



**Dear readers,**

It is my pleasure and my honor to represent you the latest edition of the Annual Report of the Customs Administration of the Republic of Macedonia for the year 2003. The Customs Administration exists from the very beginning of the sovereignty of the Republic of Macedonia, apart from its historical role; it has a crucial progressive role and vision of the future.

In the following few pages we will try to depict the profile of the Customs Administration in a descriptive and unimpaired manner. At the same time we will try to present the public role of the Customs Administration in the modern society and its achievements in 2003.

Living in the "society of information", it is very important to acquaint the wider publicity with the role and performance of the Customs Administration in the society, as

well as with the services rendered by the Customs Administration.

The overall work of the Customs is well known, although there are few aspects and new products-services that should be shown in the future, in order to be supported by the citizens.

This is a period of the information society, thus the information regarding the development of the new services rendered by customs and the modernization efforts of the Customs Administration for the facilitation of the trade are very useful and considered as significant factor.

In order to obtain this goal, our ambition is to play an active role in the international development and to contribute to welfare of the citizens in a modern, friendly and professional manner.

***Ljubomir Mihajlovski***

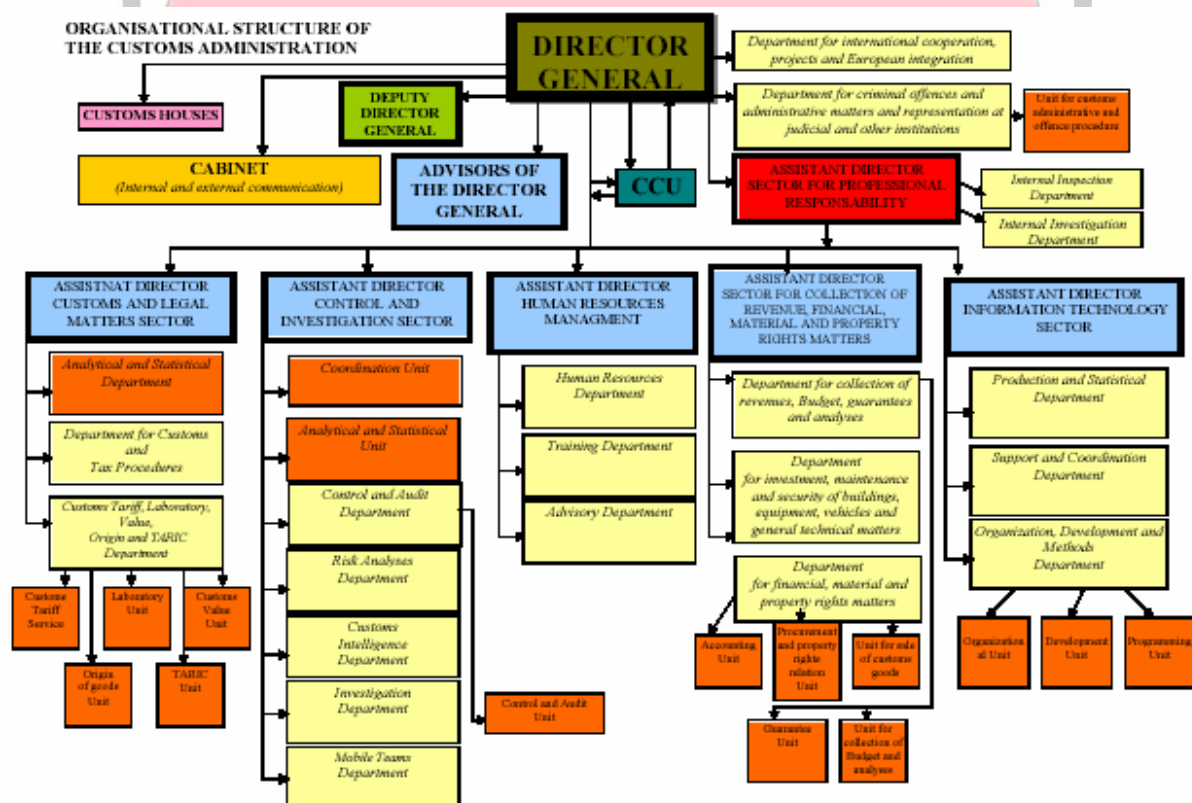
*Director General*

## MISSION

The Customs Administration of the Republic of Macedonia, fully and efficiently serves the Government and the citizens of the Republic of Macedonia, ensuring efficient and on time collection of customs duties and fees and preventing importation of illicit goods in our country. This could be realized with systems and performance

that will facilitate the international trade and will contribute to the economic prosperity through effective, prompt and simple procedures, within the environment that guarantees complete protection of the revenues and law enforcement of the legal prohibitions and the law in general.

## ORGANISATIONAL STRUCTURE



TO ZOOM - click on the picture

## COLLECTION OF CUSTOMS REVENUES AND FEES

On 4 April 2003, the Republic of Macedonia has officially become a member of the World Trade Organization. The accession to the World Trade Organization has resulted in the passing of the new Customs Tariff Law, whereas we have substantial decrease in the customs tariff rates, resulting from the introduction of obligations emerging from the Protocol for accession to the World Trade Organization. In average the customs rates are decreased for 30%.

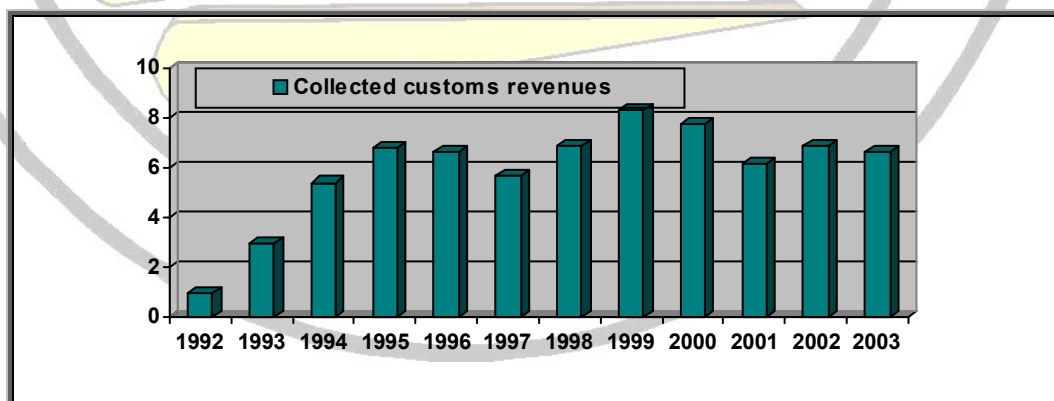
During the year 2003 the trend of liberalization of the foreign trade functioning has continued as a result of the annual decrease of the customs rates according to the timetables of the Free Trade Agreements. Romania and Ukraine have joined the group of the counties that have signed preferential trade agreements with the Republic of Macedonia in the year 2003.

