customs procedure. The issuance of approvals, i.e. the distribution of the quantity of goods is done by the Customs Administration based on the principle "first come, first served" on a daily base (all the submitted requests during the day are equally treated). If the total quantity of goods from the requests submitted in the course of the day overcomes the remaining quantity, the distribution of the goods' quantity is done with equal division of the quantity for each single request depending on the requested quantity. The Customs Administration publishes information on the distribution of goods

quantity within the tariff quotas at its Internet web page (www.customs.gov.mk), including the remaining undistributed quantity of goods within the tariff quotas.

According to the auction distribution principle after the lists of goods are published in the Official Gazette of the Republic of Macedonia, the Ministry of Economy publishes an open notice for collecting closed written bids. The bids are reviewed by a combined commission of representatives from the Ministry of Economy, Ministry of Finance and the Ministry of Agriculture, Forestry and Water Economy, and the Customs Administration. After reviewing the submitted bids, the tariff quota is awarded to the subject who offered the highest bid.

Tariff ceilings

The legal regulations in force do not envisage tariff ceilings, nor they are applied in the Republic of Macedonia. The new Draft Customs Law and the regulations for its implementation expected to enter into force in the course of 2005, propose approximation with the Council Regulation No. 2913/92 (EEC) from 12.10.1992 for the establishment of the ECC Customs Code and the Council Regulation No. 2454/93 (EEC) from 02.07.1993 for its implementation which will enable the implementation of tariff ceilings.

4. Please indicate any potential difficulties foreseen in trade with the Community.

The major difficulty that we have underlined on numerous occasions, in the trade with the European Union as our largest trade partner, is the fact that the Republic of Macedonia is not included in the system of the pan-European cumulation of origin. The decision for Republic of Macedonia's joining the pan-European cumulation of origin was adopted at the Thessaloniki Summit, but it has not been implemented yet. Regarding the rules of origin, the Republic of Macedonia has already proved that it fulfils the general technical preconditions, since the rules of origin that are implemented with the free trade agreements are identical to the pan-European rules of origin. The inclusion of the Republic of Macedonia into the system of the pan-European cumulation of origin will be a significant incentive for increase of the mutual trade with the European Union. This is especially important since the joining of the Republic of Macedonia in the system of the pan-European cumulation of origin will mean attracting more foreign direct investments in the economy, both from the European Union, as well as from other countries, resulting in greater economic development of the Republic of Macedonia.

5. Please describe your system in force for ensuring a correct classification of goods in your tariff. Also describe your systems for Binding Tariff Information and Binding Origin Information, if these exist.

The tariff classification of goods is regulated with Article 24 paragraph 6 from the Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03). The classification of goods within the customs tariff nomenclature is done based on the general rules for the implementation of the customs nomenclature published in the Decision on Harmonising and Amending the Customs Tariff for 2005 ("Official Gazette of RM" No. 86/04).

According to these rules, the classification of goods is done according to the description of tariff headings and according to Sections or Chapters Notes, or according to the General Rules from 2 to 6, provided that they are not in contradiction with the content of the tariff headings or the Sections and Chapters Notes.

The Explanatory Notes to the Harmonised System of the World Customs Organisation are used for the purpose of proper implementation of the Harmonised System, which is the basis for the nomenclature of the Customs Tariff of the Republic of Macedonia.

The binding tariff information and the binding origin information are defined with Article 17 from the Customs Law which is mainly harmonised with Article 12, EEC Council Regulation No. 2913/92 from 12.10.1992 for the establishing of the Customs Code of the Community. The details on the procedure for obtaining binding tariff information and binding origin information, the rights and the obligations of

the information holder, as well as the binding actions of the information are regulated with the Regulation on issuing and use of binding information ("Official Gazette of RM" No. 64/02), See [25 Annex 04](#).

The Customs Administration of the Republic of Macedonia issues both binding information with a three year validity period, using forms similar to the forms regulated with the EEC Council Regulation No. 2454/93 from 02.07.1993 for the implementation of the EEC Council Regulation No. 2913/92 for establishing the Customs Code of the Community. The binding information could be terminated before the end of the three year period if the conditions regulated with Article 17 paragraph 5 from the Customs Law are fulfilled.

The Customs Administration has not issued binding origin information so far and the issued binding tariff informations are published at the Web page of the Customs Administration (www.customs.gov.mk).

The information holder has a right to an appeal to the Ministry of Finance within 8 days period from the day of receiving the information.

6. Please describe what sort of customs procedures with economic impact are applied by your country, e.g. inward processing, outward processing, temporary admission, processing under customs control, customs warehouses and free zones.

Customs procedures with economic impact regulated with the Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03), See [25 Annex 05](#), are:

- customs warehousing;
- inward processing;
- processing under customs control;
- temporary importation and
- outward processing.

More detailed provisions on the customs procedures with economic impact are regulated with the Regulation on establishing detailed criteria and methods for implementation of the procedures with economic impact ("Official Gazette of RM" No. 20/00), See [25 Annex 06](#).

In order to operate a customs warehouse, it is necessary to have an authorization issued by the Customs Administration. The authorization is issued based on a written request submitted to the competent Customs House proving that all the conditions prescribed with the Customs Law and by-laws are fulfilled.

When using the inward processing procedures one uses the drawback system or the suspension system. The request is usually submitted together with the import customs declaration at the customs office, which is also competent for issuing authorization. The requests usually refer to a specific quantity of goods agreed with the foreign supplier of goods. These procedures are broadly implemented.

Even though there is a legal possibility to use the procedure for processing under customs control, this procedure has not been practiced so far. It has been envisaged that the authorization approving this procedure should be issued by the Customs Administration.

The procedure for temporary importation of goods is implemented with complete or partial exemption of duties. On case to case basis, there is a possibility for the submitted customs declaration to be considered as a request for a procedure for temporary importation of goods and the acceptance of the customs declaration by the customs office to be considered as authorization of this procedure.

The procedure for outward processing is approved by the competent Customs House based on a written request submitted to the competent customs office.

If necessary, depending on the procedure with economic impact concerned, appropriate security instrument is submitted for ensuring the customs debt that might incurred. If a customs debt is incurred for goods assigned for the procedure with economic impact and in order to disable illegal financial gain, compensation interest is calculated.

The procedures with economic impact are mainly harmonised with the regulated procedures within the Community. There are certain differences among which one could underline the following: suspension system under inward processing could be used only if the goods remain as property of the foreign supplier; authorization for inward processing could be issued by any customs office and the authorization refers to concrete and agreed quantities and not for a longer period of time.

The Customs Law does not regulate the operating of the free economic zones in the Republic of Macedonia. It is regulated with the Law on Free Economic Zones ("Official Gazette of the RM" Nos. 56/99, 41/00 and 6/02). The operating of the free economic zones is under customs surveillance. The Customs Administration issues a decision confirming that the conditions for customs surveillance are fulfilled. The free economic zone starts operating after receiving an operation permit by the Free Economic Zones Directorate and a decision by the Customs Administration establishing that the conditions for keeping records on the imported, exported and used goods have been fulfilled. The access, entrance and exit of natural persons, transportation vehicles and goods in and out the free economic zone are under customs control and are liable to customs control and inspection.

The new draft of the Customs Law and the regulations for its implementation expected to enter into force in the course of 2005 envisage complete approximation of the procedures with economic impact and the procedures in the free economic zones with the procedures regulated with the EC Council Regulation No. 2913/92 from 12.10.1992 on establishing the Customs Code of the Community and the EC Council Regulation No. 2454/93 from 02.07.1993 on its implementation. Furthermore, in the course of 2005, a reorganisation is envisaged that should ensure specialisation of the customs bodies competent for issuing authorizations. The process of adopting the new regulations and their implementation are assisted by the international experts from the Customs and Fiscal Assistance Office to Macedonia (EU CAFAO-MAK).

7. Please provide the number of free zones and detailed information on their functioning as well as on the incentives (customs and other) involved.

At the moment in the Republic of Macedonia there is only one operating free economic zone "The Nickel Valley" – Kavadarci, founded by "FENI INDUSTRY"-Kavadarci, which produces ferro-nickel. The founder of "FENI INDUSTRY"-Kavadarci is SCMM Company from the Republic of France.

The Government of the Republic of Macedonia issued a licence for the operation of the Free Economic Zone "Bunardzik"– Skopje. The UK Company Glendour Estates Limited was selected as the most favourable bidder to establish the free economic zone and currently is in the process of registration of the company in compliance with the Law on Trade Companies ("Official Gazette of RM" No. 28/04). After the registration, investment and infrastructural activities are expected to follow, as well as fulfilling of the required conditions for customs surveillance in order to have an authorization for operation issued for this free economic zone.

The Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03) does not regulate the operating of the free economic zones in the Republic of Macedonia. This issue is regulated with the Law on Free Economic Zones ("Official Gazette of RM" Nos. 56/99, 41/00 and 6/02), See [25 Annex 07](#).

The operating of the free economic zones is under customs surveillance. The Customs Administration issues an authorization confirming that the conditions for customs surveillance are fulfilled. The free economic zone starts operating after receiving an operation permit by the Free Economic Zones Directorate and an authorization by the Customs Administration establishing that

the conditions for keeping records on the imported, exported and used goods have been fulfilled. The access, entrance and exit of natural persons, transportation vehicles and goods in and out the free economic zone are under customs control and might be subject to customs control and inspection.

The Law on Free Economic Zones regulates the customs, tax and other incentives of the free economic zones. Those who use a free economic zone could import into the free economic zone goods from abroad and from other territory of the Republic of Macedonia duty free. The users are exempted from the VAT for products entering the free economic zones required for the production of goods for export, as well as for other approved activities. The trade with other products within the free economic zone is also exempted from the VAT with the exception of the trade with products intended for final consumption. The excise goods entering the free economic zone are in a procedure of non-existence of conditions for excise debt since they are under customs surveillance. Those who utilise the free economic zones could transfer the goods from a free economic zone to another territory of the Republic of Macedonia in compliance with the existing export/import regulations.

The operation of the free economic zones is additionally facilitated by the 10 years profit tax relief, starting from the time when the free economic zone started functioning, as well as by the possibility for reducing the tax base in case of capital assets investments after the expiring of this period. Furthermore, tax exemptions are envisaged when using construction land and when connecting to the water supply system, central heating, gas and electrical power network, including advantages that refer to the electrical power consumption.

The provisions from the Law on Free Economic Zones are not approximated with the provisions on free economic zones from the EC Council Regulation No. 2913/92 from 12.10.1992 on establishing the Customs Code of the Community. The new draft of the Customs Law and the regulations for its implementation envisage approximated provisions on the free economic zones with the provisions from the EC Council Regulation No. 2913/92 from 12.10.1992 on establishing the Customs Code of the Community and the EC Council Regulation No. 2454/93 from 02.07.1993 on its implementation.

8. Please describe the rules of preferential and non-preferential origin applied by your country under bilateral or multilateral agreements or autonomous arrangements and any other conditions of granting preferential tariff treatment.

PREFERENTIAL RULES OF ORIGIN

Preferential rules of origin based on the free trade agreements

1. Legal base

The Preferential rules of origin are regulated with the Free Trade Agreements, i.e. the protocols defining the concept of originating products, which are enclosed in the agreements. At a national level, the Preferential origin rules are regulated with the provisions in Article 27-c from the Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03), as well as the provisions from Articles 16-19 from the Regulation on the criteria for determining and proving the origin of goods ("Official Gazette of RM" No. 26/00), See [25 Annex 08](#).

The Republic of Macedonia currently applies the Free-Trade Agreements concluded with the following countries: the European Communities, Serbia and Montenegro, Croatia, Bulgaria, Turkey, Ukraine, EFTA, Bosnia and Herzegovina, Albania, Romania and Moldova. With the accession of Slovenia to the European Communities, the Free Trade Agreement between the Republic of Macedonia and Slovenia ceased to be implemented.

