

Chapter 29: Customs union

All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity and access to and interoperability with the EU electronic customs environment.

North Macedonia has a good level of preparation in this area. Limited progress was made on the consolidation and upgrade of IT systems. The customs administration implements a fully paperless environment for processing customs declarations and excise documents.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, North Macedonia should in particular:

- upgrade its national component of the New Computerised Transit System (NCTS) to Phase 5;
- ensure continued alignment of the customs legislation with the EU acquis and continue the consolidation and application of its national customs IT systems in line with the Commission's Union Customs Code (UCC) Work Programme and multiannual strategic plan (MASP) modules, and ensure their upgrade;
- ratify the Protocol on Elimination of Illicit Trade in Tobacco Products.

The **customs legislation** is highly aligned with the EU *acquis*. In the field of customs legislation, progress was made in aligning to the EU combined nomenclature.

As part of the anti-fraud efforts, it is recommended that North Macedonia strengthens combating customs fraud, in particular smuggling of tobacco products and by cooperating with OLAF, and ratifies the Protocol on Elimination of Illicit Trade in Tobacco Products, signed in 2014. On **administrative and operational capacity**, a comprehensive intelligence system in support of investigation and enforcement is in place. Controls are based upon intelligence-led risk analysis, pre-arrival information and selectivity techniques. Risk management was applied systematically with the percentage of physical controls (red channel) at 5.7% and documentary controls (yellow channel) accounting for 16.9% of all shipments in 2023. A new project for enhancing the risk management and establishing customs data warehouse commenced in 2024.

Total revenues collected by the customs administration in 2023 were by 1% lower compared to 2022, amounting to 1.9 billion EUR. The agreement to establish one stop control with Kosovo was ratified in December 2023. The ICT development strategy for 2021-2025 was implemented, aiming to provide coordinated development and implementation of national systems with those of the EU. The operations of NCTS (Phase 4) in North Macedonia were satisfactory. The upgrade of the national system of NCTS to Phase 5 is facing delays and remains a priority for 2024. To cope with this, further capacity building and staff recruitment, in particular in the IT area, is necessary.

The customs administration participated in seven international operations in the period September 2023-March 2024. Cooperation and exchange of intelligence with the customs agencies from the region and with international and regional organisations continued.