Within the total importation, the preferential import (Slovenia, Serbia and Montenegro, Croatia, Bulgaria, Turkey, European Union, EFTA, Bosnia and Herzegovina, Albania, Romania and Ukraine) partici-

pated with 80% as a result of the signed Free Trade Agreements. Bearing in mind all these circumstances of the general lowering of the of the customs tariff rates, as a result of the amendments in the Customs Tariff Law and duty free preferential import, the Customs Administration of the Republic of Macedonia in the year 2003 on the name of the Customs collected in the Budget financial means of 6,6 billion Denars. In the year 2003 the Customs Administration on the name of tax and excise collected 18,2 billion Denars.

During the year 2003 the Customs Administration of the Republic of Macedonia, on the basis of the draw-back of customs duties of the realized import, has reimbursed more than 350 million Denars.

Regarding the realization of the plan set by the Budget of the Republic of Macedonia concerning the height of the paid customs duties, it is completely realized i.e. within the Budget as Customs and other customs duties 6,6 billion denars were collected. On the name tax and excise 18,2 billion Denars were collected.



**collected revenues by customs within the period 1992 - 2003 in billion denars**

It is important to be mentioned that the total value of the duties collected by Customs procedures is one third of the state Budget. Collected customs duties in the year 2003 are positive regarding the fact that the value of the import has not mani-

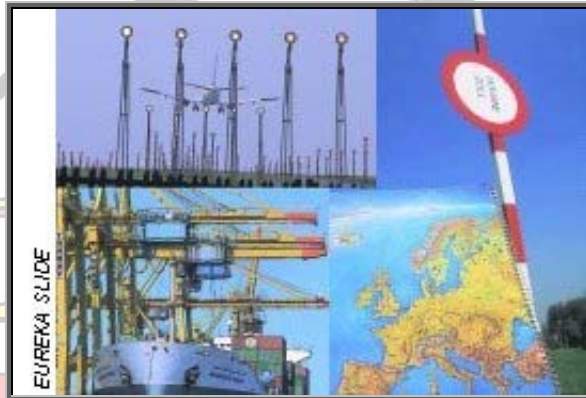
festated any increase, while the customs rates were decreased for 40% in average. This is an additional evidence that the Customs service is working successfully throughout the whole year.

## CUSTOMS TARIFF

The Customs Tariff service within the Customs Administration of the Republic of Macedonia in the year 2003 has performed various activities related to the Customs Code and the Customs Tariff Law.

Last year's activities of the service were associated to the monthly work Plan, where the priority of the proper classifica-

tion of goods was emphasized according to the Customs tariff in the customs offices; particularly goods that could be classified with more than one tariff number regardless the character and the nature of the product. Throughout the whole year 2003 the Customs offices requested adequate interpretation of the proper classification of goods by the Customs tariff service.



During the year 2003 the Customs tariff service received 45 Binding Tariff information requests, 41 were solved while 3 were returned and one is currently examined. Regarding the solved cases, they

were solved according to article 3 paragraph 4 of the Regulation for issuing and utilization of the Binding tariff information announced in the Official Gazette no. 64/02.

## CUSTOMS LABORATORY

During the year 2003, the Customs laboratory has performed analyses using the disposable laboratories in the institutes and the production laboratories, Dutch customs laboratory, consultations with experts and technical documentation for imported goods.

In the year 2003, 701 samples for analyses were received. 547 were realized, as well as 190 old samples from the year 2002, i.e. 737 samples were realized in the year 2003.

Opinions on classification of goods according to the Customs tariff were given for the 737 realized samples, **on the basis of the performed analyses for 149 samples and opinions on classification of goods on the basis of (certificate, technical documentation, organoleptical analysis, internet data and professional literature) for 588 samples.**

Submitted samples for analyses were within the area of food processing industry, petrochemical industry, plastic, paper, part of the chemical, textile and metallurgy.



## CUSTOMS VALUE AND TAXES

During the year 2003, the Customs value service has sent 59 requests for verification of the customs value to the other countries abroad.

Throughout the year 2003, the foreign Customs services sent 41 replies to our requests, part of them referring to the requests sent in the year 2002. 21 cases were positively answered, 12 negatively, and 8 letters notifying that the verification is in process, or their inability to assist because of the lack of the Agreement for Customs cooperation.

The difference in the customs value, emerging from the negatively replied

cases, is **222.705,00 Euros** or **13.807.707, 00 denars**. We would like to mention that the difference in the amount of the customs value is much higher, due to the few cases where the total declared value is around **512.225,00 Euros** or **31.757.975, 00 denars** whereas we have received replies from other foreign customs authorities that the import has not been realized from the country stated as exporter, referring to possible differences in the value.

20 requests for verification of customs value were sent to us by the foreign customs services during the year 2003, 20 of them were positively answered.

## ORIGIN OF GOODS



The major tasks of the Origin department in the year 2003 were in accordance with the prescribed organization, following and analyzing the application of the origin rules. Analyzing the problems arising with the application of these rules, the service has proposed several measures as amendments and supplementations to certain sub legal acts and the missing operational guidelines for proper and legal functioning of the customs authorities in the enforcement of the customs procedure, as well as its upgrading and modernization. The department has actively participated in giving instructions and expertise to the other departments within the Customs Administration, to the customs houses and other legal and natural persons - participants in the customs procedures. Representatives of this department participated at several seminars and trainings, as well as being panelists at seminars and trainings organ-

ized by the Customs Administration on the demand of customs officers and trade community. The department participated in the preparation of materials and information published on the Customs Administration's Internet web site i.e. at the border crossing points and internal customs offices.