The following table provides an overview of the legislation and the dates when the Free Trade Agreements entered into force:

Overview of the legislation and the dates when the Free Trade Agreements entered into force	
Serbia and Montenegro	Applied since 16 October 1996
Law ratifying the Trade Agreement between the Government of the Republic of Macedonia and the Government of the Federal Republic of Yugoslavia	"Official Gazette of RM" No. 59/96
Croatia	Applied since 30 October 1997
Free Trade Agreement between the Government of the Republic of Macedonia and the Government of the Republic of Croatia	"Official Gazette of RM" No. 28/97, 51/02, 100/02
Bulgaria	Applied since 1 January 2000
Free Trade Agreement between the Government of the Republic of Macedonia and the Government of the Republic of Bulgaria	"Official Gazette of RM" No. 83/99, 100/02
Turkey	Applied since 1 September 2000
Free Trade Agreement between the Government of the Republic of Macedonia and the Government of the Republic of Turkey	"Official Gazette of RM" No. 83/99
European Communities	Applied since 1 June 2001
Stabilisation and Association Agreement between the Republic of Macedonia and the European Communities and their Member States	"Official Gazette of RM" No. 28/01
Ukraine	Applied since 10 September 2001
Free Trade Agreement between the Republic of Macedonia and Ukraine	"Official Gazette of RM" No. 53/01
EFTA	Applied since 1 May 2002
Free Trade Agreement between the Republic of Macedonia and the EFTA states	"Official Gazette of RM" No. 89/01, 62/03
Albania	Applied since 15 July 2002
Free Trade Agreement between the Republic of Macedonia and the republic of Albania	"Official Gazette of RM" No. 47/02
Bosnia and Herzegovina	Applied since 1 July 2002
Free Trade Agreement between the Republic of Macedonia and Bosnia and Herzegovina	"Official Gazette of RM" No. 45/02
Romania	Applied since 1 January 2004
Free Trade Agreement between the Republic of Macedonia and Romania	"Official Gazette of RM" No. 52/03
Moldova	Applied since 1 January 2005
Free Trade Agreement between the Government of the Republic of Macedonia and the Government of the Republic of Moldova	"Official Gazette of RM" No. 77/04

2. Description of the preferential rules of origin

As previously stated, the Republic of Macedonia applies free trade agreements only with the European countries and all of them in general apply the European preferential origin rules that define uniformed principles for obtaining preferential origin. The limiting factor is the fact that the Republic of Macedonia does not belong to the Pan-European Origin Cumulation System.

The basic rules for obtaining Macedonian origin of the goods are as follows:

- wholly obtained products,
- sufficiently worked or processed products and
- cumulation of origin.

Wholly obtained products

The term of a “wholly obtained products” incorporates all the natural resources: animals, plants or minerals that could be found above or below the soil, or the territorial sea, or in the air space of the country. The origin is determined according to the location from which the product originates.

Sufficiently worked or processed products

For every product classified with the application of the Harmonised System, up to a four-digit level, there is working or processing, necessary to be carried out on all non-originating materials in order for the final-products to obtain an originating status. The list of working or processing required to be carried out are divided in several groups of rules, such as:

- Tariff heading rule. Most of the rules provide that sufficient is working or processing, where the final (obtained) product is classified in a four-digit tariff number which is different from the tariff number for used non-originating materials. This is the so-called tariff heading change rule.
- Percentage rule. The percentage rule provides the percentage value of the non-originating materials to be used, and it refers to the price of the product ex- factory and the value of the used materials.
- The production rule. The production rule requires as a condition acquisition of a status of originating goods by applying a strictly established production process, manufacture from a strictly determined materials, or use of materials at an established degree of manufacture.

Cumulation of origin

Due to the fact that the Republic of Macedonia does not belong to the Pan European Origin Cumulation System, all the Agreements include only bilateral cumulation of origin. According to this rule, the originating materials in a Contracting Party shall be considered as materials originating in the other Contracting Party. It shall not be necessary that such materials have undergone sufficient working or processing, provided they have undergone working or processing going beyond the processing established as insufficient working or processing.

Preferential rules of origin based on the Generalised System of Preferences (GSP)

Currently, the Republic of Macedonia has not granted to any other country preferential tariff treatment based on the Generalised System of Preferences.

For certain countries that have granted to the Republic of Macedonia certain preferences within the Generalised System of Preferences, the Republic of Macedonia when issuing the proof of origin (Certificate of Origin, “Form A”) applies the preferential origin rules in compliance with the regulations of the countries that apply such preferences.

“Form A” that proves Macedonian origin of the goods is issued by the Chamber of Commerce of Macedonia in accordance with Article 18 from the Regulation on the criteria for determining and proving the origin of goods (“Official Gazette of RM” No. 26/00).

Preferential rules of origin based on autonomous arrangements

Currently the Republic of Macedonia does not regulate nor applies autonomous arrangements.

The new Draft Customs Law and the regulations for its implementation expected to enter into force in the course of 2005 propose approximation with the Council Regulation No. 2913/92 (EEC) from 12.10.1992 for the establishment of the ECC Customs Code and the Council Regulation No. 2454/93 (EEC) from 02.07.1993 for its implementation which will establish preferential origin rules referring to the application of preferential tariff measures adopted unilaterally by the Republic of Macedonia for specific countries, groups of countries or territories.

NON-PREFERENTIAL RULES OF ORIGIN

The rules for non-preferential origin of goods are regulated with Articles 25-27-b from the Customs Law, as well as by Articles 3-15 from the Regulation on the criteria for determining and proving the origin of goods ("Official Gazette of RM" No. 26/00).

The Certificate of macedonian origin is issued by the Chamber of Commerce of Macedonia (Article 13 of the Regulation) if conditions are fulfilled for obtaining macedonian origin in accordance with Articles 26-27-b of the Customs Law and Articles 5-7 from the Regulation.

The basic rules for acquiring non-preferential origin are: wholly obtained products and the rule for sufficiently working or processing.

9. Please describe how you ensure that movement certificates EUR.1 are issued in accordance with the stipulations of Protocol 4 to the Stabilisation and Association Agreement.

The Stabilisation and Association Agreement between the Republic of Macedonia and the European Communities and their Member States (SAA) is published in the Official Gazette of RM No. 28/01. For operative enforcement of the SAA provisions, and especially Protocol 4, the Director of the Customs Administration of the Republic of Macedonia has issued operative instructions enclosed with this answer, See [25 Annex 09](#) and [25 Annex 10](#). The operative instructions, as well as the SAA can be found at the web page of the Customs Administration (www.customs.gov.mk). Additionally, handbooks are prepared for the customs officers and the economic operators. For proper SAA implementation, a number of trainings have been organised for the customs officers by both domestic and foreign experts.

The EUR 1 movement certificate that refers to goods that are exported from the Republic of Macedonia is issued by the customs offices at which the export customs clearance procedure is carried out, based on previously submitted request and a statement that the goods are of Macedonian origin, in compliance with Protocol 4 regulations from the SAA. If bilateral origin cumulation is required along with the request for issuing EUR 1 movement certificate, it is also mandatory to submit a proof of origin stating that the used materials originate from a European Community member country. Furthermore, if requested by the customs office, the exporter also submits all the other supporting documents that prove that the goods satisfy the conditions for obtaining Macedonian preferential origin.

The verification of the data of the issued EUR 1 movement certificates is done through the Customs Administration of the Republic of Macedonia via specially trained Unit of Origin. The Customs Administration coordinates the inspection activities carried out by the customs offices and sometimes, if necessary, the Investigation Sector. The verifications are carried out upon a request by foreign customs services, or based on previously analysed statistical data of the production capacities of the Republic of Macedonia. Subject of the verifications are the exporters, the manufacturers or other interested parties where the financial and other documents are kept, as well as the production of the goods.

The records of the requests for verification of the proofs of origin, as well as the results from the verification of the proofs of origin are centralised at the Customs Administration. The Customs Administration analyses the verification data and informs the customs offices about the results. Furthermore, the Customs Administration is responsible for the communication with the foreign customs institutions in regard to the verification of the proofs of origin.

In order to avoid the possibility of abuse, the Customs Administration is the entity that sells the EUR 1 movement certificate forms. The entities that buy such forms are obligated to keep records on the use of the forms, i.e. until January 31 of the current year to submit a report on the used certificates for the previous year, as well as report on the unused forms to be used in the course of the current year. Furthermore, those who bought EUR 1 forms are also obligated to hand over to the Customs

Administration the unused forms, which were not used because of the mistakes made when completing them, if damaged, etc. The Customs Administration has established a system of keeping records on the purchases i.e. records of the serial numbers of the EUR 1 movement certificates forms sold to certain parties.

10. Please describe what types of customs transit arrangements (national or international) are used. Provide a detailed description of the essentials of the transit procedure.

The transit procedure is regulated with the Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03), See [25 Annex 05](#). The goods in transit procedure are subjected to customs surveillance, which is regulated in details with the Regulation on Customs Surveillance Specifics Related to Type of Transport ("Official Gazette of RM" No. 20/00).

For the implementation of the transit procedure in the Republic of Macedonia, a Single Administrative Document (SAD) for transit is used as a national document. When initiating the transit procedure, the declarant is obligated to submit to the customs office of departure a security in case of a customs debts. This security is not requested for transit of goods using the railway, postal, air or water transport, as well as for transport of goods using pipelines and electricity conveyors.

Based on the provisions from the international agreements in the Republic of Macedonia, TIR and ATA cornets could be used for transit procedures.

The customs surveillance measures most frequently used for transiting goods through the customs territory of the Republic of Macedonia are the customs seal and determining the timeframe for discharge the procedure at the customs office of destination. The transit procedure is discharged when the goods together with the appropriate transit customs declaration is presented to the customs office of destination. The customs office of destination sends back to the customs office of departure a sample from the certified document that confirms the discharge of the transit procedure. After receiving this document, the customs office of departure is able to discharge the transit customs procedure. In cases when the customs office of departure does not receive the certified documents confirming the discharge of the transit procedure within seven days, it initiates a procedure for assessment whether the procedure is discharged or a customs debt is created.

The current regulations do not envisage simplified procedures for implementing the customs procedure.

The new Draft of the Customs Law and the regulations for its implementation expected to enter into force in the course of 2005 propose full approximation of the transit procedure with the procedure for external transit regulated by EEC Council Regulation No. 2913/92 from 12.10.1992 for the establishing of the Customs Code of the Community and the EEC Council Regulation No. 2454/93 from 02.07.1993 for its implementation. They also envisage acceptance of the 302 form transit procedure regulated with the Agreement between the parties of the North-Atlantic Treaty on the Status of their Forces signed in London on 19 June 1951. The new regulations also envisage certain simplified procedures for implementing the transit procedure. Our activities for adopting new regulations are supported by international experts from the EU Support Mission - CAFAO-MAK (Customs and Fiscal Assistance Office to Macedonia).

11. Please describe what kind of valuation method is used (e.g. reference to WTO).

The customs value of goods is established based on Articles 28 and 29 from the Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03) and Regulation on implementation of the provisions of the customs law concerning valuation of goods for customs purposes ("Official Gazette of RM" No. 60/02), See [25 Annex 11](#).

The provisions from the Customs Law and the Regulation are completely harmonised with the WTO Valuation Agreement.

The Customs Law incorporates Articles 1-17 from the WTO Valuation Agreement (hereinafter referred as “the Agreement”) as well as decisions 3.1, 4.1 and 6.1 by the Committee on Customs Valuation.

Articles 29-35 from the Customs Law define the valuation methods such as:

Transaction value method - Article 29 from the Customs Law (Article 1 from the Agreement)

Identical value method - Article 30 from the Customs Law (Article 2 from the Agreement)

Similar value method - Article 31 from the Customs Law (Article 3 from the Agreement)

Deductive value method - Article 33 from the Customs Law (Article 5 from the Agreement)

Computed value method - Article 34 from the Customs Law (Article 6 from the Agreement)

Fall-back value method - Article 35 from the Customs Law (Article 7 from the Agreement)

The first and basic valuation method is the transaction value method (Article 1 from the Agreement and Article 29 from the Customs Law).

