

**Government of Montenegro**

**Ministry of Finance**

## **Questionnaire**

Information requested by the European Commission to the Government of Montenegro for the preparation of the Opinion on the application of Montenegro for membership of the European Union

### **29 Customs union**

**Minister: Igor Luksic**

**Podgorica, December 2009**



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**CHAPTERS OF THE ACQUIS – ABILITY TO ASSUME THE  
OBLIGATIONS OF MEMBERSHIP**

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## **Chapter 29: Customs union**

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## **I. CUSTOMS LEGISLATION**

Montenegrin customs system is regulated by the Customs Law, Law on Customs Tariff, Law on Customs Service and secondary legislation for the implementation of stated regulations.

Ministry of Finance is competent for customs policy. A Section for Customs System and Customs Policy is established within the Department for Tax and Customs System of this Ministry, for which the Rulebook on internal organisation and job description of the Ministry of Finance envisages five posts, but three officers are currently employed in this Section. Ministry of Finance performs supervision over the Customs Administration, which is responsible for the implementation of customs policy.

The provisions of Article 99 of the Stabilisation and Association Agreement between European Communities and their Member States on one side and Republic of Montenegro, on the other (Official Gazette of Montenegro 7/07), prescribe that the contracting parties will establish cooperation in the customs area in order to ensure harmonisation with the provisions which should be adopted in the area of trade and to achieve harmonisation of customs systems of Montenegro with the Community system, which will enable implementation of liberalisation measures envisaged by the Stabilisation and Association Agreement, as well as gradual approximation of customs regulations of Montenegro to the *acquis communautaire*.

Bearing in mind that the customs legislation is constantly changing in order to provide conditions for acceleration and simplification of customs procedures, and taking into consideration the fact that the Montenegrin customs regulations are constantly being harmonised with European regulations, it can be said that the customs legislation is greatly harmonised with European regulations. Customs Tariff Nomenclature of Montenegro is fully harmonised with the Combined Nomenclature of the European Union for 2009 (Commission Regulation (EC) No 1031/2008).

Basic directions of customs policy of Montenegro, in next period, will be directed to further harmonisation of customs regulations with the relevant regulations of the European Union from this area (Modernised Customs Law of EU, Decree for the implementation of Modernised Customs Law etc.)

### **1. Please provide a copy of your country's customs tariff and indicate the tariff headings of which the goods nomenclature differs from the EU's Combined Nomenclature, if any (Annex I to Council Regulation 2658/87).**

The Customs Tariff of Montenegro is derived from the Harmonised System and it is in full compliance with the EU's Combined Nomenclature. The division up to the level of eight digit tariff code (CN code) is fully taken over, as well as all additional remarks, except those regulating the calculation of customs duties when importing goods in EU. Therefore, in our Custom Tariff, there are no tariff headings that are different than the Combined Nomenclature.

National sub-headings are derived from the eight-digit tariff sub-heading of the Combined Nomenclature by adding ninth and tenth digit for specific types of goods.

The Law on Customs Tariff (Official Gazette of Montenegro 75/05 and 17/07), Article 7 prescribes that the Government of Montenegro adopts, not later than the November of the current year, the Decree on harmonisation of Customs Tariff Nomenclature for the following year, which harmonises the Customs Tariff Nomenclature with the EU's Combined Nomenclature, while retaining prescribed customs duty rates. The Government may change or amend the Customs Tariff in accordance with the assumed obligations on the basis of international treaties.

Annex:

[\(Annex 225\)](#) – Decree on harmonisation of Customs Tariff Nomenclature for 2009 (Official Gazette of Montenegro 78/08), in electronic form.

**2. Please describe the principles that determine the duty rate structure and level (see also Chapter 30 on common commercial policy).**

The Law on Customs Tariff (Official Gazette of Montenegro 5/05 and 17/07), Article 1 prescribes that customs duties, for goods imported in the Republic of Montenegro, are paid according to rates and amounts specified in the Customs Tariff, which has been printed together with this Law and constitutes its integral part.

Taking into consideration the principles for the protection of domestic production and market regulation in accordance with the framework and regulations of EU Customs System, the structure and level of customs rates are defined enabling implementation of the liberalisation measures envisaged by the Stabilisation and Association Agreement.

Pursuant to the Law on Customs Tariff, customs duty is calculated and collected in two ways:

- according to the percent rate of the value of goods (“ad valorem”) and
- in the specific amount per unit of measure for the quantity of goods (specific customs duty).

For the part relating to agricultural food products, a combined customs duty is defined, i.e. ad valorem and specific customs duties are collected at the same time.

The prescribed range of ad valorem duties is from 0% to 30%. The range of specific customs duty is from EUR 0.04 per kilogram to EUR 1 per kilogram.

Column 4 of the Customs Tariff titled as Rate, lists the percentage of customs duty rates (ad valorem), and the amount of customs duty per measuring unit (specific customs duty) prescribed for the goods from that tariff sub-heading.

Column 5 of the Customs Tariff titled as “International Treaties” illustrates customs duty rates prescribed by international treaties (CEFTA 2006 Agreement, Interim Agreement on Trade and Trade-related Matters between EU and Montenegro, Free Trade Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of Russian Federation and the Free Trade Agreement between Montenegro and the Republic of Turkey). We would like to note that the customs duty rates referring to the Republic of Turkey shall be applicable on the day when the Free Trade Agreement between Montenegro and Republic of Turkey<sup>1</sup> comes into effect (Official Gazette of Montenegro – International Agreements 3/09).

Customs duty rates prescribed by international treaties are applicable only for goods with preferential origin from countries covered by the treaty.

The Annex – “List of goods originating from countries with which international treaties were concluded, on which import duties are either abolished or reduced to a certain level within individual annual quotas during the import in Montenegro” is printed with the Customs Tariff.

Pursuant to the Customs Law (Official Gazette of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) a unique customs duty rate in the amount of 5% of the customs value of goods can be applied to non commercial goods which a passenger carries with him/her or which a physical person receives by mail from another physical person. The Government prescribes the value and type of goods to which a unique rate cannot be applied.

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<sup>1</sup> In accordance with the provisions of Article 37 of the stated Agreement, it will come into effect on the first day of second month after the date of receiving the last written information through diplomatic channels, where the Contracting Parties inform each other that all necessary conditions envisaged by their national legislation for entering into force of the Agreement are fulfilled.



**3. Please provide a description of your tariff system for tariff suspensions, tariff quotas and tariff ceilings, if any.****\*Suspensions**

Provisions of Article 22 of the Customs Law (Official Gazette of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) authorises the Government to approve payment of favourable customs duty, for specific goods because of their type or use for specific purposes, in comparison to the customs duty prescribed by the Customs Tariff for such goods. Favourable customs duty means reduction or abolishment of import customs and other duties paid at the import of goods. During the previous period the Government did not use the stated authorisation.

**\*Quotas**

The Customs Tariff of Montenegro recognizes only customs quantity quotas for certain agricultural food products, determined by CEFTA Agreement 2006, Interim Agreement on Trade and Trade-related Matters between EU and Montenegro and Free Trade Agreement between Montenegro and the Republic of Turkey (Official Gazette of Montenegro - International Treaties 3/09). The Annex of Customs Tariff "List of goods originating from countries with which international treaties were concluded, on which import duties are either abolished or reduced to a certain level within individual annual quotas during the import in Montenegro" defines quotas that refer to a certain agricultural food products. Monitoring of the use of quotas shall be performed through the customs information system of the Customs Administration. The use of quotas is performed in accordance with the principle "first come – first serve".

**\*Ceilings/limits**

The Law on Customs Tariff (Official Gazette of Montenegro 75/05 and 17/07) does not have provisions related to ceilings/limits for collection of customs duties. Since, in addition to customs duty rates stated in the Customs Tariff, there are no other duties having the same effect as the customs duty in Montenegro, the above mentioned customs duty rates are at the same time the highest customs duty that can be collected at the import of specific goods in Montenegro.

**4. Please indicate any potential difficulties that may be expected with regard to the application of the customs legislation in trade with the Community.**

Montenegro assumed the obligation to implement the Combined Nomenclature prescribed by the European Union which represents further elaboration of the Harmonised System on the level of eight digits, by signing the Stabilisation and Association Agreement. Taking into consideration that the Combined Nomenclature changes on a yearly basis, as well as the fact that it represents one of the basic prerequisites for proper conduction of foreign trade exchange with the EU Member States, every year in November, the Government adopts the Decree on the harmonisation of Customs Tariff nomenclature, which incorporates the stated changes.

The Stabilisation and Association Agreement determines the lists of goods to which at their importation from EU, favourable or zero customs duty rate is applied. The stated customs duty rates are defined in accordance with:

- requirements for the protection of domestic production,
- increase of competition in domestic and international markets,

- the requirements for the involvement of Montenegrin economy into regional, European and international integration processes

The provisions from Article 16 of the Protocol 3 of the SAA prescribe that the products with the Community origin being imported in Montenegro and products originating from Montenegro being imported in the Community will be subject to relief within this Agreement, if the certificate on the origin of goods EUR 1 is submitted.

Taking into consideration that the Administration, in cooperation with the representatives of business associations, has carefully planned and conducted activities in relation to the harmonisation of the customs legislation with the *acquis*, difficulties are not expected in future trade with the Community.

**5. Please describe your system in force for ensuring a correct classification of goods in your tariff. Do you divulge explanatory notes or tribunal rulings? Please also describe your systems for Binding Tariff Information and Binding Origin Information, if any.**

**\* System in force for ensuring correct classification of goods in the Customs Tariff**

Customs Tariff of Montenegro is based on the International Convention on Harmonised Commodity Description and Coding System (HS 2007). Basic rules for the implementation of Customs Tariff are fully taken over from the Harmonised System and they are a constituent part of the Customs Tariff Nomenclature. These rules for the implementation of Customs Tariff are used for proper and uniform classification of products into tariff headings.

Pursuant to the provisions of Article 4 of the Law on Customs Tariff (Official Gazette of Montenegro 75/05 and 17/07) the goods from Sections VII–XVIII of the Customs Tariff, that represent parts for direct incorporation (without further processing or reprocessing) into the products from Sections XVI, XVII and XVIII of the Customs Tariff (machines, apparatus, devices, means of transportation, instruments, etc.), may be classified, following a request of the customs duty payer, in the same tariff line of the Customs Tariff in which the product that is being imported is classified, under the condition that the importation of parts that are classified in five or more different tariff lines of the Customs Tariff are reported for customs clearance.

Pursuant to Article 5 of the stated Law, products that are temporarily imported for the purpose of processing, following the request of the person submitting import customs declarations, can be classified in the tariff line of the product obtained by the processing procedure.

The provisions of Article 6 of the quoted Law prescribe that unassembled products or products in a disassembled state, parts of which are imported successively through one or more customs bodies, may be classified in the tariff line of the assembled product, following a request of a customs duty payer, by applying the customs rate for the assembled product.

**\* Do you divulge explanatory notes or tribunal rulings?**

In Montenegro, the rulings of the Administrative Court are not published in the Official Gazette; therefore the ones related to customs nomenclature are not published either. The Administrative Court publishes rulings on its website.

Also, the opinions on classification of the Customs Cooperation Council, or Customs Administration are not published either.

Customs Administration submits such opinions to the customs bodies in a form of appropriate instructions, explanatory notes and electronically (by e-mail).

When needed, the stated opinions are submitted to other interested entities (economic environment, other state bodies, etc.).

**\* Binding Tariff Information and Binding Origin Information**

Procedure for obtaining Binding Tariff Information and Binding Origin Information is regulated by Article 12 of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and Articles 5-12 of the Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08).

Binding Tariff Information and Binding Origin Information are issued by customs authority on the basis of a request of an interested person made in writing. The request for issuing binding information is submitted to the Customs Administration. Individual request for issuing Binding Tariff Information can refer only to one type of goods. Individual request for issuing Binding Origin Information can refer only to one type of goods and one aggregation of circumstances that change the origin of goods.

Binding Information is issued in writing, on a form prescribed by stated Decree and it has legal power of a decision rendered in an administrative procedure.

Binding information expires within the timeline of 3 years from the day of its issuance. The relevance of a Binding Information may cease even prior to the stated timeline in cases envisaged by Article 12, paragraphs 6-9 of the Customs Law.

If a holder of Information does not agree with the issued Binding Information, he/she can, within the timeline of 15 days as of the day of delivery of Binding Information, submit an objection in written form to the Customs Administration pursuant to the provisions of Article 9 of the Decree for the implementation of the Customs Law.

**6. Please describe your customs procedures with economic impact, e.g. inward processing, outward processing, temporary admission, processing under customs control, customs warehouses and free zones.**

Customs procedures with economic impact are prescribed by the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08). Pursuant to the provisions of Article 92 of the stated Law, customs procedures with economic impact are:

- customs warehousing,
- inward processing,
- processing under customs control,
- temporary import,
- outward processing,
- internal transit.

More detailed provisions on customs procedures with economic impact are contained in the Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03 and 81/06 and Official Gazette of Montenegro 38/08).

In order to use any of these procedures, it is necessary to submit a request to the competent customs house, in writing and in a prescribed form. Based on the submitted request and its supplements, and upon the estimation of economic justification of the submitted request, the customs house brings the approval for the requested procedure. In some cases, the approval may be requested by submitting customs declaration in writing. In the prescribed cases, Customs Administration can approve a simplified declaration procedure (non-completed declaration, commercial document, and bookkeeping entry).

If the actual procedure requires, it is necessary to submit an appropriate guarantee for the payment of potentially resulting customs debt.

Pursuant to the provisions of the Customs Law, free zones are considered as other customs approved procedures or use of goods.

**7. Please provide your current legislation on free zones and give detailed information on their functioning and incentives.**

The Law on Free Zones (Official Gazette of the Republic of Montenegro 42/04 and Official Gazette of Montenegro 11/07 and 76/08) governs the establishment and management of free zones, conditions for performance of business operations in the free zones, as well as conditions for cessation of operations of the free zone. Treatment, i.e. use of goods in the free zone is prescribed by the provisions of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and the Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08).

Free zones are part of the customs area of Montenegro where business operations are performed under special conditions. All industrial, commercial and service operations can be performed in free zones under the conditions prescribed by the law and with previous approval of the customs house.

User of the free zone is national or international, legal and natural person who performs specific economic operation on its territory. Full equality of international investors is provided in respect to the rights to investment, acquirement of ownership on constructed objects and organisation of the operations in the free zones.

Domestic and foreign goods can be carried into a free zone. Storage of goods in a free zone is not timely limited. Domestic goods are stored in a free zone on the basis of an invoice or other document containing all information necessary for recording goods in a free zone. Foreign goods, which are brought directly into a free zone by sea, air or land, are presented to a customs house on the basis of a transport document.

Foreign goods stored in a free zone can be:

- released into free circulation;
- subject to usual forms of handling, without the special approval of the competent customs house,
- placed in inward processing procedure;
- placed in processing procedure under customs control;
- temporarily imported;
- renounced for the benefit of the country;
- destroyed.

The goods carried in the free zone, consumed or used in accordance with the regulations, are not subject to customs duties, customs charges and the value added tax, regardless of the type of goods imported and its purpose in the free zone, including the goods imported by the operator and the user intended for construction and maintenance of facilities, infrastructure and equipment in the free zone or warehouse, and, generally, for creation of the conditions for functioning and development of the free zone and the warehouse. We would like to add that the Law on Amendments to the Law on Free Zones (Official Gazette of Montenegro 76/08) abolished the provision of Article 23, which prescribed that the user and operator do not pay corporate tax.

The user is obliged to enable the implementation of customs supervision measures and to keep prescribed records of the goods entering and exiting the free zone and the warehouse.

Goods from the free zone and the warehouse being delivered to other parts of the territory of Montenegro in order to be released into free circulation shall be subject to import customs duties and the value added tax, and application of possible import restrictions or protection measures prescribed by the Law regulating foreign trade regime (quantity restrictions, permissions, anti-dumping and countervailing customs duties, and protective measures of excessive importation). Value of domestic raw material or domestic components in the concerned goods is not calculated in customs value. Where the domestic raw materials or domestic component exceeds 50%, such goods shall not be subject to restrictions or protection measures.

Permissions or other possible restrictions on foreign trade are not applied to goods imported from abroad into the free zone or to the goods intended for export.

Users perform international payments as well as their mutual payments freely in an agreed manner, in agreed terms and in an agreed currency through the bank in the free zone or any other bank. Capital investment in the territory of a zone, transfers of profit and deposits are free.

There is one free zone in Montenegro, more precisely - one organisational part of the Port of Bar works under the free zone regime.

The Free Zone of the Port of Bar officially started functioning in April 2005. The Law on Free Zones considers this zone as the legal person. Company Luka Bar A.D., being the operator of the zone has adopted General Rules on the Activities carried out in the Free Zone of the Port of Bar, in accordance with the authorisation from the Law on Free Zones. These General Rules are internal regulations of the free zone and are constituent part of every contract on activities carried out in the Free Zone that the company "Port of Bar" concludes with each user.