The Service has participated in the work of the expert's teams in mixed commissions, sub commissions and working groups following the Free Trade Agreements, that the Republic of Macedonia has signed with these countries: Serbia and Montenegro, Slovenia, Croatia, Bulgaria, Turkey, Moldova, European Union, EFTA countries, Bosnia and Herzegovina and Albania.

One of the main activities of the Service is **the verification of the evidence concerning the origin of goods**, issued by the

**foreign customs authorities**, on the basis of the Customs offices' requests, Control and Investigation Sector and directly from the Origin Service. We have received re-

plies on several cases sent for verification before 01.01.2003. This is the situation for the period of time expending over the last four years.

Year	Number of received requests for verification from the foreign Customs authorities	Number of sent requests for verification to the foreign Customs authorities	Number of negative cases
1998	13	17	6
1999	31	34	10
2000	33	39	10
2001	63	125	29
2002	90	207	12
2003	82	470	21

The year 2003 was very successful in this field, and we hope that the same trend will continue in the risk analyses of the submitted requests for verification, in order to increase the efficiency and the percentage of discovered negative cases.

that the Republic of Macedonia has signed Free Trade Agreements with (total number 10). The reports on daily basis regarding the distribution of quotes could be seen on the Customs Internet web site and in the Asycuda program.

We have initiated a procedure for all negative cases regarding the additional collection of customs duties, Control and Investigation sector was informed, i.e. a criminal procedure has been additionally initiated and the Risk and Analyses Department was informed as well. **The number of requests for verification of the proof of origin issued by the customs authorities of the Republic of Macedonia has been increased** on the request of the foreign customs authorities. The increase in the number of the Free Trade Agreements has been noticed, entailing the trend of growth of additional verification of proofs of origin.

3211 requests for distribution of quotes were submitted until 31.12.2003, 3148 were declined, while 63 were partially approved.

In addition to the distribution of quotes according to the Free Trade Agreement, the Origin department has performed a distribution of quotes in line with the principle first come, first served on:

- The quantities of goods with preferential tariff treatment on the basis of the Decisions passed by the Government of the Republic of Macedonia;
- The quantities of customs quotes for import of wheat from the Serbia and Montenegro according to the Free Trade Agreement signed between the Republic of Macedonia and the Federation of Serbia and Montenegro and the import of wheat originating from one of the countries members of the World Trade Organization according to the Agreement for accession of the

The accession of the Republic of Macedonia to the World Trade Organization and official start of application on 01.01.2003, within the frames of the Origin Department starting from 01.01.2003 the distribution of customs quotes has started, on the basis of the principle first come, first served. The Origin department participated in the preparation of the lists of goods foreseeing the distribution of quotes for all countries

Republic of Macedonia to the World Trade Organization.

131 requests for distribution of goods with preferential tariff treatment were submitted until 31.12.2003, 131 requests were approved.

103 requests for distribution of quotes for import of wheat originating from the Serbia and Montenegro according to the Free Trade Agreement signed between the Republic of Macedonia and the Federation of Serbia and Montenegro and the import of wheat originating from one of the countries members of the World Trade Organization

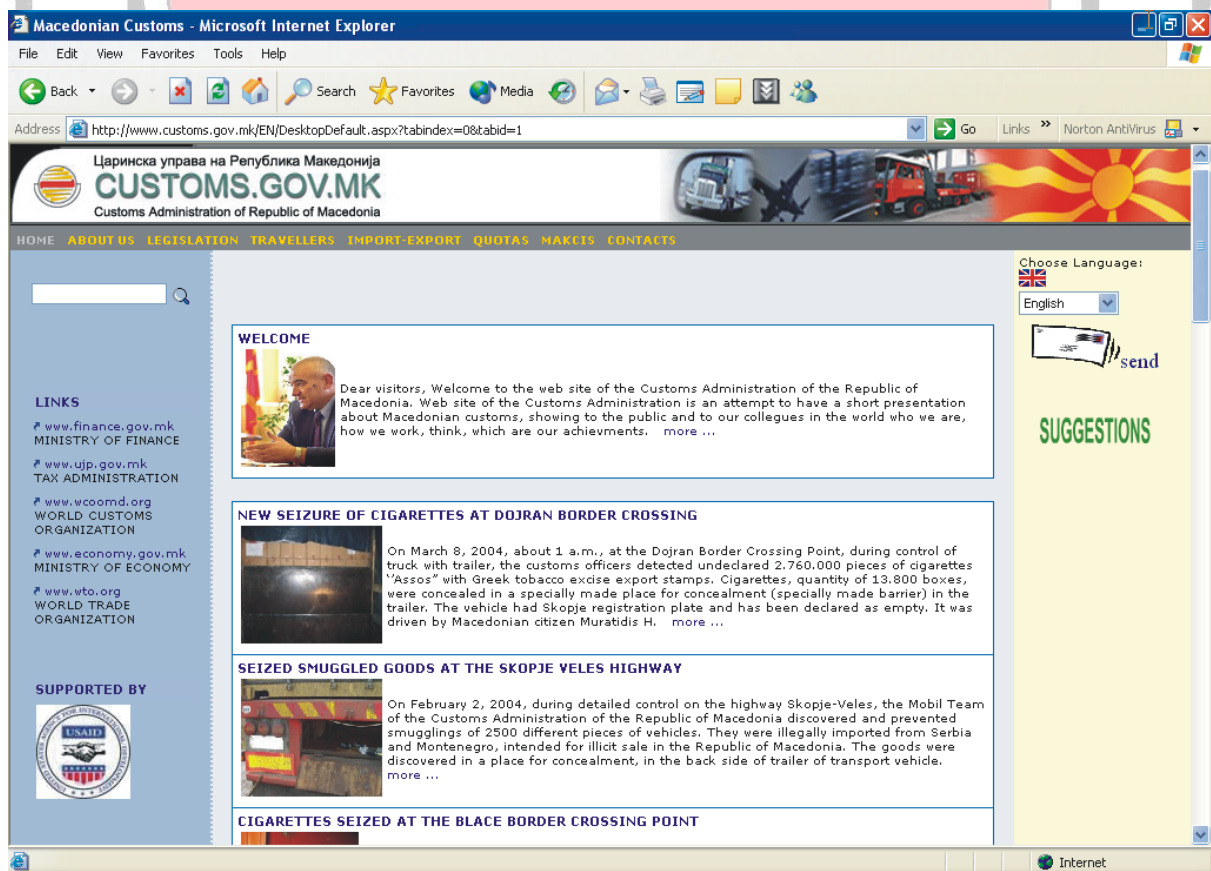
according to the Agreement for accession of the Republic of Macedonia to the World Trade Organization were submitted until 31.12.2003, 103 requests were approved.