According to Article 29 from the Customs Law, the customs value of imported goods shall be the transaction value that is the price actually paid or payable for the goods when sold for export to the Republic of Macedonia adjusted in accordance with the provisions of Article 36 and 37 of the Code, provided:

- that there are no restrictions as to the disposition or use of the goods by the buyer other than restrictions which:
 - are imposed or required by law or other provisions of the Republic of Macedonia;
 - limit the geographical area in which the goods may be resold or
 - do not substantially affect the value of the goods;
- that the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;
- that no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will acquire directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with the provisions of Article 36 of the Code and
- that the buyer and seller are not related, or where the buyer and the seller are related, that the transaction value is acceptable for customs purposes under the provisions of Article 29 paragraph 2 from the Customs Law.

If the customs value cannot be established based on the transaction value method, it is established based on the next possible valuation methods respecting the order of application.

When the customs value is determined using the transaction value method along with the customs declaration, a customs value declaration (DCV and DCV-BIS) is submitted in compliance with the European Declaration of particulars relating to customs value - D.V.1 and (Continuation sheet) - D.V.1 BIS.

12. Please describe existing simplified procedures.

The simplified procedures are regulated with the provisions in Article 72 from the Customs Law (“Official Gazette of RM” Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03), See [25 Annex 05](#), and the Regulation on determining cases and methods of authorizing the simplified procedure related to customs declarations (“Official Gazette of RM” No. 26/00), See [25 Annex 12](#).

These are three types of simplification of the regular customs declaration in written form, such as:

- incomplete customs declaration that enables placing of goods under a specific customs procedure or discharging of customs procedure based on an incomplete customs declaration that does not contain all the requested and by law required particulars and/or such that does not enclose all the requested and by law required documents. The request for this type of simplification is submitted directly to the customs office competent for the implementation of the customs formalities on the customs declaration concerned. These simplifications are applied in justified individual cases;
- simplified customs declaration which enables application of the specific customs procedure by submitting a commercial or other administrative document instead of SAD. The request for this type of simplification is submitted to the competent Customs house. The authorization is provided by the Director General of the Customs Administration. This simplification is applied for simple goods in gross loads (ore, soil, roof tiles, oil derivatives). The control of the simplified customs declaration and of the goods concerned is done directly at the customs at the border crossings established in the authorization. Authorization is conditioned by submitting security instrument for ensuring the customs debt. Additionally, supplementary customs declaration on an SAD form should be lodged at the supervising customs office, which encompasses all the simplified customs declarations for a determined period (one week or one month). Currently 15 authorizations for simplified import customs procedure and 13 authorizations for simplified export customs procedure are used and
- the procedure of declaring based on the entry in the bookkeeping records (local customs clearance), which provides a possibility for the goods to be entered in the procedure in the premises of the holder of the authorization or some other location stated in the authorization. This type of simplification has not been approved yet. In the course of 2005, additional training is planned for the customs officers in control of the companies' bookkeeping and the activities for improving the organisation for control of companies. After undertaking these activities, it is also expected to start using this type of simplification.

The customs declarations done in a technique of electronic data processing regulated with Article 72a from the Customs Law have not been applied, yet.

Oral customs declarations are used in the passengers' traffic.

The new draft of the Customs Law and the regulations for its implementation, expected to enter into force in the course of 2005, propose complete approximation of the simplified procedures with those regulated in the EEC Council Regulation No. 2913/92 from 12.10.1992 on establishing the Customs Code of the Community and the EEC Council Regulation No. 2454/93 from 02.07.1993 on its implementation. The activities on adopting new regulations and their implementation are assisted by international experts from the Customs and Fiscal Assistance Office to Macedonia (EU CAFAO-MAK).

13. Please describe how the customs legal framework is organised (e.g. consolidated customs code and implementing provisions or separate legal acts on different subjects).

The customs legal framework is organised in the following way:

Customs Law and its bylaws:

- Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03);
- Regulation on Issuing and Use of Binding Information ("Official Gazette of RM" No. 64/02);
- Regulation on the Criteria for Determining and Proving Origin of Goods ("Official Gazette of RM" No. 26/00);
- Regulation for the Implementation of the Provisions of the Customs Law concerning Valuation of Goods for Customs Purposes ("Official Gazette of RM" No. 60/02);
- Regulation on Customs Surveillance Specifics Related to Type of Transport ("Official Gazette of RM" No. 20/00);

- Regulation on Determining Types of Goods Subject to Procedure Only at Designated Customs Border-Crossings ("Official Gazette of RM" No. 65/04);
- Regulation on the Form, Contents and the Manner of Completing the Customs Declaration and Other Documents within the Customs Procedure ("Official Gazette of RM" Nos. 17/00, 30/01 and 5/04);
- Regulation on Goods Examination, Taking Samples from the Goods and Fees for Taking Samples ("Official Gazette of RM" No. 17/00);
- Regulation on Customs Seals and the Ways of Their Use ("Official Gazette of RM" Nos. 27/00 and 68/03);
- Regulation on Selling and Managing Customs Goods and Allocation of the Funds Collected from the Sale ("Official Gazette of RM" No. 20/00);
- Regulation on Determining Cases and Methods of Authorising Simplified Procedure for Customs Declarations ("Official Gazette of RM" No. 26/00);
- Decision on Value of Goods with Common Duty Rate ("Official Gazette of RM" No. 20/00);
- Regulation on Establishing Detailed Criteria and Methods of Implementing Procedure with Economic Impact ("Official Gazette of RM" No. 20/00);
- Regulation on the Form, Contents and Method of Keeping Records at Customs Warehouses ("Official Gazette of RM" No. 17/00);
- Regulation on the Procedure and Instruments Ensuring Payment of Customs Debts ("Official Gazette of RM" Nos. 26/00 and 10/02);
- Regulation on Determining the Conditions for Deferring Customs Debt Payments ("Official Gazette of the RM" No. 66/04);
- Regulation on Exercising the Right to Tax Exemption ("Official Gazette of RM" Nos. 26/00, 68/00 and 26/01);
- Regulation on the Method and Procedure of Tax Exemption for Goods Received as Foreign Donations ("Official Gazette of RM" Nos. 26/01 and 41/01);
- Regulation on the Criteria for Exemption from Paying a Customs Debt in Case of Re-import ("Official Gazette of RM" No. 26/00);
- Decision on the Value of Goods for which the Single Duty Rate is Applicable and the Types of Goods for which the Single Duty Rate is not Applicable ("Official Gazette of RM" No. 26/00);
- Regulation on Customs Services' Fees ("Official Gazette of RM" Nos. 102/01, 6/02, 37/02, 69/02, 78/02, 98/02 and 47/03) and
- Regulation on the Conditions for Opening, Closing and Operating of Duty Free Shops ("Official Gazette of RM" No. 47/04).

Customs tariff and its by-laws

- Law on Customs Tariff ("Official Gazette of RM" No. 23/03 and 69/04);
- Decision on Harmonization and Amending the Customs Tariff for 2005 ("Official Gazette of RM" No. 86/04) which is used for the harmonization of the duty rates in compliance with the Protocol on the Accession of the Republic of Macedonia to the World Trade Organisation and
- Explanatory Notes to the Harmonised System – official translation into Macedonian language of the said act of the World Trade Organisation (WTO).

Customs Administration Law ("Official Gazette of RM" No. 46/04)

This is the national legislation that regulates the organisation, scope of activities, method of operating and managing of the Customs Administration, the customs competencies, as well as the rights and responsibilities when collecting, registering, processing and protecting the data related to the Customs Administration. This law regulates the specifics in regard to the rights, obligations and responsibilities of customs officers, the code of conduct, awards, promotions, as well as the financing of the Customs Administration.

Other laws applicable by the Customs:

- Law on General Administrative Procedure ("Official Gazette of SFRY" Nos. 52/56, 10/65, 18/65, 4/77, 11/78, 32/78, 9/86, 16/86 and 47/86 and "Official Gazette of RM" No. 44/02)

which is applied by the customs departments for all issues that are not regulated with the Customs Law. The relation between this law and the Customs Law is of *lex generalis* and *lex specialis*;

- Law on Misdemeanours ("Official Gazette of RM" No. 15/97) which establishes the conditions for misdemeanour responsibility and undertaking misdemeanour sanctions. It is applied by the Customs authorities when initiating misdemeanour procedure for disclosing a misdemeanour regulated by the Customs Law (customs offences) and other laws, according to which the customs authorities are competent for the initiation of misdemeanour procedure;
- Law on Criminal Procedure ("Official Gazette of RM" Nos. 15/97, 44/02 and 74/04) and the Criminal Code ("Official Gazette of RM" Nos. 37/96, 80/99, 4/02, 43/03 and 19/04) applied by the customs authorities when discovering crimes. The customs authorities apply the provisions from these laws also in the misdemeanour procedure unless the Law on Misdemeanours regulates differently and
- Law on Administrative Fees ("Official Gazette of RM" Nos. 17/93, 20/96, 7/98, 13/01 and 24/03) which regulates the customs fees as part of the administrative fees paid for writs and activities of the administrative bodies, as well as other subjects and activities at the customs authorities.

International conventions which are directly applied

- Customs Convention on the International Transport of Goods under cover of TIR Carnets (TIR Convention), concluded in Geneva on 14.11.1975 – adopted on 10.11.1993 in succession and
- Customs Convention on the A.T.A. Carnet for the Temporary Admission of Goods (A.T.A. Convention) Brussels, 06.12.1961 – members since 03.04.1996.

The Customs Law and its by-laws are harmonised with the Community's legislation up to a certain level. The new draft of the Customs Law and the regulations for its implementation, which are expected to enter into force in the course of 2005, propose approximation with the EEC Council Regulation No. 2913/92 from 12.10.1992 for the establishment of the Customs Code of the Community and EEC Council Regulation No. 2454/93 from 02.07.1993 for its implementation. With this, most of the by-laws for the implementation of the Customs Law will be replaced by a single regulation for the implementation of the Customs Law harmonised with the EEC Council Regulation No. 2454/93 from 02.07.1993. In carrying out the activities for the adoption of the new regulations and their implementation, we have been assisted by international experts from the Customs and Fiscal Assistance Office to Macedonia (EU CAFAO-MAK).

14. Are customs controls based on risk selection? If so, are risk selection criteria established on a national, regional or local level?

Ever since 2002, in accordance with the Customs Administration mission for accelerating the customs procedures, and for the purpose of increasing the control function, the customs activities have been based on the risk assessment and selectivity method.

The selectivity control module (MODSEL) is within the existing Customs Information System (MAKCIS) based on the ASYCUDA system, which is currently implemented at the inland customs offices. Also a selective control procedure is carried at the border crossings supported by intelligence information.

The electronic module enables establishment of parameters for selecting declarations based of the created criteria from previously processed risk profiles, as well as random selection. The module enables constant control using reports on the methods of risk assessment and selectivity practicing.

On a national level, currently risk assessment criteria are created, and the current situation shows the following percents: complete inspection - 20%, inspection only of the documents-40% and no inspection of either goods or documents - 40%.

The risk assessment and criteria establishment are based on information received from MAKCIS (the existing information system), the intelligence database as well as, information from other departments and services at the Customs Administration.

The Risk Assessment Unit at the Control and Investigation Sector is competent for the risk and operations management.

The draft of the Customs Law and the draft regulations for its implementation that envisage approximation with EEC Council Regulation No. 2913/92 from 12.10.1992 for the establishment of the Customs Code of the Community and the regulation for its implementation envisage additional national provisions that would be the legal grounds for implementing the risk analysis and selectivity.

The development plans are in accordance with the 2004-2005 Risk Management Action Plan drafted by the Risk Management Committee, aimed at implementing the control of value of goods within the module, reducing the percentage of complete goods inspection, and increasing the additional control that would ensure acceleration of the flow of goods.

The risk assessment is aimed at taking advantage of all available information and for that purpose it is planned that when a new electronic tool is developed, to take into consideration the previous experiences that would enable improving the technique and speed in risk assessment. This tool should connect not only the inland offices, but also the border crossings. The data control and updating should be under constant surveillance by the law enforcement institutions.

15. Please provide a description of your customs control system for counterfeit and pirated goods and specify the kind of industrial or intellectual property covered by the control system (copyright, patents, designs, etc.).