For the purposes of performing activities in the Free Zone, Users rent the land and facilities under the conditions and price determined by the contract on performing activities and the Tariff of the Free Zone "Port of Bar". The operator may lease the location to the user for construction of his/her own permanent or temporary facility in accordance with the Detailed Urban Planning. User and operator may agree upon joint investment into infrastructure, construction of facilities or purchase of equipment.

Within the area of Free Zone and Customs Service every entry and exit of goods, persons and vehicles is recorded by the competent control service. In reference to the obligation on keeping records, the user is responsible to follow the provisions of the Customs Law and the Decree on the implementation of the Customs Law. The Free Zone can be entered only with permanent or temporary permissions issued by the company Port of Bar A.D.

Currently there are 28 contracts on performing activities in the Free zone of Port of Bar, out of which 8 contracts imply lease of terrains or facilities in the Port.

Activities that owners carry out under the regime of the free zone are:

- construction of fuel tanks and trade of fuel;
- production and placement of measuring instruments;
- production of laminates;
- warehousing and supply of vehicles;
- production of concrete and concrete elements;
- warehousing and supply of gas;
- warehousing and supply of alcoholic beverages;
- warehousing and supply of soft drinks;
- warehousing and supply of cigarettes;
- warehousing and supply of crops;
- warehousing and supply of sugar;

- warehousing and supply of construction material;
- supply of duty free shops;
- warehousing and supply of technical goods;
- warehousing and supply of consumer goods;
- warehousing and supply of stones;
- warehousing and supply of jewellery, costume jewellery and accessories .

**Note:** Also see the answer of the question 8 from chapter 20.

**Annexes:**

([Annex 106](#)) - The Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08), in electronic form;

([Annex 108](#))– Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03, 81/06 and Official Gazette of Montenegro, 38/08), in electronic form;

([Annex 224](#)) - Law on Free Zones (Official Gazette of the Republic of Montenegro 42/04 and Official Gazette of Montenegro 11/07 and 76/08), in electronic form.

**8. Please describe the rules of preferential and non-preferential origin applied by your country under bilateral or multilateral agreements or in the framework of autonomous arrangements. Please provide copies of relevant protocols and national legislation if any. Please also mention any other conditions of granting preferential tariff treatment.**

Preferential origin in accordance with the free trade agreements

Conditions for acquiring preferential origin are accomplished on the basis of free trade agreements, which contain special annexes/protocols that refer to the „definition of a term products with origin“.

Currently, Montenegro implements the following free trade agreements:

- Interim Agreement on Trade and Trade-related Matters between the EU and Montenegro (Protocol 3 concerning the definition of “originating products” and methods of administrative cooperation);
- Agreement on Amendment of and Accession to the Central European Free Trade Agreement, (Annex 4 referring to the definition of the concept of “originating products“ and methods of administrative cooperation);
- Free Trade Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of Russian Federation<sup>2</sup> (Appendices “Rules of origin of goods from the Federal Republic of Yugoslavia imported to the territory of the Russian Federation within the framework of the Agreement“ and “Rules of origin of goods from Russian Federation imported on the territory of the Federal Republic of Yugoslavia within the framework of the Agreement“):

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<sup>2</sup> This Agreement is being implemented from 2001 and it was subject to negotiations and signing by the representatives of the Government of the former country – the Federal Republic of Yugoslavia. After gaining independence, Montenegro has continued with the implementation of this Agreement. The negotiations between the representatives of the Governments of Montenegro and the Russian Federation on amending the Agreement are ongoing.

- Free Trade Agreement between Montenegro and the Republic of Turkey (Official Gazette of Montenegro-International Treaties 3/09), (Protocol II which refers to the definition of the concept of “originating products“ and methods of administrative cooperation).

Conditions for acquiring preferential origin are stipulated by national legislation, by Article 28 of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and by Articles 30-68 of the Decree for the implementation of the Customs Law (Official Gazette of the Republic Montenegro 15/03 and 81/06 and Official Gazette of Montenegro 38/08).

In addition to the stated regulations regulating the area of preferential origin of goods, Customs Administration has adopted a series of instructions, as well as the User's Handbook to the Rules of Preferential Origin

1. European preferential rules defining unique principles of acquiring the origin are implemented in the Interim Agreement with EU, CEFTA Agreement 2006 and Agreement with Turkey.

Basic rules for acquiring Montenegrin preferential origin are:

*a) Wholly obtained product*

The following are considered as wholly obtained products on the contracting party: (a) mineral products extracted from the soil or from the seabed; (b) vegetable products harvested there; (c) live animals born and raised there; (d) products from live animals raised there; (e) products obtained there by hunting or fishing conducted there; (f) products of sea fishing and other products taken from the sea outside the territorial waters of a Party by its vessels (under the condition that they are registered in a Party, that they sail under the flag of a Party, which are owned to an extent of at least 50% by nationals of a Party, or by a company registered in a Party, that the captains and commanders are nationals of a Party and that 75% of the crew is from a Party; (g) products made aboard their factory ships exclusively from products referred to in paragraph (f) and under the conditions stated in the paragraph (f); (h) used articles collected there fit only for the recovery of raw materials, including used tires fit only for re-treading or for use as waste; (i) waste and scrap resulting from manufacturing operations conducted there; (j) products extracted from marine soil or subsoil outside their territorial waters provided that they have sole rights to work that soil or subsoil; (k) goods produced there exclusively from the products specified in paragraphs (a) to (j).

*B Sufficiently worked or processed products*

Conditions for acquiring preferential origin for products for which production materials without origin are used, are defined by the “List of work or processing of materials without origin in order for the processed product to acquire the status a product with origin”, which is provided as a special annex within the protocols/annexes on origin for each of these agreements. This annex prescribes conditions for acquiring preferential origin for every product, classified by the implementation of HS (up to the level of four digit tariff number).

Rules from the List of work or processing are the following: a) change of tariff heading; b) percentage rule defining the percentage value of used materials without origin in respect to the ex-works price of the product; c) rule that refers to a production process.

*c) Cumulation of origin-diagonal cumulation*

The stated Agreements prescribe the possibility for acquiring preferential origin by implementing the diagonal cumulation of origin. This means that product may acquire preferential Montenegrin origin if materials originating from one of the Parties were used in its production.

Product will acquire Montenegrin origin in accordance with the cumulation provisions if the work or processing of the materials originating from other Party exceed the conditions of insufficient work or processing prescribed by the Agreements, which is not necessary, or if the work or processing are not beyond insufficient work or processing, the product shall obtain Montenegrin origin only when added value is higher than the value of used materials from other Parties.

Conditions for the implementation of diagonal cumulation of origin are:

- existence of preferential trade agreement concluded in accordance with the provisions of Article XXIV of GATT;
- identical rules of origin prescribed by identical protocols within the agreements and
- publishing the fulfilment of conditions required for the implementation of cumulation in the Parties.

(Note: These conditions are the same in all three Agreements)

*CEFTA cumulation of origin* (Article 3 of Annex 4 that refer to the definition of the concept of “originating products” and methods of administrative cooperation, CEFTA Agreement 2006) – means that the Parties (Albania, Bosnia and Herzegovina, Montenegro, Croatia, Macedonia, Moldova, Serbia and UNMIK/Kosovo) may use materials originating from the European Community, Island, Norway, Switzerland (including Lichtenstein) and Turkey, in accordance with this Agreement and under the above mentioned conditions, during the production process, alongside with materials originating from any of these (CEFTA) Parties, under the condition that the protocols on origin that CEFTA parties have in their bilateral agreements with stated countries are identical with the Protocol of origin of CEFTA 2006 Agreement.

*SAP+cumulation of origin* – Pursuant the provisions of the Interim Agreement on Trade and Trade-related Matters between the EU and Montenegro (Article 4-Cumulation in Montenegro, Protocol 3), products originating from Montenegro, which are exported to EC will be considered as products for which production materials originating from EU, Montenegro or any other country or territory included or involved in the EU Stabilisation and Association Process are used or including materials originating from Turkey, in accordance with already stated conditions.

In accordance with this Agreement, implementation of cumulation of origin commenced on 19 March 2009, after being published in the Official Journal of EU (Serial C). In accordance with such information Montenegro may apply provisions from Article 4, Protocol 3 of the Interim Agreement with the following countries: European Union, Albania, Bosnia and Herzegovina, and Macedonia.

*Cumulation with Turkey*- In accordance with the provisions of the Free Trade Agreement between Turkey and Montenegro (Article 4-Cumulation in Montenegro, Protocol II), products originating from Montenegro, which are exported to Turkey are considered to be products for production of which materials originating from Turkey, Montenegro or any other country or territory involved or related to the EU Stabilisation and Association Process are used, including materials originating from the European Community in accordance with the Decision No 1/95 of the EC-Turkey Association Council of 22 December 1995, under already stated conditions.

2. Free Trade Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of Russian Federation defines rules of origin by special appendices such as: “Rules of origin of goods from the Federal Republic of Yugoslavia that are imported on the territory of the Russian Federation within the framework of the Agreement” and “Rules of origin of goods from the Russian Federation that are imported to the territory of the Federal Republic of Yugoslavia within the framework of the Agreement”

Conditions for acquiring Montenegrin preferential origin for goods which are exported from Montenegro to the Russian Federation, are as follow:

a) *Wholly obtained products* – definition of wholly obtained products and conditions for acquiring origin in accordance with these rules are almost the same as in the above stated Agreements. The only difference refers to:

- products of sea fishing and other products taken from the sea outside the territorial waters of the Party by its vessels or vessels leased by the Party; and
- high-technology products obtained in the open space on space-ships that belong to or are leased by the Party.

b) *Sufficient work or processing* – product can acquire status of goods with Montenegrin preferential origin if materials without origin from other country or materials of unknown origin took part in its production under the condition that such goods were subject to sufficient work or processing and that the value of these materials is not higher than 50% of ex-works price.



c) *Use of production materials originating from Russian Federation* – if goods (raw materials, semi-products and whole products) exported from Russian Federation in Montenegro are used in Montenegro for the production of goods intended for export to Russian Federation, it will be considered as goods originating from Montenegro.

## II Preferential origin in accordance with Autonomous trade measures

In accordance with the decisions of the Government of Switzerland ([Annex 231](#), Switzerland GSP), Norway ([Annex 232](#), Norway GSP) and Japan ([Annex 230](#), Japan GSP), Montenegro became a user of trade preferences assigned to it by these countries on the bases of the General Scheme of Preferences (GSP). Basic conditions for acquiring Montenegrin preferential origin in accordance with GSP rules are:

- wholly obtained product and
- the rule on changing tariff heading, in cases when the production of a product is done with materials without origin. There are deviations from this rule for specific number of products, for which special conditions for acquiring preferential origin are prescribed by the lists of work or processing.

In the cases of Norway and Switzerland it is possible to apply cumulation of origin for industrial products (from Title 25 to 97 of HS) with the exception of Switzerland which excludes cumulation for textile products (From Title 50 to 63 of the HS). When applying cumulation of origin, exporters have the possibility to use materials originating from EU for the production of products intended for export to Norway or Switzerland in addition to materials originating from Norway and Switzerland

**Movement** certificate FORM A is issued by competent customs authority.

In addition to the Free Trade Agreement and General System of Preference (GSP) Montenegro has no other prescribed conditions under which preferential customs treatment shall be awarded.

Montenegro has no *non-preferential rules on origin of goods* that are implemented on the basis of bilateral or multilateral agreements or within the autonomous arrangements (autonomous trade measures).

Annexes:

([Annex 227](#)) Protocol 3 concerning the definition of the concept of “originating products” and methods of administrative cooperation in the Interim Agreement on Trade and Trade-related Matters between the EU and Montenegro (in electronic form);

([Annex 226](#)) Annex 4 concerning to the definition of the concept of “originating products” and methods of administrative cooperation of the CEFTA 2006 Agreement (in electronic form);

([Annex 229](#)) Rules on origin that are implemented in accordance with the Free Trade Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of Russian Federation - Appendix “Rules on origin of goods from the Federal Republic of Yugoslavia, which is imported to the territory of Russian Federation within the framework of the Agreement” and the Appendix “Rules on origin of goods from the Russian Federation, which is imported to the territory of the Federal Republic of Yugoslavia within the Agreement (in electronic form);

([Annex 228](#)) Protocol II concerning the definition of the concept of “originating product” and methods of administrative cooperation” in the Free Trade Agreement between the Republic of Turkey and Montenegro (in electronic form);

([Annex 106](#)) The Custom Law (attached to the answer provided for question 7 from Chapter 29);

([Annex 108](#)) Decree for the implementation of the Customs Law (attached to the answer provided for question 7 from Chapter 29);

([Annex 231](#)) General Scheme of Preferences of Switzerland (in electronic form);

([Annex 232](#)) General Scheme of Preferences of Norway (in electronic form); and

([Annex 230](#)) Rules of origin from the General Scheme of Preferences of Japan (in electronic form).

**9. Please describe the rules of non-preferential origin applied by your country, in particular for the purposes of implementing trade defence instruments, quantitative restrictions, origin labelling requirements, etc.**

Conditions for acquiring non-preferential origin are defined by national legislation Articles 23-27 of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and Articles 13–30 of the Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03 and 81/06 and Official Gazette of Montenegro 38/08).

Non-preferential certificate of Montenegrin origin is issued by Chamber of Economy of Montenegro. Basic rules for acquiring Montenegrin non-preferential origin are:

- wholly obtained product and
- rule on last significant work or processing, which means that goods in production of which more than one country were involved will acquire Montenegrin non-preferential origin, if at the end of production, it was subject to significant economically justified processing in Montenegro. This rule does not refer to textile products (Title XI of the Customs Tariff) and a small number of products for which, in accordance to the Decree for the implementation of the Customs Law, conditions for acquiring non-preferential origin are prescribed by special Annexes (Annexes 4 and 5 of the Decree).

**10. Please describe how you ensure that movement certificates EUR.1 are issued in accordance with Protocol 3 to the Stabilisation and Association Agreement.**

In order to ensure correct implementation of Interim Agreement on Trade and Trade-related Matters with the EU, the Customs Administration has organised, before the Agreement came into effect, a number of trainings and courses concerning the subject of origin of goods, for both customs officers and economic operators. In addition, Customs Administration is an authorised institution for printing of movement certificates EUR.1 and which has been provided with accurate instructions on the form of EUR 1, which ensured that the certificate has the same form as the form prescribed by the Agreement. Customs stations competent for clearance of goods that are subject to export under the Agreement are determined and the movement certificate can be issued only by authorised customs officers.

When issuing the movement certificate customs officers strictly follow the conditions stipulated by the Agreement and request the exporter to present all necessary documentation that can prove the origin, they have the possibility to search through CIS and they have constant consultations with the officers from Customs Administration, which are responsible for the area of origin of goods.

Customs Administration has drafted the Handbook on origin of goods, adopted the Instructions on completing movement certificate, as well as other guidelines and instructions related to this area.

**11. Please indicate if any exporters have been authorised as approved exporters.**

Customs Administration has issued one Decision assigning the status of authorised exporter to an enterprise "Steelworks Nikšić" A.D. (Željezara Nikšić) from Nikšić. The stated enterprise is also the only commercial entity which submitted the request for acquiring the status of authorised exporter.

Provisions from Article 54 of the Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08) prescribe the possibilities of approving the status of “authorised exporter” from Montenegro to an enterprise exporting goods under preferential status. This Article defines that the Customs Administration issues decision and determines conditions for approving status of authorised exporter, monitors the manner of using the decision and abolishes the decisions.

Conditions necessary to be fulfilled in order to obtain status of “authorised exporter” are: that the consignments of a product are frequent, that all duties are paid in time, that customs misdemeanour proceeding was not conducted against the applicant, that the applicant is well informed of the origin of goods, that he/she has all documentation confirming the status of origin of goods, as well as other conditions considered necessary by the Customs Administration.

The applicant (interested exporter), in addition to the application in writing, encloses all necessary documentation that may prove that all the above stated conditions are completed, to the Customs Administration.

**12. Please describe what types of customs transit arrangements (national or international) are used. Provide a detailed description of the essentials of the transit procedure.**

In Montenegro, a national document – Single Administrative Document and international documents – ATA carnet and TIR carnet are used for goods transported under transit procedure.

Simplified transit procedure in railway transport is performed on the basis of CIM consignment note and TR transfer note.

Transit declaration is submitted to the customs body at departure, which receives transit declaration, records it, determines the deadline within which goods have to be submitted to a customs body at destination and secures the goods appropriately (customs seals and other). Customs body at departure can determine special transit route for the goods. The main customs duty payer is obliged to deposit a guarantee for the payment of customs debt.

Transit procedure is terminated with the delivery of goods, appropriate transit documents and documents issued by customs house at entrance in Montenegro, to the customs house at destination, in accordance with the provisions on transit procedure.

Customs declaration for transit procedure is submitted manually after which it is electronically processed.