Aside from the distribution of quotes according to the principle first come, first served, the distribution of quotes for certain products is done by auction by the Ministry of Economy and the first distribution was successfully performed in the middle of June 2003. The representative of the origin department is a member of the commission for distribution of quotes and actively participates in the same one.

## CUSTOMS ADMINISTRATION INTERNET WEB SITE

The Customs Administration of the Republic of Macedonia, on 14 April 2003 has launched its Internet web site **WWW.CUSTOMS.GOV.MK**, thus becoming

one of the leading institutions in the Republic of Macedonia showing the transparency of its functioning.



The Customs Administration Internet web site contains large number of legal regula-

tions, rules and instructions applied by the Customs Administration in its work. Eve-

ryday data regarding the quantities of the distribution of quotes, according to the system "first come, first served" are shown on the Internet web site.

During the year 2003, more than 60.000 visitors have visited the Customs Administration Internet web site.

## AUTOMATIC DATA PROCESSING

The Information sector during the year 2003 was engaged in the tariff maintenance, including all amendments foreseen with the Free Trade Agreements, as well as the amendments as a result of the signing of the agreement with the World Trade Organization entering into force in April 2003.

Continually, support was given to the participants (old and new) within the frames of MakCIS in: the Customs offices, public enterprises, express carriers and forwarding agencies. New version of MakCIS was installed to all new clients and the old version of MakCIS was replaced to the old clients.

During the months January and February the TTFSE Project Agreement with the firm ECS was concluded which is financed by the World Trade Bank for modernization of the information system. The Agreement was signed in March and it lasted until the end of the year 2003. According to this Agreement the technical platform of the information system was modernized and the training for new data base and new operational system was concluded.

- Communication equipment (routers) were replaced with new Cisco routers;
- Server to access MakCIS through the telephone lines was installed;
- Transfer from Token Ring to Ethernet network for unification of the network;
- Preparation and configuration of the KAFAO mission equipment in order to be in the network independent of the Customs Administration's network;
- Development of software for distribution and evidence of quotas for the year 2003;
- Storing of data from the everyday updating in the base for distribution of quotes and their publishing on Internet;
- Preparation of defined reports as a part of the application for distribution of quotes;
- Module for recording of SAD, T1 and TIR was finalized;
- 8 new defined reports were prepared in order to have better evidence of the control books;
- New reports for lost of revenues on the basis of quotas;
- New selectivity reports;
- Preparation of Web Server with Windows 2000, SQL Server 2000 for use on Internet;

During the last year, great part of the outdated equipment was replaced and there were few interventions regarding the working problems and the mistakes. The network for transmission of data was expanded to the following customs offices: Delcevo - border crossing point, Kafasan, Sveti Naum, Jazince and Dojran. New customs office in the Free zone FENI has been introduced. On regular basis data were submitted to the National Bank and the State Bureau of Statistics.

During the year 2003, new mode of work in the customs procedure was activated in the six customs offices. The selective method of examination and inspection is used by the following customs offices: Kumanovo, Veles, Kavadarci, Ohrid, Struga and Skopje Terminal - Import.



- Web server for on-line input of quotas was installed;
- Creation of new web page, preparation of DNS server and firewall;
- Creation of the new web page and correction of the existing web pages particularly concerning distribution of quotas;
- Involvement in the preparation of new guidelines;
- Working meetings with the unit for risk analyses;
- Activation of new WEB server within the Customs Administration of the Republic of Macedonia;
- Activation of test server for Selectivity ;
- Preparation of annual report for distribution of quotas for the year 2003;
- Development of an application for evidence of empty trucks.

## CUSTOMS PROCEDURES

Customs and Tax Procedures Department, has been established in the middle of the February 2003 as a result of the reorganization of the service according to the Book of rules for organization and work of the Customs Administration and the Book of rules for systematization of the working positions in the Customs Administration passed by the Ministry of Finance with act no. 01-1024/3 of 14.02.2003. This department resumes the activities of the Department for customs legal, criminal and matters of representation in the judicial bodies, Tax and Value Department and the Foreign Trade System and Origin of Goods Department which existed as the above mentioned in the previous organization and systematization. The department is staffed with one Head and six independent advisors, throughout the year 2003 there were only small changes in the staffing of this department.

The major tasks of this department in the year 2003 were in accordance with the prescribed organization, following and applying the application of the Rules and provisions that are applied in the customs procedure, as well as applying tax, foreign trade and foreign exchange functioning

rules. Analyzing the problems that are occurring with the application of these rules, the Department has proposed several measures as amendments and supplementations to certain rules and sub legal acts and the missing operational guidelines for proper and legal functioning of the customs authorities in the enforcement of the customs procedure, as well as its upgrading and modernization. The Department actively participated in giving directions and expertise to the other departments within the Customs Administration, to the Customs houses and legal and natural persons - participants in the customs procedures.

Representatives of this department participated at several seminars and trainings, as well as being panelists at seminars and trainings organized by the Customs Administration on the demand of customs officers and trade community. The department participated in the preparation of materials and information published on the Customs Administration's Internet web site i.e. at the border crossing points and internal customs offices.

## INTERNATIONAL CUSTOMS COOPERATION

One of the Customs Administration's activities is establishment and carrying out of the technical support project for modernization and development of the Customs service through **CAFAO-MAK Mission** (European Union Fiscal Customs and Assistance Office) in the Republic of Macedonia, financed by the European Union.