The Customs Administration of the Republic of Macedonia in compliance with Article 10 Paragraph 9 from the Customs Administration Law ("Official Gazette of RM" No. 46/04) is authorised to control the export, import and transit of goods regulated with special protection measures for copyright and other related rights and the industrial property rights. The customs control is defined in Article 2 item 8 and it encompasses specific measures, such as goods inspection, inspection whether the documentation is complete, inspection of documents' validity and accuracy, inspection of business and other records, vehicles checking and inspecting, checking and searching personal luggage and other goods carried by people personally, official investigations and other similar actions in regard to the compliance with the customs regulations and when necessary other regulations as well applicable for goods subjected to customs surveillance. In the course of the customs control, the customs officers are competent to apply the measures regulated with Article 37 from the same law. This means that they have the right to hold and temporary seize the specific goods, and documents that refer to these goods, until it is estimated that they have been handled in compliance with the Customs Law and other laws enforced by Customs Administration.

The Law on Copyright and Related Rights ("Official Gazette of RM" Nos. 47/96, 3/98, 98/02 and 04/05) in Article 3 provides the definition of copyright: written work such a literary work, article, manual, brochure, scientific paper, thesis etc, computer programme, as well as literary work, oral work, such as speech, sermon, lecture, etc, musical piece, with or without text, play, musical play, puppet play, choreography and pantomime, fixed on a material foundation, photograph or piece of work created with a procedure similar to the photographic one, cinematic piece and other audio-visual pieces, piece of art, painting, graphics, sculpture, etc, piece of architecture, piece of applied art and design and a work in cardboard, blueprint, drawing, technical drawing, project, chart, piece in plastic and other works of same or similar character in the field of geography, topography, architecture or of similar scientific, educational, technical or artistic nature. It has been regulated that the customs control system of pirated goods deals with imported goods that violate copyrights including matrixes, negatives, plates, moulds or other means and equipments solely or dominantly intended to violate the rights.

The Law on Industrial Property ('Official Gazette of RM' Nos. 47/02, 42/03 and 9/04) envisages that the system of customs control of forged goods refer to the imported goods that violate the industrial property rights, such as patent, industrial design, trademark, mark of origin and geographic marking. The patent protects the invention; the industrial design protects the new shape of the body, image, contour, composition of colours or their combination-design; the trademark protects the trade symbol, the mark of origin and the geographic marking protect the geographic name.

With the accession to the World Trade Organisation, the Republic of Macedonia has also committed itself to the obligations from the TRIPS Agreement.

The Law on Industrial Property and the Law on Copyrights and Related Rights provisions prescribes that if the holder of the right reports to the Customs that the import of certain goods violates their exclusive right, the Customs, based on this request, could prevent the release of goods for free circulation, or in order to be stored at a safe location. Along with the request, the holder of the right is obligated to provide detailed description of the goods, prove of their exclusive right and for the alleged violation. The holder of the right could inspect the goods subject to import. The Customs is obligated to inform the importer and the recipient of the goods about the undertaken measures. Upon a request by the Customs, the holder of the right is obligated to give a deposit for the possible damages as a result of the undertaken measures. The suspension of the release of goods for free circulation in case of a right to industrial property (patent, industrial design, trademark, mark of origin and geographic marking) could last up to eight days. The suspension of the release of goods for free circulation in case of a copyright could last up to ten days. In all concrete cases of implementing these customs measures, the Customs will adopt temporary decision for ensuring administrative procedure in the sense of Article 292 from the Law on General Administrative Procedure ('Official Gazette of SFRY' Nos. 52/56, 10/65, 18/65, 4/77, 11/78, 32/78, 9/86, 16/86 and 47/86 and "Official Gazette of RM" No. 44/02). After the end of the 8/10 days the Customs terminates the prevention measure if the holder of the right does not take legal action or some other procedure for implementing the adopted measures.

Apart from these protection measures in the administrative procedure, the customs authority could also initiate criminal procedure actions (See [05 III A 6](#)).

In order to improve the efficiency of the customs control system of forged and pirated goods and for the customs measures to be harmonised with the EU legislation ensuring complete implementation of the TRIPS Agreement's provisions, a Law on Customs Measures for Protection of Intellectual Property Rights has been drafted, pending for adoption and implementation in the course of 2005. This law was drafted with the help of the Customs and Fiscal Assistance Office to Macedonia (EU CAFAO-MAK) and it has been harmonised with the EEC Council Regulation No. 1383/2003 from 22.07.2003.

This law will establish the intellectual property enforcement measures available to the customs authorities in cases of violation of the right to intellectual property; it will also regulate the *ex officio* actions by the customs authorities, as well as those undertaken based on a submitted request for customs action, the procedure for submitting and processing the requests for customs action, the acceptance of the requests for undertaking actions; the handling of goods, for which it has been established that they violate the right to intellectual property, as well as the responsibility of the Customs and the holder of the right in this procedure.

Certain activities are planned for enhancing the Customs' capacity for recognising forged and pirated goods as well as the capacity for detecting illegal trafficking. Hence, in the course of 2003/2004 a number of activities have been realised: a regional meeting on intellectual rights customs protection measures organised by DG TAXUD with the support of the European Reconstruction Agency; intellectual property rights training within the TEMPUS programme; seminar on detecting forged and pirated goods organised by the French Customs Service; seminar on copyrights protection – cyber crime; regional meetings on intellectual property rights protection organised by USPTO (United States Patent and Trade Office) with the support of the US Government. The cooperation among the Customs Administration, the Ministry of Culture and the State Institute for Industrial Property is going

to be intensified, especially with the enforcement of the Law on Customs Measures for Protection of Intellectual Property Rights.

Enclosed is the Draft Law on Customs Measures for Protection of Intellectual Property Rights, See [25 Annex 13](#).

16. Please provide a description of your customs control system for cultural goods.

Based on Article 10 paragraph 1 item 9 from the Customs Administration Law ("Official Gazette of RM" No. 46/04), the Customs Administration of the Republic of Macedonia is competent to control the export, import and transit of goods regulated by measures for protection of the cultural objects. The cultural objects, as well as their protection are regulated with the national legislation, primarily the Law on Protection of the Cultural Heritage ('Official Gazette of the RM" No. 20/04), as well as the ratified international conventions, primarily the 1970 UNESCO Convention on Measures for Prohibiting and Preventing the Illegal Import, Export and Transfer (of ownership) of Cultural Objects ("Official Gazette of SFRY" No. 50/73 and based on the succession, for the Republic of Macedonia it is in force since 30.04.1997).

The exporting customs authority, i.e. the customs office of exit checks whether a permit is issued by the Ministry of Culture when cultural objects are exported. The export of cultural objects without permit is forbidden. The Decision on Classification of Goods into Forms of Export and Import ("Official Gazette of RM" No. 91/04) properly lists the goods classified by the tariff headings of the Customs Tariff which import or export require permit by the Ministry of Culture.

In case when the customs authorities discover and/or justifiably suspect attempt of illegal export of cultural objects, they seize the goods temporarily. Furthermore, goods are temporarily seized in cases of justified suspicion of import of stolen cultural objects. In the course of the procedure for establishing whether it is a case of illegal import or export of cultural objects, the customs authorities cooperate with the Ministry of Culture and the Directorate of Cultural Heritage Protection, which manages the national cultural heritage registry, as well as the records on the stolen cultural objects, seized cultural objects and cultural objects that are abroad. The illegal export of cultural objects constitutes a crime in compliance with the Criminal Code ("Official Gazette of RM" Nos. 37/96, 80/99, 04/02, 43/03 and 19/04). The cases of illegal export of cultural objects are investigated by the Control and Investigation Sector at the Customs Administration in order to resolve them and to disclose other related cases. One of the obligations of the Republic of Macedonia as a member of RILO (Regional Intelligence Liaison Office) for Eastern Europe since 1998 is to report on the significant seizures of cultural objects by entering information into the CEN (Customs Enforcement Network) within the framework of the World Customs Organisation (WCO). RILO provides regular OBELIX reports on cases of illegal handling of cultural objects.

Certain activities have been planned in order to increase the capacity of the customs authorities for recognising cultural objects, as well as their capacity to detect illegal trade with cultural objects. For that purpose, the Customs Administration in cooperation with the Republic Institute for Monuments Protection published a Handbook on Cultural Objects Protection in 1997. The seminar on this topic as well as the presentation of the Handbook was attended by 210 customs officers. It is planning, in cooperation with the Ministry of Culture and Institute for the Cultural Heritage Protection, to organise seminars and workshops and other activities as well as to publish handbooks and professional guidelines for aimed at enhancing the cooperation between these institutions and the Customs Administration.

17. Please provide a description of your customs control system for dual use goods.

The Customs Administration of the Republic of Macedonia, based on Article 10 paragraph 1 item 9 from the Customs Administration Law ("Official Gazette of RM" No. 46/04) is competent for the export, import and transit control of goods for which security measures regulated by law are applied. Since the Law on Export Control of Dual Use Goods and Technologies is in the phase of preparation, the Customs authorities use as a temporary measure for control of dual use goods and technologies

the general provision from the Law on Trade ("Official Gazette of RM" No. 16/04) prescribing prohibitions and limitations of goods used as weapons, as well as military securing and defence equipment. In compliance with the Law on Trade a Decision on Classification of Goods into Forms of Export and Import ("Official Gazette of RM" No. 91/04) was adopted defining the types of goods described with the tariff marks of the Customs Tariff, which require import or export permit by the Ministry of Defence, in order to refer to the goods that could be treated as dual use goods and technologies.

The exporting customs authorities, i.e. the exit customs authorities when exporting the previously mentioned goods check whether a permit has been issued by the Ministry of Defence. Export without such a permit is prohibited.

In case when the Customs authorities detect and/or have justified reasons for suspicion that there is an attempt for illegal export of dual use goods and technologies, they temporary seize the goods. The cases of illegal export of dual use goods and technologies are investigated by the Control and Investigation Sector within the Customs Administration in order to complete and if possible to discover other related cases.

Certain activities are planned for enhancing the Customs' capacity to recognise dual use goods and technologies and to detect illicit trade. Hence in 2003, representatives from the Customs Administration attended the workshop on dual use goods classification and in 2004 there was a study trip to the United States. In the course of 2003 and 2004, representatives from the Customs Administration attended training in utilisation and possibilities for applicative software. When the Law on Export Control of Dual Use Goods and Technologies enters into force, there will be some additional training organised for the customs officers.

18. Please provide a description of your customs control system for precursors, dangerous chemical products and ozone depleting products.

The Customs Administration of the Republic of Macedonia, based on Article 10 Paragraph 1 Subparagraph 9 from the Customs Administration Law ("Official Gazette of RM" No. 46/04) is competent for the control of the export, import and transit of goods, for which measures of interests to the people's, animals' and plants' safety, health and life and environmental protection are prescribed.

Precursors and hazardous chemical products

The customs control and surveillance system of the production and trade with precursors and hazardous chemical products is regulated with the Law on Precursors ("Official Gazette of RM" No. 37/04), the Law on Trade with Toxins ("Official Gazette of SFRY" No. 13/91), the 1961 Convention on Narcotic Drugs and the 1972 Annex Protocol, the Stockholm Convention on Persistent Organic Pollutants ratified by the Republic of Macedonia in March 2004, the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal ("Official Gazette of RM" No. 49/97) and the Decision on Classification of Goods into Forms of Export and Import ("Official Gazette of RM" No. 91/04). The permit for import or export of precursors or toxins is issued by the State Sanitary and Health Inspectorate – Department for Trans-border Supervision of Arrivals at the Ministry of Health after the inspection of a shipment, which includes checking the documentation, checking whether the sale and use of the product is prohibited, or whether it is on the list of permitted goods for sale, whether the product is properly packaged and marked. The import of POPs pesticides classified in the annexes of the Stockholm Convention is forbidden in compliance with the Law on Trade with Toxins (with the exception of the sale of toxaphene, endrin and DDT which is regulated with issuance of permits by the Ministry of Health). In regard to the industrial POPs chemicals, in compliance with the Decision on Classification of Goods into Forms of Export and Import, the sale of waste derived oils that contain PCB is controlled with the permits issued by the Ministry of Environment and Spatial Planning.

