**4.29. Chapter 29: Customs union**

 Notable amendments to **customs legislation** included the introduction of provisions on common transit, including for the submission of electronic transit declarations and transit guarantees, and the application of internationally developed criteria on risk identification and analysis. The 2014 customs tariff was adopted, in line with the latest changes to the EU’s combined nomenclature. The first certificate for an authorised economic operator was issued. In the framework of CEFTA, since 1 April 2014, Serbia, Albania, Montenegro and the former Yugoslav Republic of Macedonia started applying the regional Convention on Pan-Euro-Med Preferential Rules of Origin.

As regards **administrative capacity and operational capacity**, the new computerised transit system, a precondition for accession to the Convention on a Common Transit Procedure, became operational. Maintenance of the system is yet to be secured and staff also require further training. Development of a new customs declaration processing system and integrated tariff environment system is still ongoing. New electronic systems were introduced to simplify customs procedures for businesses. The electronic exchange of data between the Customs Administration and the Public Revenue Office has made it possible to introduce a simplified procedure for submitting VAT returns for imports. The operational capacity for carrying out customs controls and combating cross-border crime was improved. Professional and integrity standards and internal control measures have been implemented systematically. Risk management and inter-agency cooperation were both further developed. Cooperation with the business community continued, and cooperation with the customs authorities of neighbouring countries and in the wider region has also been extended. Customs facilities at the Blace and Bogorodica entry points were upgraded.

*Conclusion*

Progress was made in the area of customs union. The administrative capacity of the Customs Administration improved, although greater sustainability of financial resources is still needed. The priorities for the next year are accession to the Convention on a Common Transit Procedure and completion of the two IT systems currently under construction. Overall, preparations in this area are at an advanced stage.