**13. Please describe what kind of customs valuation method is used (e.g. reference to WTO). Can you please confirm that you do not use minimum or reference values to determine the customs value?**

Customs value of goods is determined on the basis of Articles 29-45 of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and Articles 68-98 of the Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08)

The Customs Law and the Decree for the implementation of the Customs Law are fully aligned with the WTO Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade (GATT).

Articles 29-39 of the Customs Law define the methods for determining customs value of goods as follows:

Method 1: Transaction value method,

Method 2: Transaction value method of identical goods,

Method 3: Transaction value method of similar goods,

Method 4: Deductive method (price per unit),

Method 5: Computed method,

Method 6: Fall-back method (method of available data).

In large number of cases, customs value is determined by using the transaction value method.

Transaction value is the price actually paid or price of goods which has to be paid at the import in Montenegro, aligned with the provisions of Articles 38 and 39 of the Customs law (provisions of stated Articles refer to items that are calculated and items that are not calculated in the actually paid price or price which has to be paid). The price actually paid or payable is the total payment made or to be made by the buyer to or for the benefit of the seller for the imported goods, and includes all payments made as a condition of sale of the imported goods by the buyer to the seller, or by the buyer to a third party to satisfy an obligation of the seller..

The customs value of imported goods is transaction value, which is to be determined if all the conditions are fulfilled.

Burden of proving that the transaction value method cannot be applied is always on the customs authorities and it has to be substantiated by enough number of documents.

If it is not possible to determine customs value on the basis of transaction value, it is to be determined on the basis of the next possible method of determination by respecting the hierarchy rule.

In order to determine customs value in accordance with the Articles 29-45 of the Customs law, customs declaration has to be accompanied with all information referring to customs value of imported goods, that is, to submit the declaration of customs value– DVC and DVC BIS (the stated declaration are prescribed by the Rulebook on the form, content, manner of submission and filling in the customs declaration and summary application, Official Gazette of the Republic of Montenegro 16/03, 43/04, 2/05, 14/05 and 48/07).

Declaration of custom value is a statement where declarant provides necessary information for the determination of customs value of imported goods. As well as other declarations and statements provided to the customs authority, information contained in the declaration on customs value (D.V.C.) must be based on the attached evidence. Declaration of customs value is usually accompanied by the documents substantiating declared information. However, when information substantiating the information from the customs value declaration is insufficient, customs authorities have the right to require the declarant to provide additional information or details. (Details for declaration (D.V.C.) are stated in Article 53a of the Rulebook on the form, content, and manner of submission and filling in the customs declaration).

The Customs Administration does not use minimum or reference values to determine the customs value of goods.

**14. Please describe existing simplified procedures, including facilitations on security procedures for authorised economic operators (AEO), authorisation for approved exporter (origin) or other simplified authorisations procedures, if any. If existing, please describe the authorisation procedure to obtain the status of AEO or approved exporter.**

Simplified procedures are regulated by the Customs Law (Official Gazette of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and the Decree on the implementation of Customs law (Official Gazette of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08). Simplified procedures enable for goods to be placed into the required customs procedure, under specific conditions, on the basis of:

1) customs declaration that does not contain some of information and/or which is not accompanied by all documents (not-complete declaration),

2) commercial or administrative document, enclosed with the request for goods to be placed under the customs procedure,

3) bookkeeping records, in which case the Customs House can relieve the declarant of his obligation to present the goods to customs.

In justified cases, the use of a non-completed declaration allows the customs authority to be presented with a declaration, which does not contain all the necessary information that will have to be stated for obtaining approval of required customs procedure, and/or which is not attached with all documents that must be included for the approval of required customs procedure.

Simplified declaration procedure allows the customs procedure to commence on the basis of the submission of a simplified declaration (declaration completed on the "Single Administrative Document" or commercial or other official document) and later submission of additional declaration.

Declaration on the basis of bookkeeping entries allows that customs procedure to commence in the premises of the holder of the approval or on other location approved by customs authority.

Simplified customs declaration, commercial or official document and bookkeeping entries must contain information necessary for the identification of goods. When information on goods is entered into the records, date of entry must be recorded.

Declarant has the obligation to, within the prescribed deadline, submit additional declaration that may be general, periodical or re-capitulated. Additional customs declaration and simplified customs declaration legalize the entire declaration, that are subject to the application of provisions on a day of the acceptance of simplified customs declarations.

Application for issuing approval for simplified procedures that is declaration on the basis of bookkeeping entries shall be submitted to the Customs House that is territorially responsible, taking into consideration the residential office and the main bookkeeping of the applicant.

Customs House, together with its opinion, submits a request to the Customs Administration HQ for the reason of a decision making. Customs Administration makes decision on the basis of the request.

The institute of "authorized economic operator" has been introduced into the Customs System of Montenegro by the last revision of the Customs law (Official Gazette of Montenegro 21/08).

The provisions of the Article 6b of the Customs law prescribes criteria on the basis of which customs authority, in cooperation with other responsible authorities, may approve status of authorized economic operator to a person with an office on the territory of Montenegro. Criteria prescribed by stated article are that the economic operator appropriately followed customs procedures in the past; that, when necessary, in a satisfactory manner kept business and transport records that allow appropriate customs controls; that fulfils conditions for performing representative activities in customs procedure, as defined by special regulation; that is financially reliable and stable and that fulfils appropriate protection and security measures.

Authorised economic operator may use facilities when conducting relevant security checks, namely simplified procedures envisaged by customs regulations.

The institute of "authorized economic operator" shall be implemented as of 01<sup>st</sup> January, 2010.

The Regulation of the Government shall determine:

- conditions for approving the status on authorized economic operator,
- conditions for giving an approval for using simplified procedures,
- type and volume of relief that may be approved in relation to relevant security checks and risk management,
- conditions and procedure in accordance to which the status of authorized economic operator can be abolished.

Authorised economic operator is obliged to inform customs authority on the status or other changes that may influence the issued approval.

### **- Authorised exporter-**

In accordance with the provisions of the Free Trade Agreement it is possible to assign the status of “authorized exporter”.

Provisions of the Article 54 of the Decree on the implementation of Customs law (Official Gazette of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08) prescribe the possibility of allowing the status of “authorized exporter” from Montenegro to an enterprise, which exports goods under preferential status. This article determines that the Customs Administration issues decisions and determines conditions under which the status of authorized exporter is allowed, monitors the manner of using the decisions and abolishes decisions.

Conditions that are necessary to be completed in order to obtain status of “authorized exporter” are: that the consignments of product are frequent, that all duties are regularly paid, that customs offence procedure is not taken up against the applicant, that he/she is well informed about origin of goods, that he/she is in a possession of documents, which confirm status on origin of goods, as well as other conditions that Customs Administration considers necessary.

Applicant (interested exporter) shall, with the application made in writing, present the Customs Administration with all necessary documentation, which proves that the above stated conditions are completed.

### **15. Please describe your system of collecting and managing guarantees.**

The system of collecting and managing the guarantees is regulated by:

- the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08)
- the Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08)
- the Rulebook on the form, content, manner of submission and filling in the customs declaration and summary application (Official Gazette of the Republic of Montenegro 16/03, 43/04, 2/05, 14/05 and 48/07).
- the Law on General Administrative Procedure (Official Gazette of the Republic of Montenegro 60/03)
- the Instructions on accepting, recordkeeping and releasing instruments of security, and procedures related to cashing in that security

The Customs Law and the Decree for the implementation of the Customs Law prescribe the following types of guarantees:

1. Single security – for paying single customs debt per one customs declaration, and it is submitted upon a request made by the customs service body. Customs debtor deposits an instrument of security to a competent customs body when presenting the goods.

2. Joint security – for paying several customs debts that have arose or may arise within a specific period, or in a specific customs procedure. Customs debtor deposits joint security to the Customs Administration which determines the amount of the security, which may refer to:

- joint security for deferred payment of the customs debt while releasing goods into free circulation;
- joint security for the customs warehousing procedure, which cannot be used for securing other customs debts, except customs debts that may arise in the stated procedure;
- joint security for all clearance procedures, except procedures for releasing goods into free circulation.

3. General security of customs debts – applies to several transit procedures. It is lodged to the Customs Administration, which determines the amount of the security.

The Decree for the implementation of the Customs Law prescribes the criteria for determining the amount of the security. When determining the amount of joint and general security, the client submits a request to the Customs Administration, which determines the amount of the security by applying the criteria prescribed by the Decree for the implementation of the Customs Law and informs the client on it by registered mail.

Customs duty payer submits a security to the Customs Administration on forms prescribed by the stated Decree in an original copy, which is stamped and recorded in the archive. The Customs Administration verifies the regularity and completeness of the security within the period of 3 days from the day of receiving the original copy of the security, as well as compliance with the legislation and secondary legislation. The security must contain information prescribed on the forms, from the annexes of the quoted Decree.

If the instruments for joint security are appropriate, the Customs Administration, no later than the following working day from the day of its reception, enters it into the records of instruments of security in the Customs Information System and determines the filing number. The acceptance of a security is certified on already prescribed form, on the following working day – Certificate on the acceptance of an instrument of security for payment of customs liability. The form is completed in three copies, one of which is submitted by registered mail to the main duty payer, one copy is filed away with the instrument of security and one copy is archived.

If the instrument for general security in a transit procedure is appropriate, Customs Administration, no later than the following working day from the day of its reception, enters it into the records of instruments of security and determines its filing number. The acceptance of a security is certified on the prescribed form – Certificate on security-transit. The form is completed in six copies, four of which are submitted by registered mail to the main duty payer, one copy together with the original instrument of security is placed in the Customs Administration and one copy is archived. The Certificate must be signed and stamped by the authorised person of the company or the main duty payer.

In case of submitting an inappropriate instrument of security, the Customs Administration refuses the submitted instrument and delivers it together with the explanatory note to the guarantor and holder of the instrument of security by registered mail.

Customs debtor can, with the prescribed request, request an increase or reduction of the amount of an instrument of security, as well as all other changes of the basic instrument of security by submitting a new basic instrument of security.

Before the Customs Administration accepts the instrument of security for paying customs liability, which reduces the amount of the security, it must check whether the current instrument of security has been already subject to a calculated or possible customs liability. If the amount of the security exceeds the amount of the new instrument of security, the acceptance of such security is refused.

When accepting customs declaration, Customs Information System of the Customs Administration performs automatic control of the validity of an instrument of security and controls of the burden of the instrument of security with currently open liabilities.

Additionally, with the aim of monitoring and collecting customs liability based on deposited instrument of security, the following controls are conducted:

- Head of a customs station is responsible to control the statuses of customs documents processed in his/her customs station, on daily basis and on the basis of reports from the Customs Information System and Financial Module,
- Customs Station for Financial and Material, Legal and General Affairs of the competent branch office-customs house, controls, on daily basis, open debts with arrived payments and reconciles the payments that are not adjusted to automatic data processing by using the Customs Information System and Financial Module

- Customs Administration – Section for Revenue Collection and Customs Goods Procedures, verifies, every fifteen days, if all cashing in on the basis of the reports provided by financial service of customs houses are performed, by using the Financial Module.

The security can be released (settled) if the liability for the payment of which it was originally submitted is closed or it cannot arise again.

If a Customs Station for Financial and Material, Legal and General Affairs of competent branch office, in direct communication with the customs station, determines that the customs liability has not been paid or it had been paid after the expiration of a prescribed timeline, it submits, on weekly basis, the Report – notification to the Customs Administration with the specification of customs documents and amounts of open debts, in order to undertake necessary measures for initiating the collection and cashing the instruments of security.

Customs Administration sends a notice to the customs debtor on a prescribed form with the review of arrived, outstanding liabilities based on the Report of customs houses, on which the Bank providing the guarantee is informed.

If the customs debtor does not pay his/her liabilities within the period of 2 days from the day of delivering the notice, Customs Administration will, on a prescribed form, submit a request to the Bank-guarantor requiring the cashing of instruments..

After the performed cashing or performed payment by the Bank-guarantor to the account of the Customs Administration, the amount of the security is reduced immediately.

If customs debtor settles his/her liability before the cashing of the instrument of security, Customs Administration will inform (revokes) the Bank-guarantor that the liability upon the request for cashing is settled.

## **16. Please describe your legislation on duty relief at importation.**

Relief from customs duty is prescribed by the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08), Decree on procedure of acquiring the right to be relieved from customs duty (Official Gazette of the Republic of Montenegro 22/03), the Law on Scientific Research Activities (Official Gazette of the Republic of Montenegro 71/05) and the Law on Free Zones (Official Gazette of the Republic of Montenegro 42/04 and Official Gazette of Montenegro 11/07 and 76/08).

Relief from customs duty shall be granted:

- 1) for goods specified by an international agreement which is binding for Montenegro;
- 2) for goods of non-commercial nature which are brought in by travellers from abroad in prescribed kind, value and quantity;
- 3) for goods contained in consignments which are sent from abroad to natural persons in Montenegro, provided that these consignments are not of commercial nature and that they correspond to prescribed kind, quantity and value;
- 4) for medals and awards obtained during international events and presents received in the course of international relations;
- 5) for goods satisfying basic human needs, such as food, medications, clothes, bed linen, toiletries, and similar, which are imported by the Red Cross of Montenegro and other registered humanitarian organisations for the purpose of their distribution free of charge to the vulnerable categories of people and victims of natural and other disasters;
- 5a) goods sent as humanitarian aid and donations to the Red Cross of Montenegro for performing humanitarian activities;
- 6) to humanitarian organisations, associations of blind and deaf persons and partially deaf persons, persons suffering from muscular or neuromuscular disorders as well as their members



importing special equipment, devices, instruments, spare parts and supplies for the needs of these persons;

7) for trade marks, patents, models, and supporting documents, application forms for patents or innovations which are sent to copyright and industrial rights organisations,

8) for the following items:

- a) forms and documents which are received by the state bodies for the purpose of performing affairs from their competences;
- b) items representing evidence in court or other proceedings before state bodies;
- c) printed materials sent as a part of the usual exchange of information between public services or bank institutions;
- d) securities;
- e) designs, technical drawings, models, descriptions and other similar documents which are imported for the purpose of fulfilling the conditions for participation in international contests organised in the country;
- f) printed forms which, in accordance with international treaties, are used as official documents in the international trade;
- g) Letter mail;

9) for agriculture products, products of crop farming, livestock breeding, forestry, fish farming, and apiculture obtained from private holdings which the nationals of Montenegro, living in the area of five kilometres from the border line, are in possession of in an appropriate area of the neighbouring country, as well as for progeny and other products obtained from livestock bred at these holdings for the reason of field works, grazing or wintering;

10) for fire-prevention and fire-fighting equipment;

11) for objects which domestic or foreign nationals with permanent residence in Montenegro have inherited in a foreign country;

12) for goods used for reconstruction, maintenance and restoration of protected cultural monuments, based on the opinion of the competent body;

13) for goods directly used for museum, archival, restoration, literary, art, musical and stage and film activities, based on the opinion of the competent ministry;

14) for goods which have been donated to cultural institutions and other non-profit legal persons in the field of culture, freelance artists or artists for performance of their activities, on the basis of the opinion of the competent ministry;

15) for goods which are brought in from a foreign country by scientists, authors and artists as their own works of art;

16) for goods which are brought in as an investment of a foreign investor in accordance with a special law (Law on Foreign Investments (Official Gazette of the Republic of Montenegro 52/00 and 36/07));

17) for equipment imported by state bodies for performing their duties, which is not produced in Montenegro;

18) for goods sold in duty free shops.

Domestic goods, which having been exported from the customs territory, are returned to that territory within a period of two years are granted relief from customs duties.

Products of sea-fishing and other products taken from the sea outside territorial waters of Montenegro by vessels registered or entered into the registry in Montenegro and sailing under the flag of Montenegro, as well as products obtained from the stated products on factory-ships are granted relief from customs duties.

In accordance with the Law on Scientific Research Activities (Official Gazette of the Republic of Montenegro 71/05), the equipment for scientific research activity donated from abroad or bought abroad is granted relief from custom duty.

In accordance with the Law on Free Zones (Official Gazette of the Republic of Montenegro 42/04 and Official Gazette of Montenegro 11/07 and 76/08) goods brought into the free zone used or consumed in accordance with the regulations, regardless the type of imported goods and its purpose within the zone, including goods, which were imported by operator and user for the purposes of constructing and maintaining facilities, infrastructure and equipment in the zone or warehouse, and for establishing conditions for work and development of zone and warehouse in general, are granted relief from customs duty.

**17. Please describe how the customs legal framework is organised (which parts of legislation are in the consolidated customs law or code and its implementing provisions or which are in separate legal acts on different subjects, if any).**

Montenegrin customs system is regulated by the following regulations:

The Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) with the following secondary legislation:

Decree for the implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08)

Decree on the procedure for acquiring the right to be exempted from customs duty (Official Gazette of the Republic of Montenegro 22/03)

Decree on deferred payment of customs debt (Official Gazette of Montenegro 25/09 and 48/09)

Decree on the type, level and manner of paying the fee for the services of customs bodies (Official Gazette of Montenegro 47/08).

