5.29 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 the common computerised customs systems.

**The country has maintained a good level of preparation on the customs union. Good progress was made. A new electronic system for processing customs declarations and excise documents was finalised and newly built customs terminals became operational. Several customs provisions under the law on Zones for Technological and Industrial Development are still not in line with the acquis. The country should:**

 **→ continue to complete and apply its IT systems and, ensure their continuous upgrading and maintenance, and ensure business continuity.**

The customs legislation is at a high level of alignment with the acquis. The 2018 customs tariff was adopted to correspond with the latest changes in the EU Combined Nomenclature. The Customs Code was amended to align its provisions on authorised economic operators (AEO) with the Union Customs Code (UCC). The customs administration organised a series of awareness-raising events and the first two companies were AEO-certified. Misdemeanour fines were reduced for minor customs offences, and the use of guarantees for the payment of customs debt for goods in transit was further aligned with the acquis.

The country is a member of the Common Transit Area, applying the EU rules on transit movements. The Regional Convention on Pan-Euro-Mediterranean preferential rules of origin is applied. The country ratified the amendments to the Convention on a Common Transit Procedure. The amended Protocol 2 of the Free Trade Agreement with Turkey, which harmonises it with the Pan-Euro-Mediterranean Convention, entered into force on 1 August 2018. Legislation on customs enforcement of intellectual property rights, risk management, drug precursors, duty relief and cultural goods are broadly aligned with the acquis. Several customs provisions of the Law on Zones for Technological and Industrial Development are still not in line with the acquis. The customs administration still charge a fee for processing customs declarations, which is also not in line with the acquis.

Regarding administrative and operational capacity, the standards of professional integrity and quality controls were applied systematically. Revenue collection was higher in 2018 than in 2017 thanks to the introduction of automated risk management with more targeted controls, better inter-agency cooperation, and increased voluntary compliance. The Commission´s e-learning modules on the UCC to train both customs officers and economic operators, have been translated and published on the Customs Administration website.

The newly-built customs terminal at the main border crossing with Serbia was put into operation. Preparations for a joint border crossing control with Serbia intensified, receiving the official endorsement of both governments. The new electronic system for processing customs declarations and excise documents was finalised. Customs is also preparing to increase the use of the Integrated Tariff Environment (ITE) system. The number of declarations processed through the New Computerised Transit System (NCTS) continued to rise. Customs signed maintenance contracts for both the NCTS and the ITE systems and should ensure maintenance, upgrade and business continuity of all customs IT systems. Awareness needs to be raised among economic operators of the benefits of the customs IT systems.