In cases when there is an import or export of precursors and hazardous chemical products, the Customs check whether a permit has been issued by the Ministry of Health i.e. Ministry of

Environment and Spatial Planning, accordingly. Import, i.e. export without appropriate permit is forbidden. In cases when the customs authorities discover and/or have justified reasons for suspicion that they have at hand an attempt for illegal importing or exporting precursors and hazardous chemical products, they temporarily seize the goods. In the procedure for establishing whether it is an import or export of precursors and hazardous chemical products, the customs authorities cooperate with the inspectors from the Ministry of Health and the Ministry of Environment and Spatial Planning. The cases of illegal import or export of precursors are processed by the Control and Investigation Sector at the Customs Administration in order to be finalised and to discover possible related cases.

One of the obligations of the Republic of Macedonia as a member of RILO (Regional Intelligence Liaison Office) for Eastern Europe in 1998 is to report about significant seizures of precursors by entering data in the CEN (Customs Enforcement Network) within the framework of the World Customs Organisation (WCO).

Ozone depleting products

The basis for controlling the ozone depleting products is the Law on Environment Protection and Improvement ("Official Gazette of RM" No. 13/03), the Law Ratifying the Vienna Convention on the Protection of the Ozone Layer (Vienna, March 1985; "Official Gazette of SFRY" No. 1/90) and the Law Ratifying the Montreal Protocol on Substances That Deplete the Ozone Layer (Montreal, September 1987; "Official Gazette of SFRY" No. 16/90). The Republic of Macedonia ratified the Amendments to the Montreal Protocol from London ("Official Gazette of RM" No. 25/98), from Copenhagen ("Official Gazette of RM" No. 25/98), from Montreal ("Official Gazette of RM" No. 51/99) and from Beijing in 1999 ("Official Gazette of the RM" No. 13/02).

In cases when there is an import or export of ozone depleting products, the Customs check whether the Ministry of Environment and Spatial Planning has issued a permit for that. In order to facilitate the implementation of the above stated regulations from the Decision on Classification of Goods Into Forms of Export and Import ("Official Gazette of RM" No. 91/04) the precursors and the ozone depleting products defined with tariff headings of the Customs Tariff, which import or export requires permit by the Ministry of Health or the Ministry of Environment and Spatial Planning, accordingly are properly marked and listed in separate Annexes. The import i.e. the export without appropriate permits is forbidden. In cases when the customs authorities discover and/or have justified reasons for suspicion that they have at hand an attempt for illegal import or export of ozone depleting products they temporarily seize the goods. In the procedure for establishing whether it is an import or export of ozone depleting products, the customs authorities cooperate with the Ministry of Environment and Spatial Planning.

Transportation of hazardous goods

The precursors, the hazardous chemical products and the ozone depleting products that are treated as dangerous substances from the transportation aspect, the following regulations are applied: the provisions from the Law on Transport of Hazardous Substance ("Official Gazette of SFRY" Nos. 27/90 and 45/90 and the "Official Gazette of RM" Nos. 12/93 and 31/93), the provisions from the European Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR) from 1957 ("Official Gazette of RM" No. 8/94), Carriage of Dangerous Goods by Railway (RID), and Carriage of Dangerous Goods by air (IKAO). The border police, being a part of the Ministry of Interior, is competent for doing additional inspection related to the specific characteristics of the shipment and the transportation from the aspect of traffic safety and for that purpose it pays special attention to the Permit for Carriage of Dangerous Goods issued by the Ministry of Interior or other competent body, the Permit for Import of Toxins, the Certificate for Import of Toxins, the Vehicle Performance Certificate for the given dangerous product, ADR Certificate on the driver's skills and know-how, instructions on the special security measures required in cases of traffic accidents, and if necessary for controlling the equipment of the vehicle. If the Border Police in the course of the control establishes defect on the vehicle, irregularities concerning the driver or the load it will not allow it to

enter the territory of the Republic of Macedonia. If the required conditions for transportation are fulfilled, the customs will allow it to go through the customs transit procedure.

Current and future activities

Certain activities are planned for the purpose of increasing the capacity of the Customs to recognise the precursors, the hazardous chemical products and the ozone depleting products, as well as its capacity to discover illegal trade with such products. For that purpose in the course of 2000 in cooperation with the Ministry of Environment and Spatial Planning customs officers were trained in identifying CFC, HCFC and HFC compounds and equipment was provided for detecting such compounds. Furthermore, 300 customs officers were trained in handling and using cooling substances and devices accompanied by appropriate Handbook. In 2005 we expect the adoption of Draft-Project "Plan for handling cooling substances and devices for complete elimination of the use of CFC cooling fluids" by the Montreal Protocol Executive Committee, which plans involvement of the customs officers by providing them with training and new topical booklet on proper substance identification – stratospheric ozone depletes at the border crossings. Furthermore, the project envisages establishing of a procedure and drafting of legislation for their implementation concerning the prohibition to import chemicals from Annex A, Group I and II, Annex B, Group I and II, Annex E, Group I from the Montreal Protocol, as well as prohibition to import devices that contain such chemicals. In the future it is expected to additionally intensify the cooperation between the Customs Administration and the competent ministries, especially in the field of training of the customs officers and publishing working and information materials and handbooks on the previously elaborated topics.

The National Strategy for Integrated Border Management (December 2003) and the Draft Action Plan for Integrated Border Management underline the need for improving the coordination of different competent authorities and envisage the foundation of a National Commission on Health, Environment and Security composed of representatives from all competent institutions, in order to establish the criteria for classifying the dangerous products supervision and control based on the existing adopted international lists, as well as creating a database of best practices that refer to management defining the control measures. Furthermore, a Memorandum of Understanding is being drafted between the competent services regulating in more details and enhancing the terms of mutual cooperation, supervision and control.

19. Please provide a description of your customs control system for the enforcement of CITES.

The Customs Administration of the Republic of Macedonia, based on Article 10 paragraph 1 item 9 from the Customs Administration Law ("Official Gazette of RM" No. 46/04) is competent for the control of the export, import and transit of goods regulated with measures for the protection of the environment and the natural rarities. The Law on Environment Protection ("Official Gazette of RM" No. 67/04) among other regulates the trade with endangered and protected species of wild flora and fauna protected by international agreements ratified by the Republic of Macedonia. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was ratified by the Republic of Macedonia with a Law on its Ratification ("Official Gazette of RM" No. 82/99). Based on the Law on Environment Protection, a bylaw is being drafted, which should prescribe a list of internationally endangered and protected species harmonised with the CITES and harmonized with the Customs Tariff, as well as more detailed provisions in dealing with cases involving protected and endangered species by the customs authorities and other competent services. The customs bodies apply the Decision on Classification of Goods Into Forms of Export and Import ("Official Gazette of RM" No. 91/04) which appropriately defines and lists in special annexes the endangered and protected species of wild flora and fauna described with the tariff headings of the Customs Tariff, which import or export requires permit by the Ministry of Environment and Spatial Planning.

The international trade with endangered wild species (listed in the CITES annexes) is regulated with the use of uniformed permit/certificate, which is common for all the CITES Convention members. The CITES permit/certificate is issued by the Ministry of Environment and Spatial Planning and it is harmonised with the model presented in the CITES Secretariat Resolution Conf. 10.2.

The Customs, when dealing with import, export, re-import or transit of endangered species of wild fauna and flora, their parts or derivatives, checks whether the Ministry of Environment and Spatial Planning issued a permit and whether the shipment has a CITES permit/certificate by the Ministry of Environment and Spatial Planning or by the competent ministry from the country of origin. The Ministry of Environment and Spatial Planning previously informs the customs authorities about the issued import or export permits, as well as the issued certificates for re-export. The Customs appropriately certifies the import and export permits and certificates for re-export and returns them to the competent bodies to finish the procedures envisaged with CITES Convention. The import, export or the re-export without an appropriate permit, i.e. appropriate uniformed CITES permit/certificate is forbidden.

In cases when the customs authorities discover and/or have justified reasons for suspicion that they have at hand an attempt for illegal importing or exporting species of wild fauna and flora, their parts or derivatives, they temporarily seize the shipment. In the procedure for establishing whether it is an import, export or re-export of species of wild fauna and flora, the customs authorities cooperate with the Environmental Protection Office at the Ministry of Environment and Spatial Planning. The cases of illegal import, export or re-export of species of wild fauna and flora are processed by the Control and Investigation Sector at the Customs Administration in order to be completed and to discover possible related cases. One of the obligations of the Republic of Macedonia as a member of RILO (Regional Intelligence Liaison Office) for Eastern Europe in 1998 is to report about significant seizures relevant to the CITES Convention by entering data in the CEN (Customs Enforcement Network) within the framework of the World Customs Organisation (WCO). In compliance with the Law on Environment Protection, trade with specimens without appropriate permit is a punishable act – misdemeanour.

Certain activities are planned for the purpose of increasing the capacity of the Customs to recognise species of wild fauna and flora, their parts or derivatives, as well as its capacity to discover illegal trade with such products. For that purpose, in the course of 2003 the CITES Convention Secretariat and the Ministry of Environment and Spatial Planning organised training for 10 representatives of the Customs Administration. Furthermore, a Memorandum of Understanding is drafted between Customs Administration and the Ministry of Environment and Spatial Planning. In the future, it is expected to additionally intensify the cooperation between the Customs Administration and the Ministry of Environment and Spatial Planning, especially in field of training of the customs officers and publishing working and information materials and handbooks.

20. Please indicate the existence of duty free shops at the land borders.

On the customs territory of the Republic of Macedonia there are no duty free shops at the road border crossings. In compliance with Article 96 from the Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03) and the Regulation on the Conditions for Opening, Closing and Operating of Duty Free Shops ("Official Gazette of RM" No. 47/04), See [25 Annex 14](#).

Duty free shops can only be located at the international airports after the customs check point at the exit of the territory of the Republic of Macedonia. In compliance with the Recommendations by the Customs Cooperation Council (World Customs Organisation) in reference to the Duty free shops from 16.06.1960, there are no duty free shops at the road border crossings of the Republic of Macedonia.

Such duty free shops exist at the border crossings of the Republic of Macedonia with the Republic of Greece and at the border crossings of the Republic of Macedonia with the Republic of Bulgaria on the customs territory of the Community, in the section of the Republic of Greece, i.e. on the customs territory of the Republic of Bulgaria. These shops are under the authority of these two countries and operate in compliance with the legislation and using the duty or tax advantages regulated by these two countries.

21. Please describe what kinds of customs clearance fees are applied.

The Customs service fees are regulated with Article 17 a from the Customs Law ("Official Gazette of RM" Nos. 21/98, 26/98, 63/98, 86/99, 25/00, 109/00, 31/01, 4/02, 55/02 and 42/03), which envisages that the customs authority will be paid certain fees for the provided services within the customs procedure, and the amount will be appropriate to the service rendered.

The amount of the customs fees is regulated by the Minister of Finance and they are stated in the Regulation on Customs service Fees ("Official Gazette of RM" Nos. 102/01, 6/02, 37/02, 69/02, 78/02, 98/02 and 47/03), See [25 Annex 15](#), and the Regulation on Goods Inspection, Samples Taking and Samples Taking Fees ("Official Gazette of RM" No. 17/00).

The customs service fees are not fiscal and they are in compliance with the legislation of the World Trade Organisation. They are paid at a special treasury account at the Ministry of Finance as an equivalent of the amount of services provided by the customs authorities and with a single goal – to cover the real costs.

In the course of customs procedure, when a Single Administrative Document is submitted, a fee is paid for the customs services in the amount of 19 EUR based on a customs declaration for the following types of customs procedures: export (I1), temporary export (I2), import (U4), temporary import (U5), re-importation (U6) and customs warehouse (S7).

Customs service fee in the amount of 100 EUR is paid for every submitted request for allocating tariff quotas for preferential import, in accordance with the free trade agreements, as well as for every submitted request for allocation of preferential tariff treatment (tariff suspension) in compliance with Article 24-a from the Customs Law.

Customs service fee in the amount of 700 MKD (11 EUR) per hour is paid upon a request by the customs declarant, when the goods are inspected outside the customs premises, i.e. outside the location, places or space where the customs authority performs its regular customs clearance operations.