The main goal of this project is to provide technical support to the customs service of the Republic of Macedonia for its modernization and to create utterly operational service in conformity with the European Union norms and minimal standards set down in the Blueprints of the European Union.

In this project special accent was placed on:

- Provision of technical support to review the organization and the structure of the customs service, in order to provide effective management of the customs work;
- Provision of technical support to develop the strategic business plan on the basis of the overall program for modernization and development;
- Provision of technical support for preparation of the customs legislation according to the European Union standards, whereas in a transparent manner the obligations and the rights of the customs officers will be specified, as well as the entities representing part of the trade community and publicity;
- Development of effective and efficient law enforcement customs sector whose task will be detection and prevention of all illegal activities, preparation of cases for criminal prosecution of the violators, and will function in the accordance to the minimal standards mentioned in

the Blueprints of the European Union;

- Development of effective human resource's system that will increase the professionalism, will support the strategic and operational achievements of the customs service, on the basis of the recruitment legislation of the EU; and
- Development and equipping of the training center, where trainers will be employed with half and full working time, the aim is to improve the work of the employees of the Customs Administration through the well established strategy.

Realization of certain support in the form of technical equipment is foreseen by this program that will improve the work of the Customs Administration, procurement of the same equipment is expected during the year 2004.

One of the main gains for the Customs Administration of the Republic of Macedonia is starting of the realization of the **Project for integrated border management**, financed by the CRADS program, realized on behalf of the Customs Administration, in cooperation with the Ministry of Interior and other authorized bodies.

This project foresees the support of the activities for development, implementation and maintenance of the coordination strategy for management and control of persons and goods that are entering, exiting and transiting through the customs territory and all border crossing points, as well as the prevention of illicit trade through the custom line of the Republic of Macedonia.

**TTFSE Project** is a part of the regional program for facilitation of the trade and transport in the South-East Europe, realized and coordinated by the Department for international cooperation within the

Customs Administration. This project is a result of the mutual efforts and arrangements by the Government of the Republic of Macedonia and the World Bank for facilitation of the trade and transport; besides

our country the following countries are included: Albania, Bosnia and Herzegovina, Croatia, Romania, Serbia and Montenegro and Moldova.



The reform component of the project - institutional reform of the Customs Administration is realized in cooperation with the SECI TTFSE (South East Cooperation Initiative for Trade and Transport Facilitation of the South-East Europe) Advisory Team of the USA Customs, composed of eminent customs experts, rendering technical support and experiences in order to improve the Customs work.

Trade component of the Project - development and support of the trade is realized in cooperation with the Chamber of Commerce of the Republic of Macedonia, where the national coordinator for facilitation of the trade is located. This component is realized through trainings and information of the importers, exporters, freight forwarders and all other participants in the trade, the final aim is to facilitate the trade and to decrease the costs.

The third component of the Project is the Integrated Customs Information System and includes procurement of computer

equipment, trainings and building of IT Center.

The fourth component - building and modernization of the border crossing points includes building of the border crossing point Tabanovce and reconstruction of the border crossings points Deve Bair and Kafasan.

In the organization of the USAID, the **Project for accession of the Republic of Macedonia to the World Trade Organization** is realized, representing the activity for estimation of the Customs Administration's work due to the fulfillment of the requested standards for membership of the Republic of Macedonia in the World Trade Organization.

Within the frames of the **Project for Integrated border management of the PHARE program 2000**, technical equipment was procured satisfying the needs of the Customs Administration of the Republic of Macedonia in order to improve the



capacities for control of the national borders.

The Governments of Netherlands, Switzerland, Great Britain and the Non-governmental organization Transparency Macedonia provided financial support for commencing of the campaign and led to introduction of the Open line of the Customs Administration - 197.

Of special importance is the international **Program for fight against proliferation of arms** (for massive destruction) as well as the **Program for control of export and border security**, supported by the USA Government, the Customs Administration of the Republic of Macedonia is included through its contribution and active participation, from the very beginning of the project until its final realization.

Within the frames of the international bilateral cooperation, last year several bilateral meetings were realized at the expert and management level, quite a few protocols for exchange of customs information lists with the customs services of the neighboring countries: Greece, Bulgaria, Albania and Serbia and with the UNMIK Customs Service were signed, in order to carry out more efficient fight against abuses in the region, particularly referring to the excise goods.

Seminar for protection of the intellectual property rights was organized in Skopje supported by the French Customs; the aim is to improve the mutual cooperation espe-

cially in the field of investigations, where the agreement was reached for realization of the technical support in the year 2004.

Through the program for professional responsibility and financial support by the USA Government, procurement of new badges, official identity cards and system for making of identification cards was enabled.

Activities of the International cooperation department are of special importance especially in relation to the existing uninterrupted communication with the SECI Center for fight against Trans border crime located in Bucharest, through the tracking down of activities, submission of information to the other sectors and rendering of support to the representative of the Customs Administration of the RM in Bucharest.

In June 2003, in Ohrid, the first **Meeting of the Regional Steering Committee** was held, on the level of general Directors of the Customs Administrations and National Coordinators from each participating country in the TTFSE Project for facilitation of the trade and transport.

The benefits and gains from the everyday work as well as the areas that should be improved were emphasised at this meeting, referring to the mutual exchange of experiences, promotion of initiatives for confronting certain problems, as well as realisation of more successful bilateral cooperation.

Special accent was placed on the following:

- Exchange of information as a mean to combat illicit trade, initial point for improvement of the risk analysis and selectivity, with significant contribution to the facilitation of the trade in the Region;
- Improvement of the method of selectivity and establishment of identical performance criteria of the selectivity in the Region;
- Strengthening of the anticorruption initiative, as well as the modes of prevention through mutual exchange of opinions, ideas and practical experiences between the countries in the Region ;



- Establishing better cooperation with the commercial partners, business principal clients, Private Sector and the Government, as well as updating the TTFSE web site;
- Presentation of the new way of payment of excises duties by the Customs Service, promoted and used in Croatia.
- Possibility to introduce a single counter at the Border Crossing points, in order to provide additional information to all commercial companies and passengers.