Decree on detailed procedure and conditions for opening duty free shops (Official Gazette of the Republic of Montenegro 43/05)

Decree on procedures of customs authorities related to goods reasonably suspected to infringe intellectual property rights (Official Gazette of the Republic of Montenegro 25/05 and Official Gazette of Montenegro 16/08)

Decree on conditions for performing representation activities before customs service bodies (Official Gazette of the Republic of Montenegro 20/03 and 62/04).

Decree on conditions and manner of selling customs goods and other procedures with customs goods (Official Gazette of the Republic of Montenegro 22/03 and 62/04)

Rulebook on the form, content, manner of submitting and filling in customs declaration and summary application (Official Gazette of the Republic of Montenegro 16/03, 43/04, 2/05, 14/05 and 48/07)

Decree on issuing certificates accompanying goods at export, import or transit (Official Gazette of the Republic of Montenegro 41/05)

Rulebook on types and manner of using customs signs (Official Gazette of the Republic of Montenegro 49/05)

Rulebook on special customs supervision measures and customs procedure for goods used for supplying means of transport in international traffic (Official Gazette of the Republic of Montenegro 78/06 and 57/07)

Instructions on conditions and manner in which the amount of the customs debt is paid by a third party instead of the debtor (Official Gazette of the Republic of Montenegro 19/04)

Instructions on special customs supervision measures when releasing goods into free circulation, or in the procedure of export and transit of sugar (Official Gazette of the Republic of Montenegro 37/03)

Instruction on special measures of customs supervision when placing cigarettes in the procedure of transit, export and re-export (Official Gazette of the Republic of Montenegro 14/07)

Law on Customs Tariff (Official Gazette of the Republic of Montenegro 75/05 and 17/07)

Decree on harmonisation of the Customs Tariff Nomenclature for 2009 (Official Gazette of Montenegro 78/08)

Law on Customs Service (Official Gazette of the Republic of Montenegro 7/02 and 29/05)

Law on Excises (Official Gazette of the Republic of Montenegro 65/01, 12/02, 76/05, Official Gazette of Montenegro 76/08 and 50/09)

Law on Value Added Tax (Official Gazette of the Republic of Montenegro 65/01, 12/02, 38/02, 72/02, 21/03, 76/05, 4/06, 16/07)

Law on Free Zones (Official Gazette of the Republic of Montenegro 42/04 and Official Gazette of Montenegro 11/07 and 76/08)

Law on Foreign Trade (Official Gazette of the Republic of Montenegro 28/04 and 37/07)

Decision on the conditions that used motor vehicles must fulfil at import (Official Gazette of the Republic of Montenegro 44/07 and 46/07)

Rulebook on manner of verifying fulfilment of conditions, form and content of the certificate and amount of fee for used motor vehicles being imported (Official Gazette of Montenegro 16/08)

Law on Medicines (Official Gazette of the Republic of Montenegro 80/04, Official Gazette of Montenegro 18/08)

Law on Protection against ionizing Radiation (Official Gazette of the Federal Republic of Yugoslavia 24/98)

Law on Road Traffic Transport (Official Gazette of the Republic of Montenegro 45/05)

Law on Current and Capital Transactions with Abroad (Official Gazette of the Republic of Montenegro 45/05 and 62/08, Official Gazette of Montenegro 62/08)

Law on Arms (Official Gazette of the Republic of Montenegro 49/04 and 49/08)

Law on Foreign Trade in Arms, Military Equipment and Dual-Use Goods (Official Gazette of Montenegro 80/08)

Decision on the Establishment of National Control List of Dual-Use Goods (Official Gazette of Montenegro 42/09)

Decision on the Establishment of National Control List of Arms and Military Equipment (Official Gazette of Montenegro 41/09)

Law on the Prohibition of the Development, Production, Warehousing and Use of Chemical Weapons and their Destruction (Official Gazette of Serbia and Montenegro 44/05)

Law on Environmental Protection (Official Gazette of the Republic of Montenegro 51/08, Official Gazette of Montenegro 21/09)

Law on Tobacco (Official Gazette of Montenegro 48/08 and 76/08)

Law on Food Safety (Official Gazette of Montenegro 14/07)

Law on Plant Nutrition Products (Official Gazette of the Republic of Montenegro 48/07, Official Gazette of Montenegro, 76/08)

Veterinary Law (Official Gazette of Montenegro 11/04 and 27/07)

Law on General Safety of Products (Official Gazette of Montenegro 48/08)

Law on Planting Material (Official Gazette of Montenegro 28/06)

Law on Genetically Modified Organisms (Official Gazette of Montenegro 22/08)  
Law on Seeds Material of Agriculture Plants (Official Gazette of the Republic of Montenegro 28/06)  
Law on Prevention of Money Laundering and Financing of Terrorism (Official Gazette of Montenegro 14/07 and 4/08)  
Law on Chemicals (Official Gazette of Montenegro 11/07)  
List of poisons divided into the groups (Official Gazette of FRY, no. 12/00)  
List of Poisons whose Production, Trade and Use are Prohibited (Official Gazette of the Federal Republic of Yugoslavia 12/00)  
Law on Waste Management (Official Gazette of the Republic of Montenegro 82/05, Official Gazette of Montenegro 73/08)  
Law on Forestry (Official Gazette of Montenegro 55/00)  
Rulebook on the Way and Conditions of Collecting and Using Unprotected Plant Species (Official Gazette of Montenegro 27/02 and 64/03),  
Law on Electronic Communications (Official Gazette of Montenegro 50/08 and 53/09)  
Law on Scientific Research Activities (Official Gazette of Montenegro 71/05).

**18. Please describe your system of risk selection for the execution of the customs controls. (e.g. is the system automated, are risk selection criteria established at national, regional or local level...?).**

Within the framework of the Trade and Transport Facilitation in Southeast Europe (TTFSE) and on the basis of World Bank loan, Customs Administration has launched the development of the Risk Management System with its partners, companies "Charles Kendall & Partners" and "Memex" from Great Britain. The work on the system started in July 2005 and the system was completed in March 2007. Trial operation of the system was completed on 24 April 2007, when it was fully integrated into the organisational structure, operations and the existing customs information system and it is available to all organisational units of the Customs Administration.

Main functions of the Risk Analysis System are:

Collection of data and information for establishing parameters and risk profiles (defining, modernisation and maintenance mechanism, organisation of feedbacks);

Analysis and risk assessment by processing data from declarations by using risk profiles, intelligence and other sources;

Establishment of integrated system of information on suspected persons and vehicles (including ships and vessels) which will be used for the purposes of verifications, revision, monitoring and security;

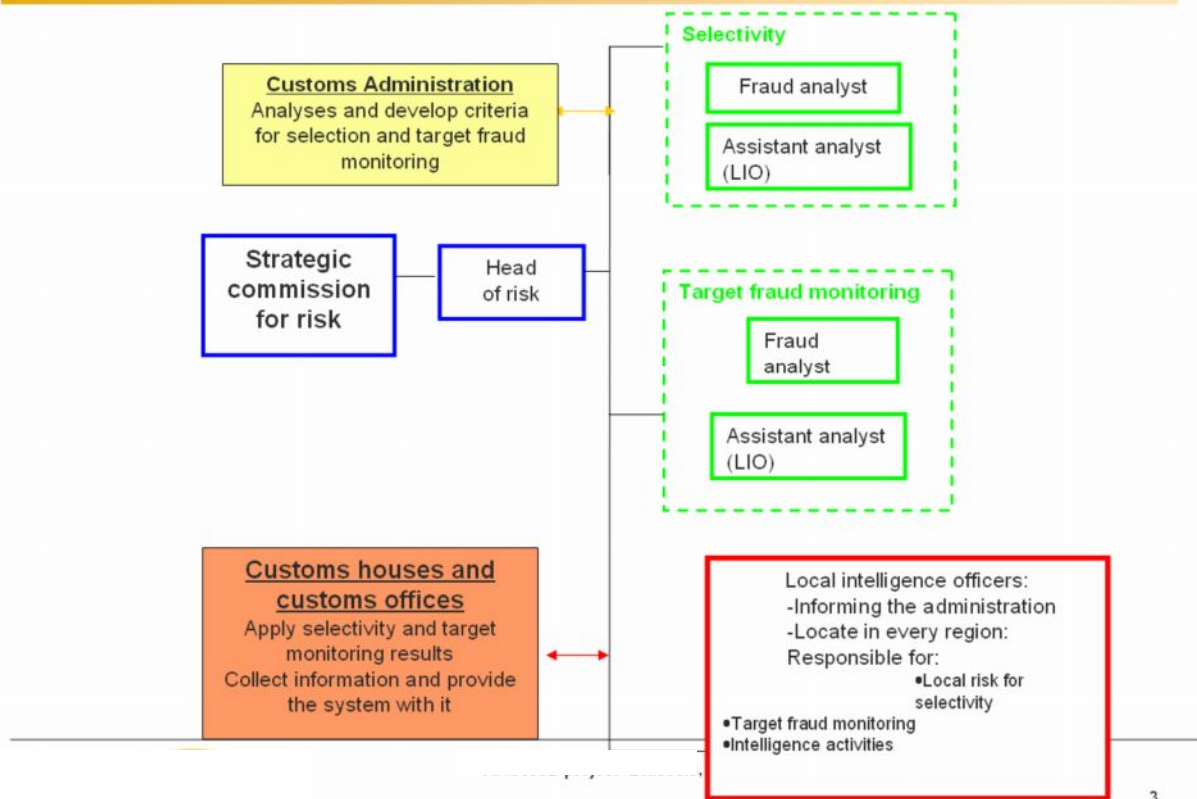
Determination of adequate measures (level/number of controls); and

Monitoring results, preparation of reports and securing feedbacks in order to improve risks profiles.

The Information System itself only indicates to the possibility for fraud and leads to the control of consignment or vehicles. It does not change the assessments made by officers. Other consignments can be examined, but the result of all controls initiated by the system of human assessment is measured and analysed by the Risk Management System.

Introduction of the Risk Analysis System relies on the establishment of a basic multidisciplinary team composed of: Risk Management Team (RMT) for selectivity, Targeting Team for (TT) security supported by IT Sector of the MCA, Risk Manager and the Strategic Commission for Risk.

## Existing RMS organization



3

1. **Risk Management Team (RMT)** manages risk profiles and has full access to selectivity parameters or processes for the selection of high risk consignments. RMT has developed adequate answers to identified risks by using the system results and enhances efficiency of the Customs Administration by including these results in the conducted risk analysis.

**Risk Management System** is able to automatically combine different criteria in risk profiles and independently create acceptability frameworks for different parameters, to monitor export data in relation to specific goods, to indicate to cases where the same importers/exporters import the same final products, to indicate to the possibility of declaring the goods under the lower tax or regulated tariff and to continually modernise data related to customs procedures as well as data obtained through examinations after the completed clearance procedure.

2. **Targeting Team (TT)** manages the System of security information database, a part of preventive and enforcement department of the Customs Administration, and covers information on previous breach of regulations as well as intelligence from different national and international sources.

Both systems contain great numbers of highly sensitive information. Accordingly, RMS has been carefully planned in relation to the procedures of marking, security and access. The structure is rational and relevant information are available only to appointed officers. The exchange of data between the two sub-systems is determined according to operational needs and requests of the legislation and it is defined by special instructions.

3. **Tasks of a Risk Manager** are as follows:

- **Giving instructions to analysts for monitoring frauds and smuggling in trade traffic**
- **Establishing and updating the selectivity module based on risks**
- **Estimating results of the selectivity criteria**
- **Developing and maintaining sources of information, for example Government institutions, agencies, trade associations, banks, etc.**
- **Securing effective communication within the organisation**
- **Ensuring achievement of planned results and directing efforts towards new priorities**
- **Collecting and forwarding information which would assist in the process of decision-making on strategic and management operational levels.**
- **Supervising all activities within the risk management cycles**
- **Assisting in reporting to the management**
- **Collecting ideas for the improvement of the entire organisation**

**4. Tasks of the Strategic Commission for Risk are:**

**Determination of overall priorities aligned with the customs strategy and annual customs plan.**

**Determination of directions for development of selectivity profiles and targeting activities.**

**Active promotion of access based on risk and intelligence in all organisational units of the Customs Administration.**

**High level of coordination and cooperation with other Government bodies and agencies related to the exchange of intelligence and risk information.**

**RMS (Intelligence Manager) system**

**The IT component of the overall RMS consists of two elements: a Selectivity System and a Targeting system. For the CIS interface, the Selectivity System is the one of relevance.**

**The system needs to:**

- 1. Trigger the immediate sending of declaration details from the SAD to RMS when each new declaration is captured by CIS**
- 2. Receive a returned value from the RMS system and update the SAD Declaration record in CIS**
- 3. Display a “pop-up” message to the user who entered the Declaration record within the CIS. A lookup table will be necessary to display particular colour and message text depending on the numerical value that is returned from the RMS system.**
- 4. Amend the Intervention Outcome Report (IOR) field and replace the current text (narrative field) with a number of radio buttons and an associated text/value field.**
- 5. Trigger the immediate sending of the IOR details to RMS on the update of the IOR field.**

**3.1 CIS – RMS (Intelligence Manager) System Overview**

**The following chart gives a schematic overview of how Intelligence Manager will be used for:**

**Technical Requirements for the CIS system RMS Interface**

**Technical Requirements for the CIS system RMS Interface v2-9 Page 3**

**Selectivity System and the Targeting System (please ignore the Fraud Targeting system (FTT) for the interfaces). The diagram illustrates how customs information will flow from the CIS, will be processed by the Selectivity System, and a result will be sent back to the CIS.**

### 3.2 Architecture

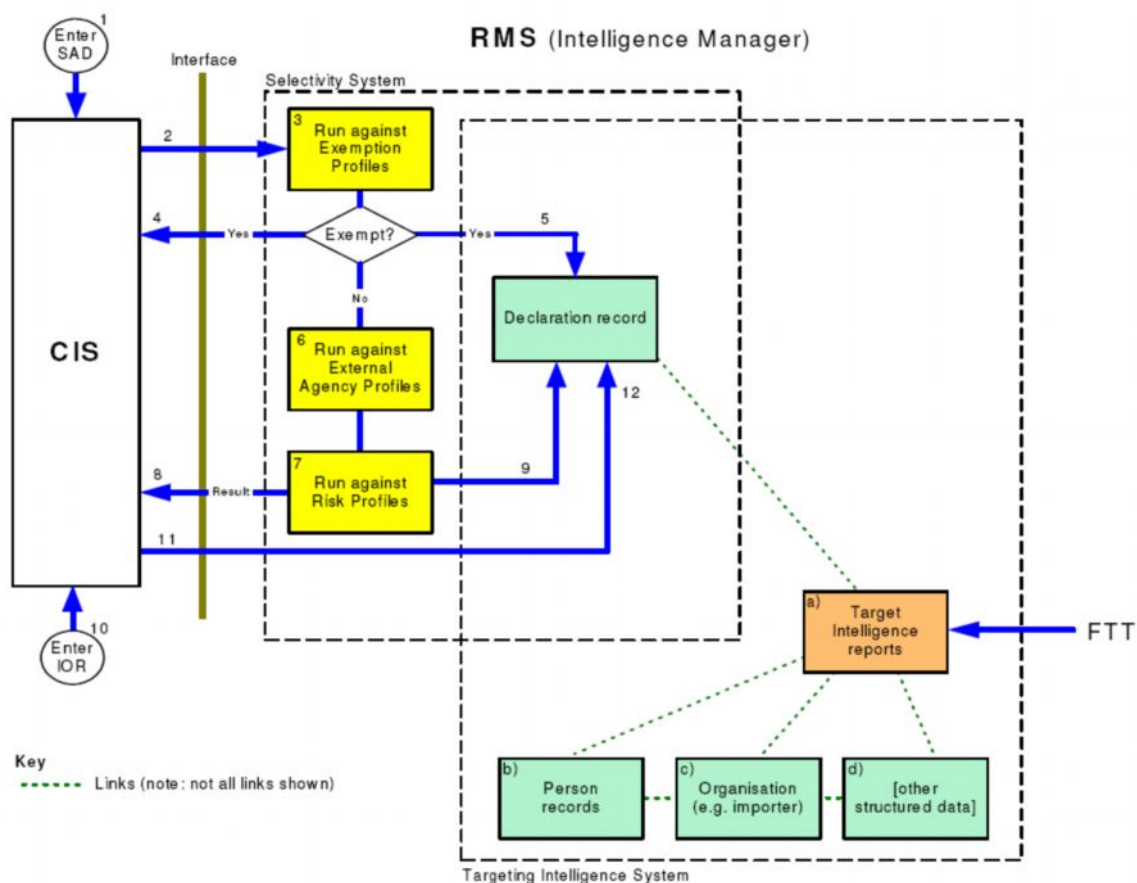
CDMN are currently in the process of appropriating a new server, which will house the Memex Intelligence Manager system. The RMS (Intelligence Manager) system will be on a stand-alone Dell Poweredge SC1420 data server which fits in with the current CDMN architecture.