Customs service fee in the amount of 700 MKD (11 EUR) per hour is paid upon a request by the customs declarant when the goods are inspected after working hours, regardless whether the customs officer is at the location, premises or space where the customs authority performs its regular customs clearance operations or not.

Customs service fee in the amount of 700 MKD (11 EUR) per hour is paid when customs escort in transit procedure is requested in compliance with Article 131 from the Customs Law.

Customs service fee in the amount of 5,000 MKD (81 EUR) is paid for issuing Binding tariff information in compliance with Article 2-d from the Regulation on Customs service Fees.

Customs service fee in the amount of 1,000 MKD (16 EUR) is paid for issuing a Certificate approving the terms for vehicles that use TIR carnet according to the standards envisaged with the TIR Convention.

The customs service fee for customs laboratory tests is 4,000 MKD (65 EUR) and it is paid if it has been determined that the customs declarant stated a wrong tariff number, or if the samples were taken upon a request by the customs declarant.

22. Please provide detailed information concerning the administrative capacity of the customs system, incl. organisational structure, staffing levels, reforms recently undertaken or planned, etc.

The Customs Administration's general organisation structure is regulated with the Customs Administration Law ("Official Gazette of RM" No 46/04) and the internal organisation with the Book of

regulations on the Organisation and Operation of the Customs Administration No. 02-5451/1 from 9 March 2004, See [25 Annex 16](#), and the amendment to the Rulebook Modifying and Amending the Book of regulations on the Organisation and Operation of the Customs Administration No. 02-5451/1 from 22 September 2004 adopted by the Minister of Finance.

The Customs Administration is a public administration entity within the Ministry of Finance operating as a legal entity. The Customs Administration with its main office in Skopje implements its competencies on the entire territory of the Republic of Macedonia.

The Customs Administration consists of:

- Central administration, which coordinates and manages the customs competencies on the entire territory of the Republic of Macedonia and
- Customs houses, based on the size and structure of goods and passengers traffic with foreign countries.

The Central Administration consists of 3 independent units, Advisors of the Director General and Customs Coordination Centre, 6 sectors which include 18 units and 17 services.

5 customs houses are established as regional units with a total of 5 services, 39 customs offices and within the customs offices there are a total of 12 sections.

Most of the customs offices and customs sections are established at the road, railway and airport border crossings and the rest are inland customs offices and sections for import and exports customs clearance.

The total number of posts envisaged with the Book of regulations for Systematization on Job Positions at the Customs Administration, See [25 Annex 17](#), (adopted by the Minister of Finance, registered under No. 02-5451/1 from 9 March 2004) is 997, out of which 360 posts at the Central Administration and 637 posts at the customs houses.

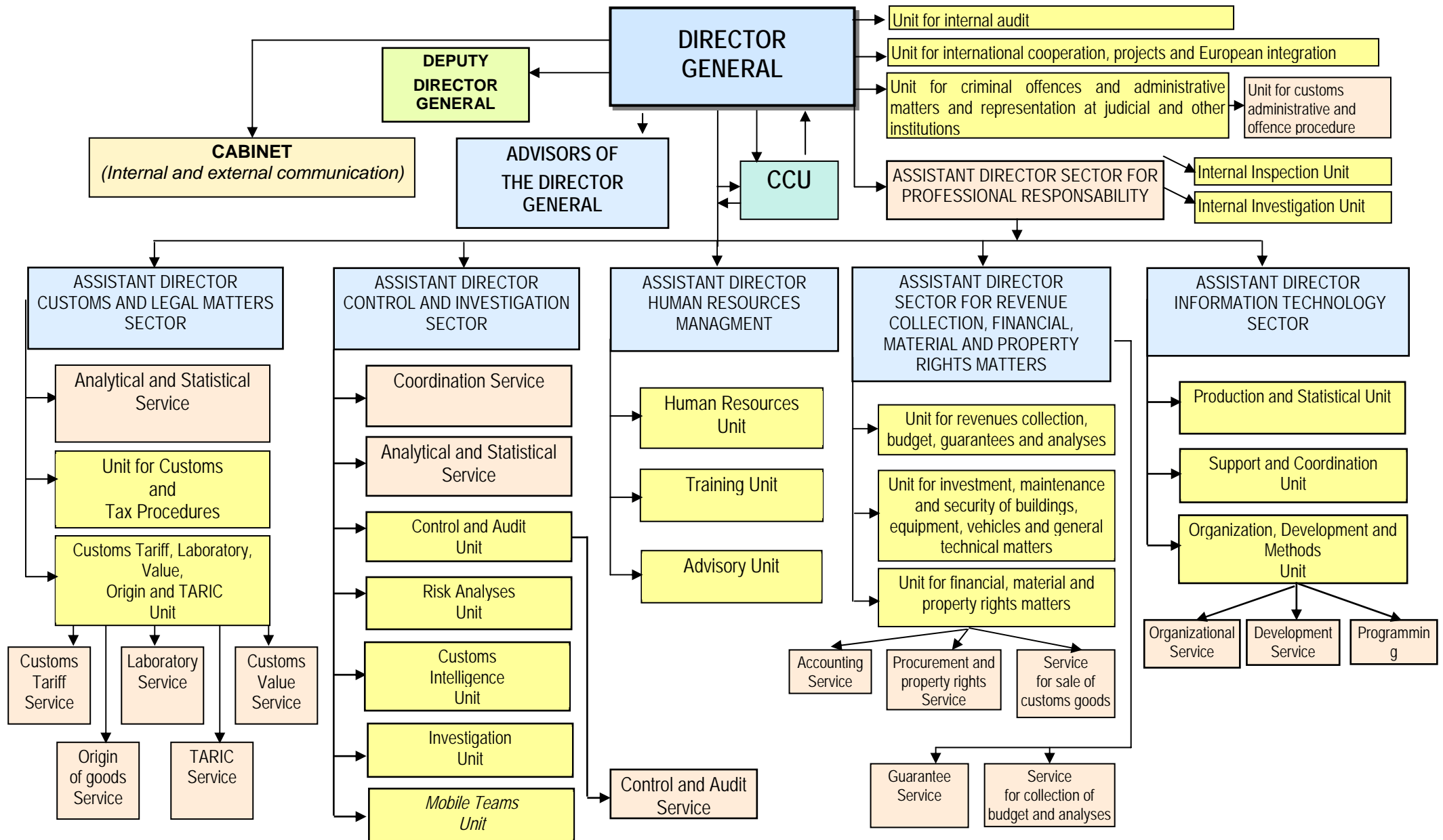
With the most recent reforms of the organisational structure of the Customs Administration, a Sector for Professional Standards was established, which as due to its composition and training on daily basis, controls all the introduced functions of the central administration and the regional units for the purpose of controlling the law enforcement, implementation of regulations, competencies, working assignments. Thus bad behaviour, frauds, losses, abuse and bad customs services management are prevented, determined and eliminated. These are sanctioned in compliance with the Labour Relations Law, the Customs Administration Law, the Law on Public Servants and the Collective Labour Agreement at the Customs Administration No. 01-1984/1 from 17.03.2003 adopted and signed by the Customs Administration Director General and the President of the Customs Administration Trade Union after which disciplinary measures are pronounced.

Human Resources Management Sector was established as a new function with clearly defined goals and responsibilities related to the working strategy and the five-year operational plan. In cooperation with the Customs and Fiscal Assistance Office - CAFAO MAK, as well as other foreign assistance, and based on the new Customs Administration Law, by-laws are drafted that would introduce new systems compatible to the European Union standards in the field of employment, evaluation and job performance management, career development, training, employment termination, retirement, salaries and awards system, as well as working conditions.

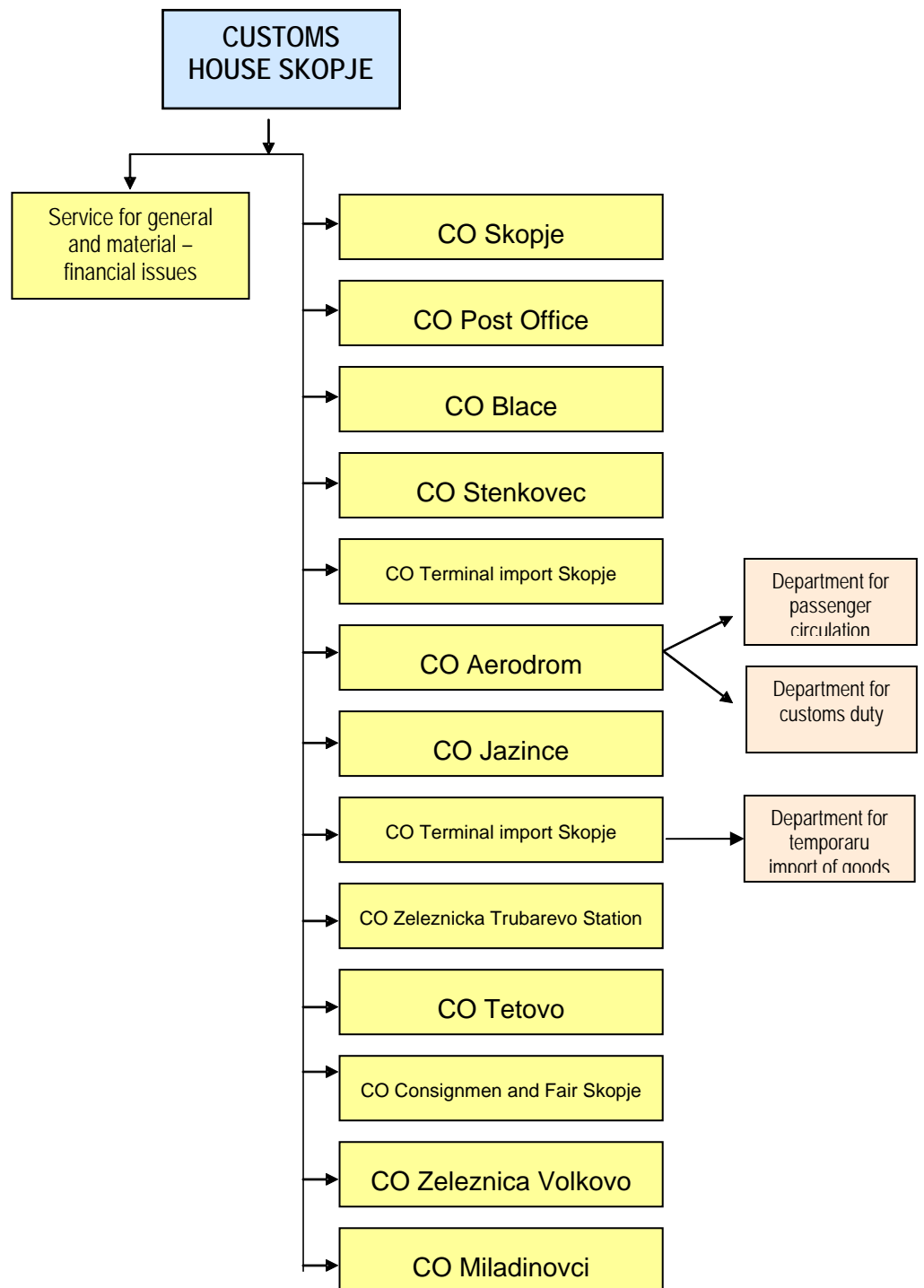
Furthermore, a new function through the Internal Audit Unit is hierarchically established under the Customs Administration Director General, which should plan, organise and implement audits in compliance with the customs regulations, the international internal audit standards and the established audit policies of the Ministry of Finance in compliance with the requirements of the World Bank Mission for approving the Structural Adjustment Programme Arrangement (SAPA) and the Project for Adjusting Public Sector Management (PAPSM).

The following organogramme shows the structure of the Central Administration and the one of the Customs Houses - the Skopje Customs House:

ORGANISATIONAL STRUCTURE OF THE CUSTOMS ADMINISTRATION



ORGANISATIONAL STRUCTURE ON CUSTOMS HOUSE SKOPJE



Enclosed is also the Report on the number of employees in the Customs Administration of RM, See [25 Annex 18](#).