In February last year, in Chisinau-Moldova, the **seventh Meeting of the Steering Committee of the TTFSE Project** was held, where the General Director of the Customs Administration of the Republic of Macedonia was elected as a chairman of the Regional Steering Committee, in duration of one year.

Representatives of the Customs Administration of the Republic of Macedonia take part in the Regional Project for technical assistance, so called. **Building of capacities for detection and fight against illicit trade with radioactive materials**, as well as in the activities of the Session of the International Agency for atomic energy in Viena.

Customs Administration delegation actively participated in the work of the **Business Forum for cooperation between Turkey and Macedonia**, in Edrene-Turkey and in Skopje, as well as in the activi-

ties of the Business Forum with businessmen from Kosovo, Pristina.

**The visit of the Moldavian delegation was realised** in order to exchange the experiences concerning the introduction of MAKCIS-ASYCUDA System within the Customs Administration.

Representatives of the Customs Administration participated at the **Forum for e-Trade**, in Budapest-Hungary.

In June 2003, we could point out **the working visit** of the Ambassador of the USA to the Republic of Macedonia, of the Ambassador of the USA to the Republic of Albania, of the Director of the Customs Directorate of the Republic of Albania and the Director of the Republic of Macedonia in Ohrid, where the participants were introduced to the work of the customs service at the Ohrid Customs office, Kafasan Customs office and the activities of the Mobile Teams.



The Government of the USA organized **study visit** of the representatives of the Customs Administration of the RM to the USA Customs, monitoring the operations of the USA Customs for protection of the borders and exchange of the best procedures and experiences that could be later applied in the improvement of the procedures and activities of the Customs Administration of the Republic of Macedonia.

Within the frames of the technical assistance between the Dutch Ministry of Finance and the Ministry of Finance of the Republic of Macedonia, supported by the Dutch Embassy in Skopje, study visits were organized for the representatives of the Customs Administration to the Dutch Customs, in order to become acquainted with their organisation of the work



Meeting of the General Directors of the Customs Administrations of the new future EU members States and neighbouring countries was held in Rome, on a theme - new European borders and straightening of the customs cooperation with neighbouring countries.

**Regional seminar for risk analysis** was held in Ohrid, supported by the WCO and attended by other countries participants in the TTFSE project, where the regional cooperation between the countries in the Region was highly estimated, and it was concluded it should keep the same pace, through organisation of more and more trainings of this kind.

On 10 April 2003 in Skopje, on the occasion of the Customs National Day, **April Forum for fight against corruption** was organised by the Customs Administration of the RM, Mr. Branko Crvenkovski - The President of the Government of the Republic of Macedonia had its presentation at this forum as well as other eminent diplo-

matic representatives, foreign and domestic guests.

The Forum emphasised the organised crime and the corruption that represent obstacle to the development of the democratic processes and the reign of the Law.

Considering the fact that they represent serious threat to the stability and democracy of the countries in the West Balkan pretending to membership in the EU, the participants at the Forum expressed their mutual efforts for stamping out of the crime in all spheres of its existence and through undertaking many operational activities according to the international standards.

Taking into consideration the presence of the corruption on all levels of the society, the representatives of the Forum underlined the threats for the normal function to the public authority: - permitting illegal traffic- obstacle to economic development, -reduction of public revenues -lost public

confidence to normal functioning of the legislative and executive power.

The main conclusion of this Forum is that eradication of these negative phenomena within the community represents principal condition for improvement of the economic environment in the States of the Re-

gion, attracting the foreign investments, as well as improving overall welfare of the neighbouring countries.

In December 2003, in Skopje, the Customs Administration organized the **Forum for business partnership between the public and the private sector.**



The Forum was attended by high representatives of the Government of the Republic of Macedonia, and from many Ministries, Dr. Erhard Bussek-Special Coordinator of the Stability Pact for Southeast Europe, and representatives of the Stability Pact, foreign diplomatic and consular representatives in the Republic of Macedonia, Chamber of Commerce, as well as representatives from other business enterprises and corporations in the country.

The principal objective of this Forum was to examine the possibilities for cooperation between the public and the private Sector, as a principal condition to support the development of the stable business operations and to preserve the standards of the market economy and entrepreneurship.

The discussion of the Forum was focused on many political and institutional aspects.

From the political point of view, it was concluded that the Government should practically support services to the business Community and entrepreneurship, contribute to the development of the global market, improve to the higher extend the cooperation with the private sector through the establishment of the partnership relations, taking into consideration the needs of the modern production and systems of delivery, in combination with the new forms of the electronic Trade.

From the institutional point of view, it was concluded that the greater efficiency of the customs procedures could considerably influence the economic competition of the country, unable unfair competition, reduce and prevent the illegal Trade, create market economy and stable business environment, facilitate Trade and service developments..



## TRAINING

### INVESTIGATION

Within the function of the Customs Administration of the Republic of Macedonia, during the year 2003, the Control and Investigation Sector, performed the planned tasks successfully, in accordance to the adopted plan and program, as well as others tasks and everyday arising activities.

All employees have put maximum effort in the performance of their everyday tasks and duties. Last year, the Control and Investigation Sector being insufficiently staffed, managed to perform its tasks successfully, including the following working responsibilities:

### COORDINATION UNIT

Starting from November 11, 2003, the Customs Administration of the Republic of Macedonia introduced the open telephone line-197 which gives opportunity to the public to declare problems they experience when dealing with Customs; declare drug and arms smuggling; smuggling of goods and corruption, through a free of charge and anonymous telephone calls.

Introduction of the open telephone line is linked to the establishment of the 24 hours Operational Centre at the Customs Administration and 17 to the Audit Unit.

This Centre operates as a part of the Control and Investigation Sector.

The Operational Centre is staffed with 9 operators working in 12 hours shifts and collecting information provided through the open customs telephone line.