The server is 64-bit which will have Windows Services for Unix 3.5 subsystem running Windows 2003 server (SP1) with web services.

The sending (triggering) of Customs Declarations (SADs) from CIS to the RMS Selectivity system will be through XML documents via an HTTP service waiting for SOAP requests.

### 3.3 Proposed Process.

For details of the RMS process, see the notes that follow the diagram (please ignore FTT).



### Diagram Notes

#### 1 Enter SAD

The Customs Declaration is entered into the CIS via SAD (Single Administrative Document). On final entry of information, this should trigger an event which sends the declaration data including the unique SAD URN via XML in real-time to the RMS

#### 2 Transfer data from CIS to RMS

*The SAD data is transferred to the Selectivity System.*

### *3 Run against Exemption Profiles*

*The SAD data is checked against the exemption criteria specified in the Exemption Profiles.*

#### *4 Exemption match is true*

*If there is an exemption match, a no-intervention result (value "0", together with the unique ID of the CIS declaration record) is fed back into the CIS via XML and stored on the in the appropriate SAD record. A new field must be added to the CIS record to denote this result. The status of this Declaration record is set to "EXEMPT".*

#### *5 Store Exemptions*

*The declaration data, the Intervention Instruction level (i.e. "0") is stored in a Declaration record within the Intelligence Manager.*

### *6 Run against External Agency Profiles*

*If the SAD data is not exempt, check it against the External Agency Profiles. These are IM records that define field: value matches and include a field containing a code that specifies the nature of documentation to be inspected and the external agency that requires this check. The external agency codes of any matching profiles are noted and will be returned to the CIS after the Risk Profiling stage.*

### *7 Run against Risk Profiles*

*If the declaration data is not exempt, check it against the Risk Profiles. The Risk Profiles are IM records that define field: value matches and a score for each. Declarations are run against all of the profiles. Intervention Instructions are triggered according to the highest score produced by a profile.*

### *8 Result*

*Send the Intervention Instruction (i.e. the result of profiling) back to the CIS via XML. This result will contain a numerical value (e.g. 1-3) together with:*

- the URN of the relevant SAD, and*
- may also include single or multiple Goods Tariff code (Commodity Code) or/and*
- the nature of the documentation and the ID of any external agency that requested the profile be created.*

*The result will be displayed within the CIS as a message to the user (or any approved user) who entered the SAD and the Selectivity code will be stored in the SAD record in the CIS.*

### *9 Store Intervention details on RMS*

*The Intervention Instruction and the SAD data are stored in a Declaration record within Intelligence Manager.*

*The data stored includes:*

- the SAD data passed from the CIS*
- the intervention level that was generated (e.g. 1-4), green, yellow or red channel*
- the current trigger score for that intervention level*
- a sub-record for each Risk Profile that triggered this level of intervention, giving:*

- i) the URN of the Profile and*
- ii) the Commodity Code(s) of Goods for intervention and*
- iii) the contents of the "External Agency" field and*
- iv) the actual score generated by the Profile.*

*The status of this Declaration record is set to "AWAITING OUTCOME".*



**10 Enter IOR**

*After responding to a non-zero/non-“green” Intervention Instruction (e.g. to inspect documents or examine cargo), an Intervention Outcome Report is entered into the CIS, recording the results of the intervention. There must also be the capability to capture IOR data for a level 1 (green) response where local operational managers/officers decide that some form of intervention is appropriate; this will not be the norm but nevertheless will happen occasionally.*

*There is a requirement for a new sub-form to be created on the “ Record on the examination of goods” screen on the CIS system. The sub-form will replace the text box on the form. The sub-form will have a group of checkboxes, input fields and associated text boxes.*

*The Customs data input officers will record the outcome by making the appropriate selections and entering any relevant details in the input fields and text boxes in CIS. The IOR must contain the unique ID of the relevant SAD, so that the outcome can be linked to the relevant declaration and risk profiles and the ID of the officer making the intervention.*

*The unique SAD ID should consist of fields “RAP21/RAP22/R01P2/RAP23” taken from the declaration record. See appendix 2 table 3.*

**11 Transfer IOR details to RMS.**

*Transfer the outcome details and SAD ID (Appendix 2 Table 3) and Intervention Officer’s ID, recorded in the Intervention Outcome Report, from the CIS to the Risk Management System via XML triggered by the input of Intervention Outcome details.*

*12 Using the SAD ID, find the relevant Declaration record and add the outcome score to this record. This allows information to be provided on the performance of individual Risk Profiles and the Selectivity System as a whole.*

*Change the status of this record to “OUTCOME RECEIVED” .*

*Note: Recording and changing the status of the Declaration records will allow the CDMN to identify intervention instructions for which IORs have not been entered into the CIS.*

*Customs Administration of Montenegro is participating in RacWEB project, Risk Assessment for Customs in Western Balkans, Project co-funded by the European Commission under the “Information Society Technology” Programme, Framework Programme 6.*

**19. Please provide a description of your customs control system for counterfeit and pirated goods and specify the kind of industrial or intellectual property covered by the control system (copyright, patents, designs, etc.).**

Customs Administration controls goods for which there are reasonable suspicion for violating intellectual property rights in accordance with the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and Decree on customs authorities treatment of goods for which there is reasonable suspicion of violating intellectual property rights (Official Gazette of the Republic of Montenegro 25/05 and Official Gazette of Montenegro 16/08)

Decree on customs bodies treatment of goods for which there is reasonable suspicion of violating intellectual property rights is aligned with basic principles of TRIPS Agreement. The stated Decree prescribes conditions for the implementation of measures for goods, which are subject of customs procedure for which there is reasonable suspicion of violating intellectual property rights, as well as the manner of implementing those measures by the customs body.

In the context of the Decree, intellectual property rights are: copyright and related rights, hallmarks, geographic signs of origin, design, patent and topography of integrated circuits and they are covered by the customs control system.

In accordance with the Decree, customs authority can, upon the request of a right holder or ex officio, terminate customs procedure and detain the goods in case of suspicion that import, export or transit of these goods violates intellectual property rights.

Right holder submits a request in writing to the Customs Administration, which must contain a description of goods with information based on which customs body can recognise such goods and the evidence that the applicant is the right holder in relation to concerned goods. Applicant may deliver other available information on goods, such as sample of counterfeited goods, sample of the original of goods, photography, etc. Customs Administration decides on the request.

When customs officers have a suspicion that the goods are counterfeit, or goods from the decision adopted by the Customs Administration on the basis of a right holder's request, customs procedure is terminated and goods are detained, on which the right holder, importer, exporter or declarant are informed. The right holder is obliged to inform the customs body, within the period of 10 working days, on the procedure launched before the competent court, or on specific temporary measure. When the customs authority is informed on the initiated procedure and temporary measure determined, it acts in accordance with the temporary measure, in which case goods are detained until the legally binding court procedure is completed. Contrary to that, body authority will continue with the customs procedure and it will release the goods on its termination.

If customs body suspects that the subject of customs procedure are counterfeited goods, it can terminate customs procedure ex officio and detain the goods, on which it informs the importer, exporter, declarant or the owner of goods, right holder, or his/her representative, institutions for the protection of intellectual property rights. Information on the termination of procedure contains the warning to importer, exporter, declarant, or the owner of goods, that the detained goods can be seized or destroyed if the confiscation and destruction of goods is not disputable within the prescribed deadline.

In the organization of World Intellectual Property Organisation (WIPO), World Customs Organization (WCO), CAFAO, CARDS, USPTO, SNB-React, TAIEX and TACTA a number of seminars and trainings on the protection of intellectual property rights took place on both levels, national and international, which were attended by the officers of Customs Administration.

During the period between 15 September and 13 November 2008, six benchmarking workshops took place with the topic of protection of intellectual property rights, organised by the EU TACTA of Montenegro, in accordance with its Work Programme for 2008.

In the organization of World Intellectual Property Organisation (WIPO), Bulgarian Patent Office and United States for Patents and Trademark Office (USPTO), in Sofia in November 2008, Regional Conference on the Protection of Intellectual Property Rights was held, attended by the officers of Customs Administration. Also, the officers of this Administration have attended the Intellectual Property Rights Symposium, which was held in October, 2009, in Skopje, in the organisation of WIPO and the Intellectual Property Rights Institute of Macedonia.

## **20. Please provide a description of your customs control system for cultural goods.**

Customs control of cultural goods is performed during the export of goods, which is considered as national, artistic, cultural, historical or archaeological treasure, and in accordance of the Decree on Ratification of Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property (Official Gazette – International Treaties of Socialist Federal Republic of Yugoslavia 50/73), the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08), Law on Foreign Trade (Official Gazette of Montenegro 28/04 and 37/07) and Decision on the control list for export, import and transit of goods (Official Gazette of Montenegro 82/08).

While exporting such goods, declarant is obliged to attach, together with customs declaration, the licence of the Ministry of Culture and present it to the customs authority. In case that the concerned

goods are not considered as cultural heritage, customs body is presented with the opinion provided by the Institute for Protection Cultural Monuments at export.

**21. Please provide a description of your customs control system for dual use goods.**

Control of foreign trade of arms, military equipment and dual use goods is regulated by the Law on Foreign Trade in Weapons, Military Equipment and Dual-Use Goods (Official Gazette of Montenegro 80/08) which prescribes provision of services in relation to controlled goods, conditions and procedure for the issuance of permissions, competence of institutions, supervision of the implementation of this Law, as well as other matters important for foreign trade in controlled goods in order to achieve protection of defence, security and foreign-policy interests of Montenegro and to ensure adherence to international obligations assumed by Montenegro.

This Law sets out the model and conditions under which foreign trade, transport and transit of weapons, military equipment and dual-use goods can be performed. Also, the Law defines competent institutions for issuing permissions for export, transport, transit, brokering (mediation) and foreign trade services, as well as conditions under which a permission can be issued, competent institutions for the implementation of the Law, supervision, control and penalty provisions in cases of the breach of the Law.

National control lists are determined by the secondary legislation as follows: National Control List of Weapons and Military Equipment and National Control List of Dual-Use Goods. In accordance with the Law, subject of the control is foreign trade in weapons, military equipment and dual-use goods. Dual-use goods includes materials, products, software and technology that may be used for both civilian and military purposes and it is a part of the National Control List of Dual-Use Goods, adopted by the Government of Montenegro and is aligned with the EU List of Dual-Use Goods and Technologies (EC Regulation No.1334/2000-Official Journal of the European Union L159 of 22 June 2000). Thus, dual-use goods are goods, including stated technology, that may be often seen in foreign trade, but which due to the specific characteristics, method of use and final purpose can also be used dually, in the production of weapons of mass destruction and for their launching systems.

Customs Administration performs customs control of weapons, military equipment and dual-use goods. On the basis of Article 36 of the Law on Foreign Trade in Weapons, Military Equipment and Dual-Use Goods, during the execution of the customs control of controlled goods, being the subject of foreign trade, customs bodies can, within the range of their competences, restrict, suspend, seize the controlled goods on which they have to inform the competent ministry for foreign trade affairs. The Ministry of Finance adopted Rulebook on the duties of customs authorities in foreign trade in arms, military equipment and dual-use goods (Official Gazette of Montenegro 60/09) for the purposes of implementing this Law. While providing approval for placing goods under specific customs procedure, customs authorities are obliged to determine if the permission issued by the Ministry is attached to the Single Administrative Document (SAD) and if the information provided in the permission on performing foreign trade with controlled goods match the information from SAD and the actual status of goods. Furthermore, when giving an approval for placing the goods in customs procedure for transit by road or water, customs authorities are obliged to determine if the approval for transit of the Ministry of Interior Affairs is attached to SAD. In case of the transit of the controlled goods by air, it is necessary to obtain approval of the body competent for Civil Aviation. Customs body is obliged to immediately inform the Ministry on the suspension of customs procedure and temporary detention of goods by stating the reasons due to which this was performed.

**22. Please provide a description of your customs control system for drug precursors, dangerous chemical products and ozone depleting products.**

In accordance with the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and the Law on Production and Trade of Narcotics (Official Gazette of the Federal Republic of Yugoslavia 46/96) at the importation and exportation of precursors, customs body is presented with import or export license issued by the Agency for Pharmaceuticals and Medical Devices. The List of precursors is prescribed by the Decision on the control list for export, import and transit of goods (Official Gazette of Montenegro 82/08). Montenegrin regulations on the control of precursors are based on the Convention of United Nations against Illicit Traffic in Narcotics and Psychotropic Substances (Official Gazette of Montenegro – International Treaties of the Socialist Federal Republic of Yugoslavia 14/90). Customs control is conducted on documents and organoleptic, and in the presence of an expert.

In accordance with the Customs Law and the Law on Chemicals (Official Gazette of Montenegro 11/07), for import, export and transit of chemicals, a licence of the Ministry of Health is necessary, which is submitted with the appropriate customs declaration. Chemicals can be imported only through the border crossing points where the sanitarian inspection is taking place and with the previous approval of the sanitary inspector of the Ministry of Health. The list of chemicals for which the concerned license is needed is prescribed by the Rotterdam Convention and List of Poisons that may be released into free circulation. The List of Poisons circulation of which is prohibited is also prescribed in the Official Gazette of Federal Republic of Yugoslavia 12/00. Customs bodies may determine customs approved treatment or use in the place of clearance of goods only with the approval of a sanitarian inspector of the Ministry of Health. Customs control is conducted on documents and organoleptic as well as in the presence of an expert.

In accordance with the Customs Law and the Decision on the control list for export, import and transit of goods, customs body, with the appropriate customs declaration, is submitted the license for import or export of substances that damage the ozone layer, mixture of substances damaging the ozone layer, as well as products containing substances that damage the ozone layer. Import of the concerned goods can be performed only with the previous agreement of the environmental inspector. The list of concerned goods is prescribed by the Decision on the controlled list for export, import and transit of goods. Customs control shall be conducted on documents and organoleptic as well as in the presence of an expert

**23. Please provide a description of your customs control system for the enforcement of CITES.**

In accordance with the Law on Ratification of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Official Gazette of the Federal Republic of Yugoslavia – International Treaties 11/01), Law on Environmental Protection (Official Gazette of Montenegro 51/08 and 76/09) and the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) permission of the Agency for Environmental Protection is required for export, re-export and import of CITES species. Transit of CITES species can be performed on the basis of licence on export or import, which is issued by competent body of the country of import or export. Trade of CITES species must be performed exclusively through border crossing points where veterinarian and phytosanitary control is organised. Customs body is obliged to examine declared consignment and to stamp the presented permission.

**24. Please provide information concerning rules and procedures for cash controls at the borders.**

Customs control of the transfer of means of payment through the border is regulated by:

Law on Foreign Current and Capital Transactions (Official Gazette of the Republic of Montenegro 45/05 and Official Gazette of Montenegro 62/08);

Decision on the amount of cash that may be taken in or out of the Republic of Montenegro without reporting (Official Gazette of the Republic of Montenegro 58/05);

Law on the Prevention of Money Laundering and Financing of Terrorism (Official Gazette of Montenegro 14/07 and 4/08); and

Rulebook on the manner of reporting information on cash transactions exceeding EUR 15 000 and suspicious transactions to the Administration for the Prevention of Money Laundering and Financing of Terrorism (Official Gazette of Montenegro 79/03)

In accordance with stated regulations, natural persons (residents and non-residents) are obliged to declare physical importation and exportation of means of payment at the place of entrance in or exit from Montenegro. The stated persons, in passenger traffic with foreign countries, can take in/out from Montenegro up to EUR 2 000 in cash without declaring it to the customs authority. Money, in the amount exceeding EUR 2 000 is reported to the customs body at the border crossing point.

Customs body is obliged to submit, to the Administration for the Prevention of Money Laundering and Financing of Terrorism, information on each transfer of cash, checks, bearer securities, precious metals and jewels over state border, whose value or amount is EUR 10 000 or more, within the period not exceeding three days from the day the transfer occurred. Also, customs body is obliged to inform the Administration for the of Money Laundering and Financing of Terrorism on transfer or attempt of transfer of cash, checks, securities, precious metals and jewels, whose value or amount is less than EUR 10 000 if, in relation to that person, there are reasons for suspicion money laundering and financing of terrorism is involved.

**25. Please indicate the existence of duty free shops at the land borders, if any.**

There are no duty free shops on land border crossing points in Montenegro. In accordance with the provisions of Article 181a of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08), duty free shops can be opened at airports and ports for international traffic, where passport and customs control is organised, for the purpose of selling goods to passengers leaving the country and to passengers in transit over the customs territory of Montenegro.