23. Please indicate how you cooperate with other countries in the field of administrative assistance in customs matters.

The Republic of Macedonia, and consequently the Customs Administration, has developed cooperation with other countries in the area of mutual administrative assistance concerning customs matters based on common interest and reciprocity.

Since 1994, the Republic of Macedonia is signatory of the Convention Establishing the Customs Cooperation Council, i.e. a member country of the World Customs Organisation actively participating and cooperating within its activities.

The cooperation with other countries primarily involves concluding international agreements regulated by Article 118 of the Constitution of the Republic of Macedonia. The cooperation with the customs administrations of other countries in the field of the customs matters and based on ratified international agreements is regulated with the Customs Administration Law ("Official Gazette of RM" No. 46/04).

The customs cooperation with the European Union started when the Cooperation Agreement entered into force on 01.01.1998, concluded between the Republic of Macedonia and the European Communities, more specifically with the agreement on transport. When the Stabilisation and Association Agreement entered into force, the Customs administration cooperation was regulated with the Interim Agreement on Trade and Trade Related Matters between the Republic of Macedonia and European Communities (entered into force as of 01.06.2001).

Since 01.04.2004, the mutual administrative assistance on customs issues has been included in Protocol 5 of the Stabilisation and Association Agreement between the Republic of Macedonia and the European Communities and their Member States. The agreement is an institutional framework for close and permanent cooperation and mutual interest for cooperation with all 25 European Union member countries, as well as its competent institutions. The numerous bilateral, regional and multilateral conventions and agreements represent an additional support for this type of constant cooperation.

The bilateral cooperation is successfully and constantly carried out based on concluded and ratified agreements for customs cooperation which encompass:

- cooperation aimed at simplifying the customs formalities, adoption of measures aimed at simplifying customs procedures, as well as accelerating the flow of goods between the contracting parties;
- exchange of information that will be sufficient for the implementation of the customs legislation and will enable precise determination of customs duties and other import and export duties, as well as for supporting the customs authorities in determining proper classification, valuation and determining the origin of goods;
- prompt exchange of information and documents preventing different kinds of customs related offences;
- exchange of information and documents on movement of goods that could pose a threat to the environment and health; weapons, ammunition, explosives and toxic substances, items of historic, artistic, cultural and archaeological value;
- enhancing the activities related to preventing, investigating and fighting illicit trafficking of drugs, psychotropic substance as their synthetic derivatives, for which purpose the customs authorities exchange information and as promptly as possible provide information to each other on persons and means of transportation suspected of being used for illicit trafficking;

- cooperation and undertaking measures within its competencies in order to provide appropriate application of the controlled delivery at international level, as well as detecting individuals involved in illicit trafficking and undertaking legal actions against them;
- regulating the conditions and ways of using the provided information, their confidentiality and protection and
- establishment of an efficient coordination between the customs authorities, including exchange of personnel and experts in certain fields, providing expert, scientific and technical assistance.

Since its independence, the Government of the Republic of Macedonia has signed agreements for customs cooperation and mutual assistance with the governments of many countries. Please find enclosed the List of bilateral agreements concluded between the Republic of Macedonia and other countries, See [25 Annex 19](#).

Based on the Trade Agreement between the Republic of Macedonia and the Federal Government of the Federal Republic of Yugoslavia, and the fundamental principles of the UN Security Council Resolution 1244(1999) on 30.06.2000, a Memorandum of Understanding was signed with Customs Office of the United Nation's Mission in Kosovo (UNMIK). The memorandum established the previously stated criteria on the cooperation standards.

In compliance with the signed agreement with the neighbouring customs, there is an exchange of the informative lists of excise goods, exchange of information on shipments of excise goods, with direct handing over of goods and the accompanying documentation between the authorised customs officers which contributes to the prevention of any kind of smuggling.

The initiative for enhancing the mutual cooperation resulted in agreements with the Islamic Republic of Iran, the Kingdom of Belgium, Republic of Poland, Republic of Ukraine, Republic of Bosnia and Herzegovina, Republic of Moldova and Republic of Finland. These Customs Cooperation Agreements will enter into force after the finalisation of the national legislation procedures of the contracting parties.

In the past two years, there has been an enhanced cooperation in the field of preventing, detecting, investigating and combating trans-border crime. In that regard, the Customs Administration of the Republic of Macedonia has participated actively at a national level in the implementation of the SECI Agreement on Cooperation to Prevent and Combat Trans-Border Crime ("Official Gazette of RM" No. 16/00) which entered into force after its ratification on 01.04.2000.

The continuous cooperation with the customs offices of the other countries includes regular meetings at all levels, international meetings, activities within the administrative bodies, working groups, initiatives, projects and programmes of regional and broader character for a successful implementation of international agreements and conventions in the field of customs operations. Special emphasis is placed on the customs cooperation with the countries in the region, realised through our participation in the regional organisations, regional projects management and programmes with common objectives:

- faster flow at the border crossings and
- fight against smuggling and corruption in the region.

In compliance with the free trade agreements of the Republic of Macedonia, the obligations concerning the mutual administrative assistance and cooperation in the field of verification of rules of origin are implemented. According to these agreements, the Customs Administration implements the procedure for issuing proof of origin, forwards specimen of the forms and seals that are used by their customs offices, verifies the authenticity, as well the verification of the proof of origin.

24. Please describe the training of customs officers and of economic operators.

In March 2004, upon a proposal by the Customs Administration Director General, the Minister of Finance adopted a Book of regulations on the Organisation and Operation of the Customs Administration and a Book of regulations for Systematisation of Job Positions at the Customs Administration, which for the

first time incorporates a Human Resources Management Sector. This sector consists of: Human Resources Unit, Training Unit and Advisory Unit.

The Training Unit develops and updates the strategic training plan establishing the needs for upgrading the knowledge and skills of the employees, it organises systems, development and training procedures for the employees; provides training evaluations; cooperates with both domestic and foreign organisations and institutions; manages and updates data related to its competencies.

The customs officers who are uniformed or have special duties and authorisations, which are the most of the employees that have such a status within the service, have appropriate secondary school or higher education.

Only 4% of the employees have a status of civil servants and they are professionally trained in compliance with the Law on Civil Servants.

The professional training of the customs officers (with a status of uniformed and persons with special duties and authorisations) is carried out by organising training courses and seminars.

The customs officers apart from the basic customs course also attend specialised courses.

Training Policy

With the support of the Customs and Fiscal Assistance Office - CAFAO MAK and the bilateral international cooperation, the future training within the agency is planned to respond to the EU standards.

The analysis of the training needs is the first step in the training circle and the proper analysis will help in determining the trainings' direction, content and structure necessary in designing the structure of the training programme. The training programmes should provide the employees with knowledge, as well as skills and conduct necessary for performing their duties.

In order to have a greater success in the development of the training system, it is essential to get the support of the managers who should see and determine the training needs and to forward them to the Training Unit promoting the principle of continued learning, to motivate the employees to develop, to stimulate them to take on the responsibility of self-development, and to give the employees possibility to spend part of their time as trainers or trainees.

The Training Unit is already planning to introduce an introductory course for the purpose of familiarisation of the employees with the Customs Administration's objectives and structure, as well as their rights and obligations. The Training Unit will review the topics, the content, the timetable and the practical training of the introductory customs course in order to ensure more activities that correspond to the post's requirements.

In order for the Customs Administration to have top quality trainers that would satisfy certain higher standards and who apart from knowledge, will have skills and capabilities to transfer them, the Training Unit has made an initial selection of trainers using the method of interviews. The selected trainers were given an opportunity to attend training for trainers organised by a local company from Skopje qualified for this type of training. The training for trainers was attended and completed by 29 customs officers. The Training Unit will sign agreements with the trainers concluded between the Director General and the trainers for a certain period of time stating their rights and obligations.

The Training Unit, together with the trainers, will work on the development of the national internal training modules, individual and group training models, the training model at the place of work using different methods and techniques delivering quality products.

The Training Unit will keep records on the training courses and the training of every employee, but this system requires an electronic support so that the database updating is easier.

The entire training process, as well as the trainers, are monitored and assessed in order to estimate the efficiency and to identify what changes are necessary. The Training Unit specifies the goals and the criteria for evaluating the training.

In this way, the Training Unit develops, establishing itself as an advisor, trainer, designer of the national training modules, evaluator and implementer of the established training standards. This will contribute towards complete and independent support of the Customs Administration operating strategy as a whole, and will contribute towards improving the employees' job performance and development in the course of their training.

General Specialized Course for Customs Officers

In the course of 2000, the Human Resources and Training Units provided training for 287 customs officers, out of which 132 with higher education and 155 with secondary school level of education. The syllabus of the General Specialized Course for Customs Officers with 266 hours of training for the officers with higher education and 162 hours of training for the officers with secondary school level of education incorporated the following subjects:

For the customs officers with higher education:

Customs System and Procedures: Goods Identification; Customs Tariff; Foreign Trade and Currency Operations; Illicit Trafficking Prevention and Introduction to Psychology; and Work Discipline and Ethics.

For the customs officers with secondary school level of education:

Customs System and Procedures; Goods Identification; Customs Tariff; Foreign Trade and Currency Operations; Illicit Trafficking Prevention and Introduction to Psychology; and Work Discipline and Ethics.

In 2002, the syllabus of the general customs course was reformed and from 2002 until 2004 2 general customs courses were organised with a total of 109 customs officers attending, out of whom 71 with higher education and 38 with secondary school level of education. The syllabus of the General Customs Course with 216 hours of training for the officers with higher education, and 104 hours of training for the officers with secondary school level of education included the following subjects:

For the customs officers with higher education:

Customs Code and Procedures; Customs Tariff; Customs Value, Origin of Goods, Offences and Crimes, Trade Policy Measures, Taxes and Excises, Customs Information System, Illicit Trafficking Prevention and Work Discipline and Ethics.

For the customs officers with secondary school level of education:

Customs Code and Procedures; Customs Value, Offences and Crimes, Trade Policy Measures, Taxes and Excises, Customs Information System, Illicit Trafficking Prevention and Work Discipline and Ethics.

The lectures were given by lecturers from the Customs Administration.

Specialised professional training for customs officers

The specialised professional training for customs officers involves additional training, seminars and counselling.

- In order to have more effective functioning of the border crossings that would enable faster flow of passengers and vehicles, training has been provided in Primary and Secondary Vehicle Inspection. The training is provided by customs officers from the Customs Administration of the Republic of Macedonia. In the period between February and September 2004, training was

organised for most of the customs stations involving 190 customs officers. This type of training is also planned for the remaining two border crossings.

- At some of the border crossings where radiation measuring instruments have been installed, the Training Unit has also organised one-day trainings in handling these instruments. The training was provided by a trainer from the Customs Administration in May 2004 at 4 border crossings, and it was attended by 65 customs officers. This type of training is also planned for 6 more border crossings which have this kind of instruments.

Training in handling weapons and force measures

Article 44 from the Customs Administration Law establishes that the customs officers in the course of their duties may use force measures, as well as to carry and use firearms in situations envisaged by this article.

The Government of the Republic of Macedonia, based on a proposal by the Ministry of Finance, will regulate in more details the use of force measures as well and customs officers' carrying and use of firearms.

After the adoption of this article, training is planned in force measures as well as in carrying and use of firearms in cooperation with the Ministry of Interior.

Commercial fraud methods

Seminar on commercial frauds within the WCO's Project was organised in May 2002, 16 participants. 4 customs officers participated at the Seminar on Money Laundering and International Banking in October 2003 in Skopje.

Two two-day training courses on financial crime prevention were organised by the US Agency for International Development (USAID) in March 2004 attended by 4 customs officers; and one one-day training in April 2004 on preventing money laundering attended by 7 customs officers.

One two-day training course was held at the Money Laundering Prevention Directorate at the Ministry of Finance in June 2004 on the money laundering prevention efforts, attended by 2 customs officers.

One-day seminar was organised in September 2004 on coordinating the activities between the competent bodies for implementing the measures and activities regulated by the Law on Money Laundering Prevention and other proceeds of crime. 2 customs officers attended this seminar.