Much information was received through the work of the Operational Centre. The Headquarter reported 23 cases to the Intelligence Unit, 59 to the Mobil Time, 18 to the Investigation Unit



According to the legal obligation to cooperate with other public entities, 29 of the information received through the open customs telephone line were sent to the

Ministry of Interior, 3 were distributed to the Ministry of Finance- Financial Police, 2 to the Commission for anticorruption and 5 to the Public Market Inspectorate.

### Control and Audit Unit

In 2003, the Control and Audit Unit was performing at the level of the Customs Administration, with the Skopje Customs House, Bitola Customs House and Ku-

manovo Customs House. According to the conducted controls and audits, 1143 propositions for additional collection of customs duties were submitted to the Customs Le-



gal matters Sector, in amount of 183.903.931 denars.

### **Intelligence Unit**

In 2003, the Intelligence unit realized the following activities:

Intelligence data base was created, with elaborated Manual for its utilisation. The principal objective of this base is to provide all relevant operational data which will be kept and stored in a secure and safe way. The base consists of stored personal data, forwarding agencies, transport companies, means of transport, suspicious goods or proofs that they participated in the customs infractions. This year all records for customs violations of the years 2002 and 2003 were input in the base, as well as all relevant information provided by the open customs line.

MISER (Management Intelligence Statistical Electronic Reporting) - System for electronic information of the Intelligence and Statistic Management.

The system received by CAFAO MAK was adapted to the needs of the Sector. The System and the records are completely translated, with prepared manual for its use. Also, in presence of the experts of the CAFAO –MAK, the Intelligence Unit realized one day training for the heads of the Mobile Teams, concerning the utilisation of the system.

### **CEN (Customs Enforcement Network)**

This year, access to the World Customs Administration data base was made available and it was used for customs intelligence purposes. This base contains information about all seizures of narcotics,

cigarettes, arms, provided by the member states of the WCO. In 2003, the Intelligence Unit declared 8 seizures of narcotics, 4 of cigarettes and one of wild animals.

### **Connection to the RILO (Regional Intelligence Liaison Office)**

At the beginning of 2003, national contact persons from the Intelligence Unit were nominated, enabling faster exchange of

information for the needs of the Customs service.

### **Cooperation with SECI Regional Centre (Centre for combating trans border crime)**

Cooperation with SECI Regional Centre in Budapest continues in 2003, approximately

30 requests for verification and information have been exchanged.

### **BALKAN-INFO and ZKA**

In May 2003, the cooperation with this service continued and 3 persons of the Unit were appointed as contact points. From

May 2003, 39 narcotics seizure reports were exchanged.

In 2003, the following projects were implemented:

- Buses
- Transit of excise goods 2002 and 2003

- Trade exchange of excise goods with Hellenic Republic
- Iron
- Tee
- Timber
- Preparation of data concerning significant seizures in the year 2003, for the needs of the media

The following trainings activities were realized:

- Special trainings delivered by CAFAO-MAK Mission
- Proliferation of arms for massive destruction – in Hungary
- Preventing smuggling of radioactive and nuclear materials-Romania
- Electronic Financial Crime-Romania
- Meeting of experts on creation of Information Data Base for the SECI regional centre
- Training of trainers for combating the traffic of humans beings-Romania
- Proliferation of arms for massive destruction-Skopje
- Study visit to the Customs of Finland
- Risk Assessment and Intelligence-Ohrid.

## INVESTIGATION UNIT

During 2003, the Investigation Unit accomplished the following tasks;

1. 27 submitted criminal charges, according to the provisions of the Criminal Law
2. 3 submitted offence charges, according to the provisions of the Customs Law
3. 1 submitted criminal claim- subsidiary claiming act, according to the provisions of the Criminal Law.
4. Assistance in the preparation and submission of the criminal charges, according to the provisions of the Criminal law, at Delcevo Customs House.
5. 105 letters were submitted to the Audit and Control Unit, as a reply to their requests for verification of invoices, certificates EUR 1.
6. 136 requests were submitted to the foreign Customs Services, requesting information concerning different matters (verification of invoices, EUR 1, proof of actually paid value of goods), as well as replies to requests sent by the foreign Customs Services.
7. 132 propositions were submitted for additional collection of customs and others duties, according to the article 175 p. 1
8. 19 reports of the performed posterior controls were prepared, according to the article 74 of the Customs law.
9. 3 reports on control of the validity of receipt PP 50 were prepared, form for payment of customs and others duties.
10. 4 reports on performed controls of the payment of import duties for customs clearance procedure of second hand vehicles by natural persons were prepared, for year 2002.
11. Report on controls of import of goods, using decisions for authorized customs contingents for the period of 2002 was prepared.
12. 12 reports concerning control of the certificates for conformity of separately examined vehicles, during import of vehicles by natural persons were prepared.
13. 73 replies to the requests, submitted by Ministry of Interior, on different bases.
14. 4 reports to the Customs Legal matters Sector, concerning the performed investigations upon their request.
15. 6 reports on control of transit SAD
16. 16 reports on controls and investigation based on different grounds and on the re-

quest of the Customs Houses or other Units of the Customs Administration, as well for the needs the Task Forces.

17. A report submitted to the British Embassy and the Embassy of Bulgaria, as a reply to their requests.

18. Operational activities for 6 declared cases of detecting of shipments with suspicious contents i.e. narcotic substances were undertaken. In two cases there was controlled delivery of exported letters in America, in coordination with the Embassy of America, and other case of delivery of imported letters in Macedonia, in coordination with the Ministry of Interior.

19. Participation in international operations CONTAIMENT, within the periods from 20.04-26.04.2003, 18.05.-24.05.2003 and 29.05.-05.06.2003, as part of combating organized narcotics crime, as well the operation MIRAGE, in the period 01.09-07.09.2003 and 15.09.-21.09.2003, as part of the combating traffic of human beings and illegal migration, organised by the SECI Centre in Bucharest.

20. Participation at almost 10 seminars-trainings organized and conducted by the CAFAO-MAC Team and the SECI Centre. Two inspectors of the Unit were trained in ILEA( International Law Enforcement Academy)-Budapest.