**26. Please describe the administrative and customs fees, if any, that apply in the framework of customs related activities.**

The provisions of the Law on Administrative Fees (Official Gazette of the Republic of Montenegro 55/03 and 81/05 and Official Gazette of Montenegro 22/08 and 77/08) apply within the customs activities system which arranges system of payment of administrative fees for documents and procedures before the public administration bodies (state administration bodies, local government and other entities that have public authorities). Administrative to be paid for the services rendered by customs bodies are prescribed by the Tariff for Administrative Fees (Tariff numbers 108-117)

which is a constituent part of the stated Law and are in the range of EUR 5 to EUR 100, depending of the rendered service. Administrative fee is paid for:

- customs document used for temporary placement of goods;
- decisions (approvals) adopted by the customs service body in administrative procedure;
- decisions adopted by the customs service bodies in summary procedure;
- Single Administrative Document used in customs procedures, as well as for the calculation of customs debt in passenger traffic;
- certificates on the customs status of goods and certificates on the equality of goods;
- binding information on the classification of goods into the nomenclature of Customs Tariff;
- binding information on the origin of goods;
- issuing the certificate on direct consignment, movement certificate EUR-1 and EUR-2, movement certificate FORM A and other certificates on origin;
- decision (approval) that approves the initiation of work of free zone and free warehouse;
- decision (approval) that approves the form and contents of record in free zones and free warehouses;
- activities taken over by customs authority in the procedure of controlling Duty Free Shops a fee shall be paid in the amount of 5% of the total value of sold goods, which does not include the amount of fee;
- settlement of ATA carnet (regulation fee);
- issuance of certificates that the road motor vehicle fulfils technical conditions to be used for the transport of goods on the basis of TIR carnet;
- decision approving the opening of duty free shops;
- issuing the licence for performing the representation activities before the customs body (to business organisations and entrepreneurs);
- issuing the licence for performing the representation activities before the customs body (natural persons);
- appeal against the decision on the misdemeanour rendered in the first instance procedure lodged by legal persons, responsible person in the legal person and natural persons;
- appeal against the decision of the Customs House rendered in the administrative procedure lodged by legal persons and natural persons.

The provisions of Article 291 of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) prescribe that the customs body collects a fee for services provided in the customs procedure, in the amount corresponding to the provided service. The amount of stated fee cannot be higher than the actual costs of the customs authority for the services rendered in customs procedure and it can not represent indirect protection of domestic products or indirect taxation on import and export. In accordance with the Decree on type, level and manner of paying fee for services of the customs body (Official Gazette of Montenegro 47/08), this fee is paid for:

- the conduct of customs procedure at the location that is not determined for such purpose upon the request made by a declarant and it amounts to EUR 15 per engaged customs officer, per hour; and
- the conduct of customs procedure outside working hours of customs body, upon a request made by a declarant and it amounts to EUR 15 per engaged customs officer, per an hour.

**27. What legislation related to an electronic customs initiative is in place?**

In accordance with the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and the Rulebook on the form, content and manner of submitting and completing customs declaration and summary application (Official Gazette of the Republic of Montenegro 16/03, 43/04, 2/05, 14/05 and 48/07), customs declarations can also be submitted via electronic exchange of information. The approval for electronic exchange of information is issued by the Customs Administration to every interested participant, particularly upon their request made in writing. Declaration is considered as submitted by the electronic data processing at the customs house, at the moment when the customs house receives electronic information during regular working hours. Electronic information can incorporate several declarations but the Customs House conducts the procedure for each declaration separately.

Customs body confirms the reception of a package of electronic data by providing a feedback message that contains information necessary for identification of every operation, type of perceived mistakes if the declaration is irregular or the registration number and date of reception if the declaration is regular. The message can also contain information on the manner of examination and control of goods, as well as release of goods into free circulation. Also, customs body informs the declarant with a feedback message that the declaration was accepted and that the customs debt was calculated.

Customs declaration for transit procedure is submitted manually upon which it is electronically processed.

The approval for electronic exchange of information is owned by 117 commercial entities.

**28. What are the customs related security initiatives? Is there information on goods prior to import or export?**

Signing the Memorandum of Understanding with ship, air, and post-express companies is in preparation. Although these Memorandums have not been signed, the Customs Administration, on a regular basis, receives pre-arrival information on containers coming into the Port of Bar from shipping companies. On the basis of these information arriving at latest of 24 hours before the ship enters into the port, a selection of the consignments for examination is performed, after the performed analysis. Selection of consignments for examination is performed at two levels: on the level of the Customs Station Free Zone of Bar and on the level of the Enforcement Department. There are two types of examinations: examination by mobile scanner and physical examination of goods. There is no pre-arrival information on export, but these information are obtained in the moment of submitting the declaration for export clearance.

## ***II. Administrative and operational capacity***

**29. Please provide detailed information concerning the administrative capacity of the customs administration, incl. organisational structure, staffing levels, reforms recently undertaken or planned, responsibility for granting authorisations for applying customs procedures, etc.**

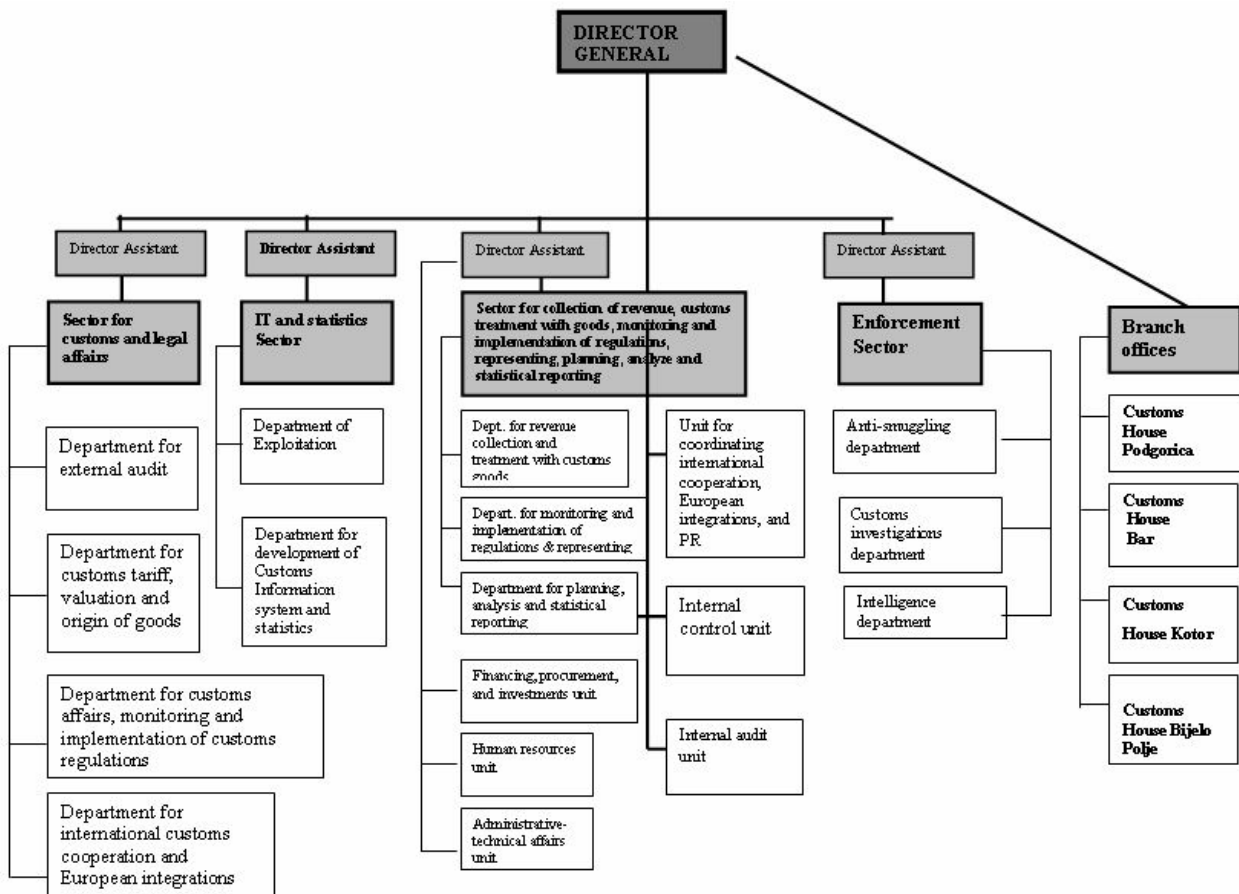
Under the Decree on organisation and manner of work of the state administration (Official Gazette of Montenegro 59/09), the Customs Administration, as a state administrative body, performs functions regarding customs supervision; customs clearance; inspection of goods whose import or export are specially regulated; foreign exchange control in international passenger and border traffic with abroad; prevention and detection of customs offences and conducting first instance administrative and misdemeanour proceedings, prevention and detection of criminal offences and commercial offences in customs procedure; prevention and detection of foreign exchange offences in international passenger and border traffic with abroad; processing and monitoring of import and export statistical data, as well as other functions delegated to its competence.

Supervision of legality and the appropriateness of Customs Administration is performed by the Ministry of Finance. In performing supervision, under the above mentioned Decree, the Ministry of Finance suspends acts adopted outside the administrative procedure when they are contrary to the legislation and proposes the Government to revoke or annul them; makes proposals for appointing and relieving from duty the head of the administration body whose work is supervised; gives professional instructions, explanations and advice for the implementation of regulations from the competence of the administration body; points to unlawfulness and weaknesses in the work of the administration body and makes proposals to overcome them, etc. The Rulebook on Internal Organisation and Job Description of the Ministry of Finance within the Sector for Tax and Customs System there is the Division for Tax and Customs Proceedings of Second Instance which conducts proceedings upon appeals of taxpayers against first instance decisions made in the administrative proceeding.

Assignment of civil servants and state employees is performed on the basis of conditions determined by the Rulebook on Internal Organisation and Job Description of the Customs Administration. The mentioned Rulebook envisages 366 jobs with 669 employees.

The Customs Administration Organizational Chart determined by the Rulebook on Internal Organisation and Job Description





As illustrated in the organisational chart, affairs from the scope of work of the Customs Administration are performed by the following units: departments, sections, units and customs branch offices.

1. The Department for Customs and Legal Affairs, External Audit, Customs Tariff, Value and Origin of Goods, International Customs Cooperation and European Integrations (Sector for Customs and Legal Affairs);
2. The Department for Informatics and Statistics;
3. The Department for Revenue Collection, Customs Goods Procedures, Monitoring, Implementation of Regulations, Representation Activities, Planning, Analysis and Statistical Reporting (Sector for Revenue Collection and Resources);
4. The Customs Enforcement Department;
5. The Division for Coordination, International Cooperation, European Integrations and Public Relations;
6. The Internal Control Division;
7. The Internal Audit Division;
8. The Finance, Public Procurement and Investment Unit;
9. The Human Resources Unit;
10. The Administrative, Technical and General Affairs Unit;
11. The Customs Branch Office – Customs House Podgorica;
12. The Customs Branch Office – Customs House Bar;
13. The Customs Branch Office – Customs House Kotor;
14. The Customs Branch Office – Customs House Bijelo Polje.

**1. The Department for Customs and Legal Affairs** performs affairs concerning the following: monitoring and analysing the implementation of customs and foreign trade regulations, regulations in the area of means of payment circulation and other regulations implemented by customs service bodies in customs procedure and which regulate customs supervision measures, customs procedures and treatment of goods; monitoring and analysing implementation of customs policy instruments; deciding in the first instance in administrative proceeding when it is under the competence of the Customs Administration; considering and processing requests for granting authorisations for simplified procedures from the Customs Law; considering and processing requests for intellectual property rights protection; considering and processing requests for granting approval for free customs zones and free warehouses operation; considering and processing requests for designing, developing, or reconstruction of border crossings for international traffic; deciding in other matters within the competence of the Customs Administration; development and preparation of reports in customs and administrative proceeding; establishing cooperation with other bodies regarding matters of implementation of regulations in customs procedure and undertaking measures for timely performance of activities from the scope of work of the Customs Administration; performing control of correct and unique implementation and application of prescribed methods of establishing the basis for determining the amount of customs debt, as well as other measures of trade policy and regulations adopted under the Law on Customs Tariff and Free Trade Agreement as well as regulations on quantitative restrictions and licences; classifying goods into the Customs Tariff nomenclature based on rules for using combined nomenclature; classification of excise goods and goods for which value added tax is paid in the customs tariff; cooperating in drafting laws and secondary legislation from the scope of work of customs service, participation in drafting secondary legislation, explanations and instructions adopted by the Director of the Customs Administration; cooperation with foreign customs administrations and international organizations; active participation in risk analysis planning; monitoring and participation in drafting regulations in the area of preventing money laundering; monitoring implementation of regulations from the area of intellectual property; preparation and submitting information, from its scope of work necessary for updating the website; implementation of administrative fees regulations; implementation of phytosanitary, veterinary and ecological regulations; performing activities of implementing control of the procedure of issuing certificates on the origin of goods from the territory of Montenegro, determining proposals of form and contents of the stamp, being responsible for timely delivery of stamp imprints to all customs offices, competent bodies of the European Union as well as to other competent bodies of states signatories to the Free Trade Agreement; controlling the implementation of rules on origin of goods and being responsible for their appropriate and uniform implementation; establishing cooperation with commercial entities; monitoring and implementation of regulations from the area of circulation of arms; undertaking comprehensive measures for encouraging importers or exporters or other participants to follow customs regulations; perform additional control of trading companies-importers, consignees, owners of imported goods, future buyers of imported goods, customs officers who clear the imported goods, forwarders of imported goods who are directly or indirectly included in imported goods transactions; ensuring carrying out of trade, subject to customs controls, in accordance with the regulations; performing controls aimed at revenue protection; noticing and preventing irregularities and frauds; performing fiscal data control: control of tariff code, origin, value, exemption from customs duties and return, control of putting goods in customs procedure (customs warehousing, inward processing, etc); performing non-fiscal data control; control of veterinary and health certificates, quality certificates; protection of trade policy and trade traffic control; environment protection control; control of public health protection and security; development of a strategic plan and control reports; chemical and technological analysis of samples of goods, providing results on determined characteristics of goods and classification according to Customs Tariff; providing professional assistance to customs houses during the process of taking samples; coordinating the work of international customs cooperation matters; coordinating the work on matters concerning European Integrations in the area of the customs system; cooperation on activities of harmonizing customs nomenclature with other customs administrations; processing queries of international customs administrations and providing answers to queries of foreign customs organisations in the area of customs value and origin of goods; monitoring and analysis of the implementation of international customs conventions, agreements and other instruments adopted by Montenegro and making proposals for their improvement; monitoring and performing

activities on the TTFSE project (Trade and Transport Facilitation in Southeast Europe); monitoring the implementation of projects of customs service credit financing by the World Bank and other financial organisations; monitoring the implementation of Convention on Containers, ATA Convention and TIR Convention; preparation of the implementation of CARDS programme (Community and Regional Development System); coordinating activities and all other forms of European Union assistance to customs service related to establishing international customs cooperation; participating in international meetings of customs services representatives; reviewing materials of the WCO (World Customs Organisation) and WTO (World Trade Organisation) and other international organisations in the area of customs affairs; following activities of the Standing Committee of the World Customs Organisation; following and participation in the IPA programme implementation; following the work regarding European Union integration activities; performing supervision of organisational units concerning activities from its scope of work; monitoring the fulfillment of obligations arising from performed controls and recommendations; implementing activities of Customs Administration in the area of international customs cooperation; keeping records and submitting reports from its scope of work, as well as other affairs.

Affairs from the scope of work of the Department for Customs and Legal Affairs are performed by the following organisational units:

1.1 The External Audit Section;

1.2. The Section for Customs Tariff, Value and Origin of Goods;

1.3. The Section for Customs Affairs, Monitoring and Implementation of Customs and Other Regulations;

1.4. The Section for International Customs Cooperation and European Integrations.

**2. The Department for Informatics and Statistics** performs affairs concerning the following: installation of IT solutions; monitoring the development of an information system in the customs service; ensuring the functioning and the most rational use of the customs service information system; monitoring the area of customs, foreign trade, and foreign exchange operations, etc. through the use of automatisations; ensuring the provision of information services for the needs of other state bodies; gathering, processing, mediating and storing data from the scope of work of customs service and managing the information and telecommunication system of the customs service; performing affairs of supervision and improving the safety of equipment, software and the Customs Information System (hereinafter: CIS); monitoring technology development for the implementation of CIS and recommending methods of protecting all the segments of CIS operations; administration of the Customs Administration website; supervising the validity of security copies of data and their relocation to remote security locations for storing such documentation; installing and maintaining system and programme packages; monitoring and maintaining the operations of computer communication equipment of the Customs Administration; monitoring and control of CIS operation and development; implementing all new solutions of the CIS; designing and programming of new modules, monitoring the technology of operations and flow of documentation in the Customs Administration; carrying out user training, ensuring the development and storing of project documentation; statistical research concerning the work of the customs service and foreign and trade exchange of goods of Montenegro with abroad and monitoring calculations and collection of customs debt, excises and VAT in the traffic of goods with abroad; preparation of methodology and instructions for gathering and processing information concerning the work of the customs service, in cooperation with technical services of the Customs Administration; cooperation with other organisations and bodies concerning matters from the scope of work of the Department; unique methodology for monitoring fiscal revenue collection, return of customs debt, excises and VAT, charging goods with import duties; analysis and information on collection of income, beneficial import, etc; realisation of guarantee for the collection of budget revenue; monitoring, development and control of statistic reports and participation in providing information to other department and divisions outside the department and institutions cooperating with the Customs Administration; collecting reports from departments and customs houses and development of overall report; organizing and performance of affairs from the domain of exchange of information between the Customs Administration and other bodies of the customs area; giving instructions and explanations from its scope of work; cooperation in drafting the legislation from the

scope of work of the customs service; preparing drafts of acts, explanations, technical instructions and other instructions made by the Director; preparation of methodology for developing plans and reports of the customs service from the domain of customs information system; monitoring and participating in the implementation of IPA programme; preparation of technical specification for public procurement for activities and equipment from its competence; supervising organisational units in activities from its scope of work; supervising the fulfilment of obligations arising from performed controls and recommendations; recordkeeping and submitting reports from its scope of work; as well as other affairs.