Seminars on preventing smuggling

- UNDCP and PHARE project – April-May 2000 (first part) in Germany, basic training for two dogs and two dog guides for drug detecting in Germany; training for service dog guides in drugs detecting (second part) in August and September 2000 in Germany and (third part) – re-training in March and April 2001;
- Within the UNDCP and Phare Programme training in passengers, baggage and cargo shipments control at airports, in June 2000, 17 customs officers attended;
- Training in preventing and detecting illegal trafficking with precursors (Ministry of Interior and Drug Enforcement Agency-DEA) in November 2000, 8 customs officers attended;
- UNDCP and Phare project in May 2001 in Bulgaria training for proper use of technical devices for detecting drugs and other smuggled goods (RAD REFLEX detectors), two participants attended;
- In the course of 2001 and 2002, 39 customs officers participated in 3 training courses on fighting drugs trafficking organised by the Customs Administration;
- 1 customs officer took part at the Southeast Europe International Workshop on Preventing and Fighting Illegal Small and Light Weapons Trafficking, September 2002;
- 14 customs officer took part at the one-day training in handling Vapour Tracer 2- drugs and explosives analysers in May 2003 and June 2004;
- 31 representatives of the Customs Administration attended the training on drugs identification organised by an international police expert from the OSCE Police Training Unit in October 2003;

- 1 representative from the Intelligence Unit attended the Seminar on WMD (Weapons of Massive Destruction) Proliferation Prevention, Hungary, June 2003;
- Customs and Fiscal Assistance Office - CAFAO MAK in 2003 organised 11 training seminars and 2 training seminars for the Intelligence Unit in 2004, Investigation Unit, Mobile Teams Unit and the State Operative Centre at the Control and Investigation Sector. These training seminars were attended by 58 customs officers.

Calculations on the imported goods

So far there has been no training for the customs officers on imported goods accounting control. However, such training is planned for next year.

Foreign languages

The Customs Administration organises a Course in French. The course was attended by 13 customs officers from November 2003 – June 2004. The course continued with the same participants from September – December 2004.

IT courses

Within (World Bank tender) the Trade and Transport Facilitation of South-East Europe - Integrated Customs Information System (ICIS), the following training has been realised:

- IT training in "Basic Windows, MS Office and Internet" carried out from April 2001 until April 2002, which involved 332 customs officers from the Customs Administration and the Customs Houses in Skopje (179), Kumanovo (47), Gevgelija (36), Stip (31) and Bitola (39). The courses were realised by the Customs Administration, in cooperation with a company licensed to provide computer training;
- Training for trainers in preparing training modules and additional documentation for Automated System for Customs Data and Software Development (ASIKUDA) – transit, selectiveness, freight forwarding and accounting module. 18 participants; trainer from the United Kingdom;
- 1 phase – Computer networks management (basic phase) in June 2001, in Skopje, 5 participants; 2 phase – telecommunications in July 2001 in Skopje, 9 participants; 3 phase - Computer networks management (advance phase) in June 2001, in Belgium, 6 participants;
- Training -"IT&C - Web Site" for databases management, internal instruments and mechanisms, web designing and development, October 2001, Skopje, 7 participants and
- Training -"Case Tools" telecommunications, CASE (Computer Additional System Engineering) instrument and IT methodologies, October and November 2001, Skopje 4 participants;

Other IT courses:

- Computer languages training - Oracle9: Program so PL/SQL, 5 days in April 2003, Skopje, 1 participant from the Customs Administration Intelligence Unit;
- Seminar on Win Days 2004, April 2004 in the Republic of Croatia, 1 participant from the IT Sector and
- For the needs of the employees at the Control and Investigation Sector and the Professional Responsibility Sector, in May and June 2004 the Customs Administration organised training in "Computer Skills" and "MAKCIS" in order to help them follow the IT development and for more efficient use of the MAKCIS system in their daily activities. The instructors came from the Customs Administration IT Sector.

Seminars on current issues regarding the customs system

- For the purpose of proper implementation of the new Excise Law, in July 2001 a number of seminars were organised on the Excise Law at the Customs Houses in Kumanovo (18

- participants), Skopje (36 participants), Gevgelija (15 participants), Bitola (20 participants) and Stip (29 participants);
- For the purpose of familiarisation with the Law Amending the Customs Tariff Law, a one-day seminar was organised at the Customs Administration in March 2002 attended by 39 participants from all customs houses;
 - Seminars for customs officers and if required for others who deal with the customs procedures, such as importers, exporters, freight forwarding companies or transporters, are organised when the regulations are amended or when it has been assessed that there is a need of emphasising certain issues concerning customs operations. In the course of 2003, seminars were organised on implementing procedures concerning customs clearance, risk analysis, transit clearance, re-export, as well as the simplified procedures. Furthermore, seminars are organised when the Free Trade Agreements that the Republic of Macedonia signs enter into force, as well as with the enforcement of the Stabilisation and Association Agreement, especially in the field of rules of origin;
 - A number of one-day seminars at the customs houses were organised when the Republic of Macedonia became a member of the World Trade Organisation, for the purpose of familiarisation of the customs officers with the latest modifications in the Law on Customs Tariff and uniformed and proper goods classification in accordance with the Republic of Macedonia's WTO membership. All the customs officers who are directly involved in the goods classification based on the customs tariff took part and
 - In May 2004, 2 one-day seminars were organised in Skopje and Bitola on acting upon the TIR convention with a total of 110 customs officers attending it.

The Customs Administration has not organised any training for commercial operators so far. However, with the amending of the legislation, such as the Customs Law, the Law on Customs Tariff, the Protocol on Origin of Goods or after being established that there is a need to emphasise certain current issues in the field of customs operations, appropriate seminars and training are organised. The Customs Administration will organise such presentations in November related to the introduction of new procedures with customs guarantees. These presentations, apart from the customs officers, will also include freight forwarding companies, importers and bankers.

The training for customs officers and commercial operators is organised by the Chamber of Commerce of the Republic of Macedonia. Within the TTFSEE Project (Trade and Transport Facilitation of South-East Europe) in the period between 2002 and 2004, training was organised on: foreign trade operations, Incoterms 2000, business ethics and corruption, transport operations and customs transit procedures. In the course of these 3 years, 47 seminars for 584 companies were organised, with 918 participants.

Enclosed is the Customs Administration Law ("Official Gazette of RM" No.46/04), See [25 Annex 20](#).

25. How high has the turn-over of staff in the Customs Administration been in recent years? Are there enough qualified applicants to fill the vacancies?

The Customs Administration rotates its customs officers in the following manner:

1. from one to another customs office and
2. within the same customs office.

The head of the Customs House is competent for the rotation. S/he does this based on the assessments of the head of the customs office, in the interest of improving the office's organisation and the effectiveness, in case of increased flow of goods and passengers aimed better assignments distribution, professional training and acquiring capabilities specific for a given post, successful functioning, in order to avoid cases of closeness of the customs officers with the clients as well as insufficient number of customs officers.

Outline in percents for the Skopje Customs House:

1. The customs officers' rotation from one to another customs office:

- in 2002 customs officers rotation of 31%;
- in 2003 customs officers rotation of 29%;
- in 2004 customs officers rotation of 9%.

2. Customs officers' rotation within the same customs office:

Depending on the office' scope of activities and needs:

- at the Skopje Airport customs office in the course of 2002-2004 the customs officers' rotation was 35%. In the department for passengers traffic, 42% on monthly bases and 70-80% on daily bases;
- at the Blace customs office in the course of 2002-2004 the customs officers' rotation was 15%;
- at the Skopje customs office in the course of 2002-2004 the rotation of customs officers with higher education was 70%, and the average rotation of customs officers with secondary school level of education was 27%.

Outline in percents for the Kumanovo Customs House:

1. The customs officers' rotation from one to another customs office:

- in 2002 customs officers rotation of 7%;
- in 2003 customs officers rotation of 4%;
- in 2004 customs officers rotation of 2%.

The Stip Customs House 2002-2004 outline in percents regarding the customs officers' rotation from one to another customs office and within the same customs office was 30%.

The Gevgelija Customs House 2002-2004 outline in percents regarding the customs officers' rotation from one to another customs office and within the same customs office was 30%.

The Bitola Customs House 2003 outline in percents regarding the customs officers' rotation from one to another customs office was 56%.

Taking into consideration the conditions envisaged with the posts systematization in regard to education, there is a sufficient number of qualified employees with higher education and secondary school level of education. The applicants for the posts with a requirement for a higher education have to fulfill the education condition (in the field of economy, law, mechanical engineering, electrical engineering, technology, as well as customs and customs-freight forwarding). This condition also applies for the posts with a requirement for a secondary school degree (four-year secondary school training in the field of economy, engineering or general or administrative training).

26. Please describe your recruitment policy and the conditions of staff recruitment.

The Customs Administration Law ("Official Gazette of RM" No. 46/04), among others, regulates the employment policy which is aimed at attracting and employing personnel appropriate to the employment requirements and standards concerning capabilities, efficiency, competence, professionalism and integrity, providing everybody equal opportunities. The staff is selected without any prejudices whatsoever regarding gender, race, political or religious convictions.

The heads of the customs houses and the Customs Administration sectors are those who state the need of employing customs officers. A person could be employed at the Customs Administration as a customs officer if along with the general conditions s/he also satisfies the special conditions envisaged in the Book of Regulations for Systematisation of Job Positions at the Customs Administration adopted by the Minister of Finance and registered under the Ref. No. 02-5451/1 on March 9, 2004. The employment procedure requires a previous employment add published in at least two daily newspapers, one of which in the language spoken by at least 20% of the population, who speak a language different from the Macedonian language.

There are two exceptions to this rule:

1. A customs officer could be employed from another public institution and vice versa without advertising the post, by directly concluding an agreement, in cases when the Customs Administration's established such a need and

2. The Director General is authorised to allow certain job position not to be advertised based on his/her decision for promotion or redeployment of an employee to the empty position.

The Director General makes the final decision when it comes to the candidates' selection. The employment becomes effective after concluding an employment agreement in writing between the selected candidate and the Director General.

The regulations on evaluating of the working capabilities and procedures for the employment will be regulated with a Collective Agreement or the operative instructions by the Director General using the experiences of other European Union member countries. These regulations of the Customs Administration regulate the procedure of evaluating the submitted documents based on the conditions satisfaction and the criteria and standards implementation: assessment of the results achieved in the course of education, knowledge, capabilities and achievements; candidates' selection by the evaluation commission.

The Director General could request additional information on the person undergoing clearance procedure for an employment as a customs officer, from the competent state institutions conducting security clearance for possible security obstacles that could pose a threat to the secure operating of the Customs Administration. After the selection of the candidates, they are invited for an interview before a commission based on the submitted documents and testing. After the interviews, the commission makes a ranking list with points, listing the selected candidates and it forwards a proposal with the best ranking candidates to the Director General. The commission encloses the minutes from the interviews with each of the candidates in the candidates' file.

The person who is to be employed as a customs officer at the Customs Administration for the first time takes and signs an oath with the following text: I pledge myself that in the course of my work I will respect the Constitution and the laws of the Republic of Macedonia and that I will conscientiously and diligently perform my duties as a customs officer.

The signed oath is kept in the personal file of the customs officer. If the customs officer refuses to take and sign this oath, the decision for his/her employment will be considered invalid.

The Customs Administration Law envisages trial period of 6-12 months as a particularity when employing somebody or when the customs officers are promoted. During the trial period, the newly employed or promoted customs officer will be supervised i.e. monitored by his/her direct superior i.e. mentor. During this period of time, this person goes through professional training that s/he would need for the job. After the successful trial period, s/he seats for an exam. Depending on the achieved results in the trial period and the exam results, the person may be employed full-time or his/her employment to be terminated. If the promoted customs officer does not show satisfactory results during the trial period, s/he will return to the previous position.

The employment agreement will be signed after the health care institution determined by the Customs Administration establishes that the customs officer candidate fulfils the required health standards for the given post.

Enclosed is the Customs Administration Law ("Official Gazette of RM" No 46/04), See [25 Annex 20](#).