### CUSTOMS MOBILE TEAMS

In 2003, the Customs Mobile Teams performed the following tasks and activities, presented in the table below:

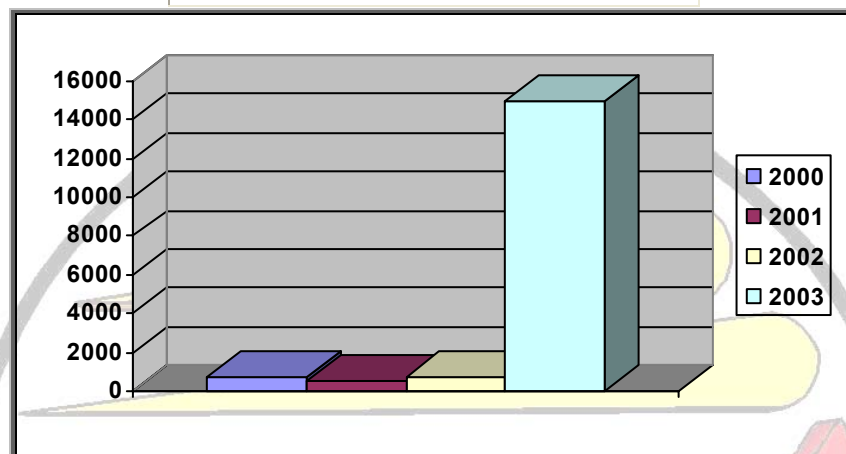
Offences		Value of goods	Evaded duties	Total
January	8	2.353.471	1.059.062	3.412.533
February	30	1.927.884	897.987	2.825.871
March	36	1.463.277	658.474	2.121.751
April	6	6.575.066	2.143.488	8.718.554
May	29	1.540.289	715.666	2.255.955
June	20	4.008.335	1.105.781	5.114.116
July	25	1.295.748	1.265.212	2.540.039
August	3	453.606	205.640	659.246
September	9	7.072.648	3.972.188	11.096.836
October	6	501.980	202.543	704.523
November	13	1.240.678	415.702	1.656.380
December	22	1.664.094	835.442	2.499.536
<b>Total</b>	<b>207</b>	<b>30.128.155</b>	<b>13.477.185</b>	<b>43.605.340</b>

In 2003, apart from the above mentioned activities and tasks, the Control and Investigation Sector performed many accompanying activities, realized personal contact

with clients for exchange of different kind of information, as well services in the sphere of activities of the Control and investigation Sector.

## CIGARETTES SEIZURES

Year	Quantity (pcs)
2000	743.200
2001	519.200
2002	750.600
2003	14.933.600





## DRUGS SEIZURES IN 2003

	Date	Customs Office	Route	Type of drug	Quantity
2003	08.01.03	Post Office Skopje	CA-MK	Canabis	3 g
2003	08.01.03	Post Office Skopje	CA-MK	Synthetic	6 tablets
2003	11.02.03	Airport Skopje	GR-MK	Cocaine	6 kg
2003	05.03.03	Deve Bair	TR-MK	Heroin	1,04 kg
2003	26.03.03	Delcevo	TR-MK	Heroin	1,977 kg
2003	27.03.03	Deve Bair	TR-MK	Heroin	0,5 kg
2003	14.04.03	Kafasan	UK-MK	Canabis	34 kg
2003	10.06.03	Bogorodica	MK-UK	Canabis	80 kg
2003	14.11.03	Kafasan	AL-MK	Hashish	41,89 kg



## TRAINING

Last year many trainings were conducted, organized in cooperation with the international organizations as the SECI TTFSE Center, CAFAO MAK, Stability Pact, World Customs Organisation, the International Agency for Atomic energy and the Institute Euro Balkan - Skopje.

Within the group of trainings organized by the SECI TTFSE Center were the following: Risk Management, Techniques of Interviewing and Interrogation, Investigation Methods, Rules for collection of the evidence materials and Assessment of Risk and Intelligence.

CAFAO MAK greatly contributed to the Customs Administration of the Republic of Macedonia, organizing the following trainings: Fight against smuggling, Treatment of informants, Procedures in the Co-ordination Unit, practical playing of the roles, working with the open telephone line, recording and assessment of information and writing reports and Identification of drugs.

We would like to mention the support given by the Stability Pact in relation to the workshops: Prevention and settlement of the trade disputes in connection to the non-tariff trade obstacles and Customs coordination in the South - East Europe.

International Agency for atomic energy provided assistance in organization of the

regional pilot course for nuclear terrorism and illicit trafficking of the radio active materials.

The Customs Administration of the Republic of Macedonia in cooperation with the Secretariat of the World Customs Organization and financial support by the Japanese Administration realized a seminar for harmonization of non-preferential rules of origin.

10 workshops were organized by the Institute Euro Balkan - Skopje, on the themes directly connected to the essential issues and characteristics of the organization of power, public administration system, administrative procedure, and the tax and budget system of the Republic of Macedonia.

Amid the other activities realized within the frames of the trainings were: Workshop "Amendments and supplementations of the Public Servants Law (Agency for public servants)"; Foreign trade operations, business ethics and corruption (Chamber of Commerce of the Republic of Macedonia); Seminar for protection of intellectual rights (French Customs Administration); Course for fight against proliferation of the weapons for massive destruction (USA Ministry of Defense) and Study visit to the Dutch Customs Administration organized by the Dutch Ministry of Finance.

## PROFESSIONAL RESPONSIBILITY

In order to increase the professional responsibility and integrity of the Customs Administration, in February 2003, the Sector of professional responsibility was established, incorporating the Unit of In-

ternal inspection and the Unit for Internal investigation.

The Mission of the Sector for professional responsibility is prevention, detection and elimination of unprofessional behaviour,

frauds, lost, abuse and bad management within the Customs Administration.

The Control and Investigation Sector collects information through the open telephone line, uses various observation techniques in accordance to the legislation, and develops confidential contacts with the international trade entities.

On the basis of the objectively gathered facts and evidences, the Sector prepares official reports (official notes for interna-

tional use and official information for communication between the sectors and communication with the disciplinary commission), supporting the findings for the committed customs infringement.

In June 2003, on behalf of the USA Customs Advisory Team, special training was conducted fulfilling the needs of the newly established Sector of Professional responsibility.