Affairs from the scope of work of the Department for Informatics and Statistics are performed by the following organisational units:

2.1. The Section for Exploitation;

2.2. The Section for Development of the Customs Information System and Statistics.

**3. The Department for Revenue Collection and Resources** performs affairs concerning the following: monitoring realisation of revenue and fees collection; approving joint securities; recordkeeping of approved securities; performing affairs of forced collection on securities and monitoring their execution; being responsible for providing optimal working conditions and improving standards of customs employees with the aim of successful accomplishment of customs service tasks; preparing and submitting information from its scope of work, necessary for updating the website; modernisation of customs service; preparation of methodology for developing customs service plans and reports; monitoring and implementation of customs service development plans, as well as other plans; monitoring and implementation of customs service reports development; performing the representation of Customs Administration before judicial bodies in civil proceedings, special, non-litigious, administrative and criminal proceedings being conducted on private actions; developing reports necessary for judicial bodies in procedures being conducted in criminal proceedings before competent courts, for criminal offences being prosecuted *ex officio*; preparation and processing of acts and providing responses on requests of parties from the domain of regulations on free access to information; drafting contracts and solutions concerning property and legal relations and conducting disputes from this area; giving instructions and explanations from its scope of work; cooperating in drafting legislation from the scope of work of customs service; preparation of drafting of acts, explanations and instructions adopted by the Director; preparation of professional publications; implementation of the procedure of accepting customs goods on requests for initiating misdemeanour proceeding that are being followed and submitted to the customs branch office of customs service, storing, keeping and selling seized, surrendered or detected goods and products; monitoring and implementation of strategic plans, business strategy and development of customs service, as well as other plans; monitoring and implementation of development of statistical reports of the customs service; analysis of overall data and preparation of analytical reports in correlation with plans noticing instances which are submitted for further actions to the Director and managers of organisational units of the Administration, and which can be a basis for recommending and undertaking measures to related managers; considering and giving proposals on requests of parties for issuing approvals and licenses for performing activities of representation before a customs service body; monitoring and participating in the implementation of IPA programme, performs supervision of organisational units concerning activities from its scope of work; monitoring the fulfilment of obligations arising from performed controls and recommendations; recordkeeping and submitting reports from its scope of work; as well as other affairs.

Affairs from the scope of work of the Department for Revenue Collection and Resources are performed by the following organisational units:

3.1. The Section for Revenue Collection and Customs Goods Procedures;

3.2. The Section for Monitoring and Implementation of Regulations and Representation Affairs;

3.3. The Section for Planning, Development and Statistical Reporting.

**4. The Customs Enforcement Department** performs affairs concerning the following: control and analytical affairs; prevention of smuggling; customs investigations; organising and carrying out intelligence and preventative activities; preparation and submitting information from its scope of

work, necessary for updating the website; gathering, recording and analysing data necessary for carrying out the procedures of customs checks and controls; performing customs controls, customs checks with the aim of detecting and preventing customs criminal offences and customs offences; technical affairs of inspection of goods using scanner devices; performing risk analysis in the local and global areas and submitting information to the Custom Administration and customs houses; performing profiling and data targeting necessary for risk analysis; performing selective and targeted monitoring within the risk analysis system; gathering and analysis of information received from international exchange from the open line, SEMS system (South East European Messaging System) and on the basis of the memorandum of understanding with ferry and airline companies; monitoring and analysis of movement of containers and other cargo in ports and airports; gathering information for strategic analysis development; updating information on offences and suspicious activities for the database of the risk analysis system; cooperation with organisational units within the Customs Administration, with state authorities, customs administration of other countries and international organisations; monitoring and participation in the implementation of IPA programme; participation and establishment of cooperation in training of customs employees concerning customs techniques training on border crossings and proper application and use of instruments and equipment; performing the supervision of organisational units concerning affairs from its scope of work; monitoring the fulfilment of obligations arising from performed controls and recommendations; recordkeeping and submitting reports from its scope of work; as well as other affairs.

Affairs from the scope of work of the Customs Enforcement Department are performed by the following organisational units:

- 4.1. The Anti-Smuggling Section;
- 4.2. The Customs Investigations Section;
- 4.3. The Intelligence Section.

**5. The Division for Coordination, International Cooperation, European Integrations and Public Relations** performs the following affairs: professional, administrative and technical affairs for the needs of the Director; prepares materials and organises the collegium sessions, counselling and meetings held by the Director; prepares minutes and conclusions and monitors their execution; cooperates with departments, sections and divisions outside the department and regional organisational units; participates in the development of analysis, information and other materials for the need of the Director; having responsibility for materials the Director receives and upon his/her request performs their processing; performs all affairs concerning public relations; participates in affairs of international cooperation and European Integrations; monitors the affairs of the Standing Committee of the World Customs Organisation; coordinates and monitors implementation on the TTFSE project; monitors the implementation of the project of crediting the customs service by the World Bank and other financial organisations; prepares the implementation of the CARDS programme; monitors activities concerning European Union integrations; prepares and submits information from the scope of work of the division; monitors and analyses information published in national and foreign media and other sources of information on the work of Customs Administration and foreign customs administration and informs the Director; prepares and organises press conferences and public appearances of the Director; prepares announcements and answers of the Customs Administration in media; gathers and stores information concerning the work of the Customs Administration and its civil servants and employees; monitors and performs affairs concerning studying of the background information of the customs service; stores documents related to its background; performs affairs of creating the logotype and emblem of the customs service; submits data necessary for updating the website and performs data updating for it; monitors and participates in the implementation of the IPA programme: performs recordkeeping and submits reports from its scope of work; as well as other affairs.

**6. The Internal Control Division** performs the following affairs: acts on behalf of and upon the request of the Director; performs internal control and inspection with full access to all information and documentation of organisational units; submits the report to the Director; proposes measures to the Director, concerning its work; prepares and develops analysis and information for the Director from the scope of work of the Division; performs affairs with the aim of protecting the

Customs Administration from all possible damages and financial losses; ensures proper and efficient use of staff potential, financial and material resources from all areas of work; ensures that the work of the service is performed in accordance with positive legal regulations; specifically controls proper collection of revenues and proper use of resources; supervises and undertakes measures against illegal appropriation of funds; prevents and detects internal frauds and corruption; works on strengthening the integrity of the service; prepares annual plans of its own activities; performs other necessary operational controls of the customs service; prepares and submits information, from its scope of work, necessary for updating the website; monitors and participates in the implementation of the IPA programme; keeps records and submits reports from its scope of work; as well as other affairs.

**7. The Internal Audit Division** performs the following affairs: supervises and controls implementation of material regulations on procedures from the competence of the Customs Administration, regulations on implementing measures of economic policy and limitation concerning goods; conducts regular and periodical audits of organisational units of the Customs Administration; performs recordkeeping on conducted controls; organises and conducts cross controls; establishes and maintains database in the internal audit system; cooperates with tax and inspection authorities, police authorities, as well as with other bodies and organisations in its scope of work; participates in the control of using resources and adequate protection of property; participates in the control of the procedure of planning, managing and use of resources (financial and material); performs the control of promptness and unique implementation of regulations by customs houses regarding matters of clearance of goods, customs supervision, customs administrative and misdemeanour proceeding, material and financial operations, collection of revenues of the Budget, etc.; promotes efficient and cost-effective managerial control and risk management; indicates as to unwanted consequences arising from the failure to implement decisions of the Director and policy of the Government of Montenegro; participates in providing advice regarding new systems and procedures, as well as regarding managerial control of risk management and manner of governing; prepares reports on results of conducted audits and gives recommendations for promoting system procedures and managerial processes; supervises the fulfilment of obligations arising from performed controls and recommendations; monitors and analyses reports received from local auditors regarding customs houses; cooperates with the Internal Audit Department of the Ministry of Finance; participates in the development of legislation from the scope of work of the Customs Administration; provides professional assistance to customs offices with the aim of ensuring proper and uniform implementation of regulations; performs documentary control; prepares draft acts, explanations and instruction adopted by the Director; prepares and submits information, from its scope of work, necessary for updating the website; monitors and participates in the implementation of the IPA programme; recordkeeping and submitting reports from its scope of work; as well as other affairs.

**8. The Finance, Public Procurement and Investment Unit** performs the following activities: prepares annual and monthly revenue plans; prepares financial plan proposal, monitors and implements the adopted financial plan of the Administration; prepares procurement plans, administers public procurement procedures, as well as procedures of preparing contracts and other documents necessary for conducting financial activities; verifies justifiability, purpose and legality of obligations being paid to the account of the Budget user; prepares documents for the payment of obligations; performs control whether responsible persons control the content of documentation necessary for contracting; recordkeeping in the area of material and financial affairs and records in relation to the resources for housing development; cooperates with the services and departments of the Ministry of Finance, as well as with other services and institutions connected to the accomplishment of tasks within the scope of the work of the Department; collects and prepares information for the calculation of salaries and other incomes from work and manages cashier's activities; prepares instructions, explanatory notes and reports and directs the information from the scope of work of the Unit; develops annual plans of resources for salaries, regular activity, special purposes, investments and maintenance of property; develops analyses and informs the competent bodies on the use of resources; monitors solvency of the customs service; monitors the allocation of the resources from Budget, collected fees for the work of customs service, sale of goods and penalties; performs bookkeeping and monitoring of balance and transfer of resources related to the customs service; reviews and proposes manner of organising financial and material

activities of the customs service; prepares drafts and proposals of periodical and annual calculations; drafts other necessary analyses and reports from the area of financial and material activities of customs service aimed at more rational and proper use of resources provided for the work of customs service; prepares instructions and explanations from its scope of work; participates in activities of budget planning on expenditures of the customs service; controls and monitors use of resources within the Trade and Transport Facilitation in Southeast Europe project (TTFSE); conducts surveillance of investments and ongoing maintenance of the Customs Administration premises; coordinates work with contractors responsible for investment and technical maintenance of the Customs Administration; organizes professional investment supervision of works; cooperates in the course of technical acceptance of premises or transferring the works; cooperates on considering border crossing locations; performs different tasks for obtaining appropriate permits (location permit, building permit, reporting the works); determines necessary conditions for object construction and proposes investment programmes and project tasks; collects technical documentation for investments performed by the Customs Service; conducts the procedure of contracting investment works following the decision of the Government of the Republic of Montenegro; establishes cooperation with responsible state administration bodies regarding border crossing points management; prepares and submits information, from its scope of work of the service necessary for updating the website; provides instructions and explanations from its scope of work; monitors and participates in the realization of IPA programme; keeps records and delivers reports from its scope of work; as well as other affairs.

**9. The Human Resources Unit** performs the following affairs: submits proposals and conducts measures for the implementation of the adopted human resources policy within the customs service; monitors implementation of single human resource policy, as well as supervision of that implementation; keeps records on official identifications; keeps personal files of employees; performs training activities in relation to arms handling and other training; organises sports and recreational activities; conducts disciplinary procedures; develops decisions in relation to work relations; keeps records on labour and employee relations and prepares and processes information and develops analyses and information from this area; prepares professional publications; prepares and drafts proposals of the Act on Organisation and Systematisation of Officer Posts; organises and monitors professional training, education, development and testing of abilities of customs officers to work, in cooperation with the Human Resources Administration; organises professional seminars for the needs of the service and other participants in customs procedure; prepares and develops programmes for professional development of customs officers, as well as improvement of the manner of professional education; proposes appropriate measures for carrying out professional training of trainees and other officers; participates in the organisation and carrying out professional exams for customs officers, organizing necessary training and establishes communication with competent state bodies regarding professional exams for the trainees and other officers taking the exam before the competent commissions; performs professional affairs for the housing committee regarding procedure for housing allocation and housing loans; provides the officers and employees with the authorisations for working on the Customs Information System based on the decision; keeps records and submits reports from its scope of work; and performs other affairs.

**10. The Unit for Administrative, Technical and General Affairs** performs the following affairs; professional and administrative and technical affairs; prepares and copies necessary materials for the needs of the Custom Administration; participates in organising consultations, meetings and public appearances of the Director on press conferences; performs activities of premises and property protection of the Customs Administration; ensures maintenance of equipment, objects and installations of the Customs Administration buildings and it is responsible for the use and maintenance of fleet vehicles; prepares the program for ongoing maintenance of object installations and provides professional assistance to customs houses in these affairs; performs review into the state of movable and immovable property, and initiates the procedure of technical maintenance; performs affairs and supervision in the area of office management, writing office, archive, type-writing activities and other administrative and technical tasks; keeps archive and registration material; coordinates and establishes cooperation with customs houses concerning proper filing and keeping of registration material; keeps and supervises archive records and performs delivery of documentation and materials; establishes cooperation with competent public

authorities who manage border crossings in terms of timely and efficient maintenance of objects used by the Customs Administration; keeps records regarding the work presence of officers and employees and develops necessary related reports; prepares and submits information, from the scope of work of the Unit, necessary for updating the website, keeps records and submits reports from its scope of work, as well as other affairs.

**11. The Writing Office** performs the following functions: the acceptance and sending of post and packages; acceptance of all kinds of official letters; functions of the administration officer, keeping of all kinds of registers, directories and business books; the administration of files, documents, acts and all kinds of statements; functions of the archive officer, submitting, activities of transcription of act and documents and insight into the same; verification, reception of clients and providing explanatory notes with official records, copying and binding of acts, documents of cases and materials, obtaining information and preparation of reports; keeping record and submitting reports from its scope of work; as well as other functions.

The Writing Office as an internal unit adjusts to the work of the Unit for Administrative, Technical and General Affairs.

**12. The Branch Office Customs House** performs the following affairs: grants approvals for customs authorised use of goods; determines, calculates and collects import and export duties, taxes and excises of imported goods, fees and other duties, paid during import, export or transit of goods and other duties in accordance with special regulations; customs supervision of customs or foreign goods, passengers and vehicles in international traffic; determines customs value, classifies goods according to the Customs Tariff and determines the origin of goods in accordance with existing regulations and international agreements; decides on payment of more favourable customs duties and exemption from customs duties, on delayed payment, return or write-off, as well as additional payment of customs and tax duties, value added tax, excises and other duties, being collected in accordance with customs and special regulations; undertakes measures and activities with the aim of strengthening security and protection of the customs area; performs additional controls of customs declarations under the Customs Law and inspection supervision; verifies and controls the use of goods which are exempt from customs duties, value added tax, excises and other duties, being collected in compliance with tax, excise and other regulations; implements procedures of enforced collection of customs debt; performs prescribed affairs of security for the settlement of customs debt; performs escort of customs goods; performs the control of crossing over state border on border crossings determined by the Government; performs control of carrying in and out of the national and foreign means of payment and prevents and detects criminal offences related to those actions; performs technical activities of inspecting the consignment using scanner devices; gathers and analyses data necessary for risk analysis on the local level; prevents and detects customs offences; undertakes measures with the aim of strengthening security of the customs area; conducts first instance misdemeanour proceeding; conducts first instance administrative proceeding; records, stores and submits requests for initiating misdemeanour proceeding and submits decisions from the misdemeanour proceeding to the Section for Revenues Collection and Customs Goods Procedures, for the purposes of acceptance of goods; cooperates with other public authorities; performs financial and material, legal and general affairs; keeps the archive and registration material; approves customs procedures; monitors and participates in the implementation of the IPA programme; prepares and submits information, from its scope of work necessary for updating the website; performs recordkeeping and submits reports from its scope of work; as well as other affairs.

.Affairs from the scope of work of Branch Office Customs House are performed by organisational units of the customs station.

