**4.29. Chapter 29: Customs Union**

Good progress was made on **customs legislation**. The 2011 customs tariff was adopted taking into account the obligations arising from the Stabilisation and Association Agreement (SAA) and the changes in the EU Combined Nomenclature. Customs duties for imports from EU countries for all industrial products were completely abolished, in accordance with the SAA provisions. The Customs Code was amended to introduce provisions for the use of customs representation in customs clearance, including licensing for customs representation. Furthermore, amendments to the Customs Code were enacted in order to further align it with the customs acquis in the areas of electronic customs declarations, transit procedure, and customs debt and guarantees. Further customs-related fees were abolished in line with the acquis, namely fees relating to entrance and stay at customs terminals, processing fees for IPR protection requests and fees relating to printing and distribution of EUR1 forms. Preparations in this area are advanced.

Good progress was made on **administrative and operational capacity**. Several strategies were adopted for the period 2011-2014, including on training and professional development of customs officers, integrity and anti-corruption, risk management, prevention of smuggling of tobacco and tobacco products and protection of intellectual property rights. A new customs clearance guide was published, outlining applicable customs duties and the procedures for customs clearance.

The Customs Administration introduced new IT modules, including an electronic document management system, a human resource management system and an electronic resource planning system. The single-window system for issuing authorisations was further upgraded and a new functionality for transport authorisations was introduced. The strategy for joining the Common Transit Convention and the national plan for implementing a new computerised transit system were adopted and are being implemented. However, the new customs declaration processing system which was installed has not become operational, thus undermining the overall operational capacity of the Customs Administration. A pilot system for exchanging electronic pre-arrival information with several other neighbouring customs administrations started to function.

Operational capacities for customs controls were further enhanced, and co-operation with other government bodies, including the Ministry of Interior and the Public Revenue Office, was strengthened. This led to the seizure of significant quantities of counterfeit and illicit goods. Good progress was made in developing the risk management system at border crossings, with more systematic application of risk analysis and risk-based control measures.

Co-operation with the business community has intensified. The business advisory body meets monthly as a forum for consultation on, and discussion of, initiatives and legislative proposals that might affect businesses. Cooperation with other customs administrations continued to be strengthened, in particular with those of the neighbouring countries. An agreement on customs cooperation was signed with Kosovo and a joint police and customs cooperation centre was established with Bulgaria. Preparations in this area are well on track.

*Conclusion*

Good progress was made in the area of customs union, both on customs legislation and on administrative and operational capacity. The customs legislation is well aligned with the *acquis*. There was continued improvement in the administrative capacity of the customs administration to implement legislation and to tackle cross-border crime. Preparations in the area of customs union are well on track.