**13. The Customs Station for Customs, Administrative and Misdemeanor Procedure** performs the following affairs: prepares and brings decisions in the customs and administrative procedure of first instance under the provisions of the Customs Law and other regulations; acts on appeals within its legal authorisations; submits lodged appeals to a second-instance body; follows the time limits of legal effectiveness and enforceability of decisions and puts clauses of legal effectiveness and enforceability; prepares responses and explanations for the Manager of the customs house; conducts the proceeding of the first instance upon customs offences, and prepares and drafts first instance decision from this area; prepares cases for the Commission for Customs Offences and



reports on them; performs hearing of parties on letters rogatory of other customs bodies; prepares cases on appeals and acts on appeals within its legal powers; keeps records and submits reports from its scope of work; performs other affairs determined by the Manager.

**14. The Customs Audit Station** performs the following affairs: performs control of implementation of regulations in the procedure of undertaking customs supervision measures and customs procedures; performs constant controls of activities in customs houses, in accordance with established internal control points; prepares and submits monthly reports on control results to the Manager of the customs house and Customs Audit Division with a proposal of measures; assists in performing cross controls upon the request of the Internal Audit Division; prepares and organises work on affairs of post-clearance control and special control measures and control of financial and material operations of customs houses as well as control of state of goods and procedure regarding the same in customs warehouses, free zones and free warehouses designated for the storage of customs goods; provides professional assistance to organisational units; performs inspection supervision in companies; informs the Manager and Internal Audit Division on determined state during control; proposes measures for elimination of noticed shortfalls; prepares answers and explanations for the Manager of customs house; establishes cooperation with organisational units of the Customs Administration; cooperates with state bodies; prepares and submits information, from the scope of work of the customs house, necessary for updating the website; performs recordkeeping and submits reports from its scope of work; as well as other affairs.

**15. The Customs Station for Financial and Material, Legal and General Affairs**, performs the following affairs: prepares and drafts proposal of the financial plan; keeps records on financial and material operations and records on deposits; submits information for calculation and payment of salaries and other income of employees, and performs cashier activities; keeps prescribed records on customs house property; enforces decisions made in the customs misdemeanour procedure; performs affairs of settlement of customs debt to the account of invested unit-based security; performs affairs related to exercise of rights, duties and responsibilities of the customs house from the area of employee relations; prepares and drafts proposals of decisions concerning matters of employee relations and performs recordkeeping from this area; examines and monitors the organisation of the customs house and gives proposals for its promotion; performs property and legal affairs concerning the work of the customs house; performs administrative and technical affairs and procedures of enforced payment; records, keeps and submits requests for initiating misdemeanour procedure and decisions from the misdemeanour procedure to the Division for Revenues Collection and Customs Goods Procedures; performs maintenance of premises, devices, technical means, public surfaces, hygiene and vehicle fleet; protects objects; ensures the soundness of switchboard and functioning of the same; provides for the activities of the reception desk; protects the archive and the registration material and establishes related cooperation with the Unit for Administrative and Technical and General Affairs; performs affairs which according to their nature do fall under the scope of work of other organisational units; monitors and participates in IPA programme implementation; keeps records and submits reports from its scope of work; as well as other affairs.

**16. The Customs Station** performs the following affairs: approves customs procedures and processes, customs authorised use of goods; determines, calculates and collects import and export duties, taxes, excises when importing goods, which are being paid at the import, export or transit of goods and other duties in accordance with special regulations; customs supervision of customs goods, passengers and vehicles in international traffic; determines customs value, classifies goods under the Customs Tariff and determines the origin of goods in accordance with special regulations and international agreements; decides on more favourable customs payment and exemption from customs duty, delayed payment, return or write off of customs debt, value added tax, excises and other duties being charged in accordance with customs and other regulations; determines the amount and the form of the security for the payment of customs debt; keeps guarantees as the form of security and follows maturity and submits them to the Customs Division for Financial and Material, Legal and General Affairs, for the purpose of payment of customs debt; when necessary, initiates the procedure of subsequent payment of Customs debt at the customs house; informs the Division for Revenue Collection and Customs Goods Procedures on temporarily held, abandoned or discarded goods or goods that were renounced by the owners

in favour of the state with the aim of repossessing it; performs control of crossing the state border; performs control of carrying in and out national and foreign means of payment and prevents and detects criminal offences and offences related to those actions; performs technical activities of inspecting goods using scanner devices; gathers and analyses information necessary for risk analysis on the local level; prevents and detects customs offences; conducts, within its powers, an administrative proceeding in the first instance; organises escort of goods; performs supervision of vehicles and persons entering or exiting the free zone area, and of storekeeping of goods outside this zone which is not allowed; performs records control of carrying in, carrying out and changes on goods stored in the zone; undertakes measures with the aim of strengthening security and protection of customs area; composes records on committed customs offences in writing and initiates misdemeanour proceeding; cooperates with representatives of other public authorities; keeps the archive and registration material; performs recordkeeping and submits reports from its scope of work; performs other affairs as well.

- The Customs Branch Office – Customs House Podgorica has the following organisational units:

Customs Station for Customs, Administrative and Misdemeanour Procedure;

Customs Audit Station;

Customs Station for Financial, Material, Legal and General Affairs

Customs Station Terminal Podgorica;

Customs Station Train Station Podgorica;

Customs Station Post Office Podgorica;

Customs Station Train Station Tuzi;

Customs Station Božaj;

Customs Station Podgorica Airport;

Customs Station Cetinje;

Customs Station Nikšić;

Customs Station Ilino Brdo;

Customs Station Vračenovici;

Customs Station Krstac;

Customs Station Šćepan Polje;

- The Customs Branch Office – Customs House Bar has the following organisational units:

Customs Station for Administrative and Misdemeanour Procedure;

Customs Audit Station;

Customs station for Financial, Material, Legal and General Affairs;

Customs Station Bar;

Customs Station Train Station Bar;

Customs Station Free zone Bar;

Customs Station Passenger Terminal;

Customs Station Budva;

Customs Station Sukobin;

Customs Station Virpazar.

- The Customs Branch Office – Customs House Kotor has the following organisational units:

Customs Station for Administrative and Misdemeanour Procedure;  
Customs Audit Station;  
Customs Station for Financial, Material, Legal and General Affairs  
Customs Station Tivat Airport;  
Customs Station Tivat Port/seaport;  
Customs Station Terminal Kotor;  
Customs Station Kotor Port/seaport;  
Customs Station Zelenika;  
Customs Station Bijela;  
Customs Station Debeli Brijeg;  
Customs Station Konfin;  
Customs Station Sitnica.

- The Customs Branch Office – Customs House Bijelo Polje has the following organisational units:

Customs Station for Administrative and Misdemeanour Procedure;  
Customs Audit Station;  
Customs Station for Financial, Material, Legal and General Affairs;  
Customs Station Bijelo Polje;  
Customs Station Bijelo Polje Train Station;  
Customs Station Dobrakovo;  
Customs Station Metaljka;  
Customs Station Pljevlja;  
Customs Station Ranče;  
Customs Station Berane;  
Customs Station Rožaje;  
Customs Station Kula;  
Customs Station Dračenovac;  
Customs Station Grnčar;

- The Customs Administration within Customs Branch Offices– Customs Houses has:

- 28 border stations consisting of 18 inland, 8 coastal and 2 air stations
- 23 internal stations

Departments are managed by Deputy Directors, appointed by the Government on the proposal of the head of the state administration body, after an open competition has been conducted in the procedure regulated by the Law on Civil Servants and State Employees (Official Gazette of Montenegro 50/08)

Activities in Sections and Divisions are organised, connected and managed by an independent advisor I (manager), who is assigned by the Director of the Customs Administration.

Operations in Units are organised, connected and managed by an independent state employee I (manager), who is assigned by the Director of the Customs Administration.

Managers-Advisors of the Director, who are assigned by the Customs Administration Director, manage the work of Customs House.

Heads of customs stations, assigned by the Director of the Customs Administration, manage the work of customs stations.

On the basis of needs and existing regulations, the Customs Administration makes efforts to employ, through determined methodologies and rules for employing the staff, their specialisation and promotion of knowledge and skills, professional and educated specialised staff who will respond to business commitments of their posts adequately.

535 civil servants and state employees (516 civil servants and employees having permanent positions and 19 having temporary positions), 38 trainees (17 having a university degree, 6 a higher education degree and 15 a high school degree) and 33 employees engaged under the Work Contract were employed in the Customs Administration on 10 August 2009.

Information on number of systematised and assigned employees according to organisational units of the Customs Administration

#### THE CUSTOMS ADMINISTRATION

ORGANISATIONAL UNITS	Number of employees	
	According to systematisation	Employed
Director	1	1
Department for Customs and Legal Affairs	33	20
Department for informatics and statistics	25	9
Department for revenue collection and resources	19	15
Customs Enforcement Department	42	19
Coordination Division	7	3
Internal Control Division	4	2
Internal Audit Division	5	3
Finance, Public Procurement and Investment Unit	8	10
Human Resources Unit	5	4
Unit for Administrative, Technical and General Affairs	16	11
Writing Office	2	2
Customs House Podgorica	150	148
Customs House Bar	104	86
Customs House Kotor	113	93

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Customs House Bijelo Polje	135	109
Trainees (high school degree, higher education degree, university degree)	-	38
According to contract	-	33
<b>TOTAL:</b>	<b>669</b>	<b>606</b>

Educational Qualification structure of Customs Administration employees is as follows:

- 196 employees with a university degree
- 137 employees with a higher education degree
- 264 employees with a high school degree
- 9 employees with an elementary school degree

Gender representation of Customs Administration employees is as follows:

- 403 employees are men
- 203 employees are women

Age structure of Customs Administration employees is as follows:

- 174 employees are 20-30 years old (average age is 27)
- 216 employees are 31-40 years old (average age is 35)
- 120 employees are 41-50 years old (average age is 45)
- 70 employees are 51-60 years old (average age is 55)
- 26 employees are 61-65 years old (average age is 62)

- The Customs Administration is preparing a new Rulebook on Internal Organisation and Job Description which will promote the organisation of jobs and tasks in certain Customs Houses or Customs Stations, intensify control activities of certain organisational units, strengthen the training unit, and harmonise certain activities and tasks with the solutions from the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and the Official Gazette of Montenegro 21/08) and the Law on Civil Servants and State Employees (Official Gazette of Montenegro 50/08). Respecting the importance of educating commercial entities, the Customs Administration plans to encompass the Division for Cooperation with Commercial Entities with its new systematisation with the aim of establishing direct cooperation with customs duty payers to inform and educate them on implementation of customs procedures on a timely basis.

- On the basis of the authorisation referred to Article 109 of the Law on Civil Servants and State Employees (Official Gazette of Montenegro 50/08), the head of the Customs Administration decides on rules and obligations of civil servants, or state employees regarding their work and on the basis of their work. Pursuant to the determined requirements for performing jobs envisaged by the Rulebook on Internal Organisation and Job Description No. D-6710/1 of 1 June 2007, the Director makes the decision on the assignment of employees, which may be permanent or temporary. In addition to this assignment, under the Law on Civil Servants and State Employees, and with the aim of more efficient operations of the Customs Administration in all areas of work, the Director of the Customs Administration has delegated authority to Managers – Advisors of the Director, to decide on temporary assignments of customs officers and employees within the Customs House, along with complying to the rules prescribed by the Law regarding work relations. Acting upon the above mentioned decisions on the basis of the authorisation system functioning in the entire customs area of Montenegro and the application being installed in the organisational unit - the Human Resources Unit, civil servants and state employees are given working authorisations pursuant to adopted decisions on assignment and description of job requirement.

**30. Please provide information on your customs mission statement and customs strategy document(s), if any.**

*Mission Statement of the Customs Administration* of Montenegro is to provide fast circulation of legal goods and passengers, protection and security of customs area with efficient revenue collection in accordance with regulations, with the aim of faster development of the economy of Montenegro. Three strategic goals of the Customs Administration are:

- Protection of society of Montenegro
- Revenue collection in a correct, efficient and simple manner
- Active assistance in encouraging legal trade.

The Customs Administration has adopted the Business Strategy for 2009-2011. This document is in compliance with the best experiences from the practice in Europe, and it was prepared in compliance with the Working Programme of EU TACTA / Customs Administration of Montenegro for 2008 (sub-project under the title Management), as well as the customs "Blueprint". Therefore, the document represents a general plan on the level of the Administration for the period of three years, on the basis of which an operating annual plan on the level of organisational units will be developed.

Starting point for the development of the document were recommendations prepared by TACTA and the Section for Planning, Analysis and Statistical Reporting, which will be of assistance to the strategic development and will promote communication necessary for the development and for the Business Strategy.

**31. Please describe how internal audit, if any, within the Customs Administration is organised.**

Rulebook on Internal Organisation and Job Description of the Customs Administration organises internal audit as an independent department, which is accountable for its work to the Director of the Customs Administration.

Work of the internal audit is adjusted to European Union standards. Documents defining internal audit operations are prepared in cooperation with the EU CAFAO Mission and those are:

- Internal Audit Manual,
- Instructions on the Scope and Methodology of Audit Work,
- Internal Audit Charter,
- Working Framework of Professional Practice issued by the Institute of Internal Auditors

Internal audit performs an assessment of performance of tasks and commitments of Customs Administration organisational units independently and objectively, indicates the irregularities and non-compliance in implementing laws and other regulations from customs service competences, gives proposals for eliminations of such irregularities and gives recommendations regarding activities to be undertaken towards increasing the Customs Administration performance.

The Internal Audit Department, pursuant to the Rulebook on Internal Organisation and Job Description of the Customs Administration, performs periodical audits of all organisational units and tasks of the Customs Administration, as well as system (cross) audits of procedures and systems in the Customs Administration.

Internal audit is performed on behalf and upon the request of the Customs Administration Director. Working on behalf of the Director, auditors are authorised to have full access to all information, property and to get all information and explanations they consider necessary. Information gathered

during the process of auditing is treated as confidential and used solely for the purposes of that audit.

The Internal Audit Department performs controls in accordance with the annual plan of control approved by the Director. The annual audit plan is based on risk assessment of all areas which may be subject to control within the Customs Administration and audits are conducted in accordance with resources available. The Director may request extraordinary controls performance.

Audits are performed in accordance with internal audit professional practice standards and Customs Service Strategy.

Tasks of Customs Administration internal audit are to:

- estimate whether the tasks of the Customs Administration are performed in accordance with legislation and secondary legislation, policy, plans and procedures under the competence of the Customs Administration;
- assess economical use and efficiency of allocated assets as well as property management;
- assess controls of administrative functions management, systems, procedures and financial process management;
- provide advice in the course of implementing new systems, procedures or operations.

Internal audit provides independent and objective opinion to managers concerning adequacy and effectiveness of risk, control and managerial processes management.

When beginning the performance of internal audit, the head of the Internal Audit Department, prior to the beginning of auditing, informs the audit subject on the planned audit. This information includes information on: audit subject, time line for performing the audit, scope and aims of the audit and audit team members.

In their work, auditors follow internal audit methodologies which encompass the following procedures: preparation of scope and aims of the audit; preliminary research and gathering of information, e.g. interviewing relevant managers and staff; system testing; preparation of draft reports with results and recommendations for improvement; exchange of opinions regarding draft reports with the audit subject and issuing a final report.

Auditors prepare a draft report regarding the performed audit, where recommendations and results are presented and it is submitted to the audit subject. The audit subject is required to provide answers to the draft report, within a period agreed, stating their proposals for solving the results as well as a plan for implementing agreed recommendations. A final report is made on the basis of results, recommendations and comments of the audit subject and is submitted to the Director and the Head of the audit subject.

Internal audit may perform control audits with the aim of reviewing the degree of implementation of recommendations.

The Internal Audit Division follows the basic principles of quality audit review including independence, objectiveness, professionalism, good communication with the client; sufficient research and examination; results substantiated with a sufficient amount of reliable information, logical conclusions with solid arguments, practical recommendations, clear, concise and well presented report and efficient following of recommendations.

All the Customs Administration activities are subject to audit by the Internal Audit Division. This Division examines the necessity of controls in order to insure property, economy and efficiency in all areas. The Department requires a confirmation that the management has undertaken necessary steps in order to achieve these goals. The scope of work of the internal audit encompasses all operational and management controls. It does not imply that all systems should be audited, but they have to be included in necessary audit assessments, and examined in the audit following the risk assessment.

**32. Please describe how post clearance controls, if any, are organised.**

The basis for performing additional control of customs declaration (post-clearance) is prescribed by Article 86 of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) which prescribes that a customs office may, after the goods are released to the declarant, review the accuracy of the customs declaration *ex officio* or at the request of the declarant. Authorized customs officers may, after clearing the goods, perform the control of commercial documents, and other information concerning the import or export of the goods concerned, or control of additional commercial operations with the same goods with the purpose of verifying the accuracy of the information stated in the declaration. Such controls may be performed in the premises of the declarant, in the premises of any other person being directly or indirectly involved in the above mentioned declarations in a business capacity or in the premises of any other person in possession of the said documents and information for business purposes. Authorized customs officers may also examine the goods when the goods are still available for examination. When the additional control proves that the regulation for customs procedure implementation have been implemented on the basis of false or incomplete information, the customs house will, in compliance with the regulations, undertake necessary measures in order to correctly implement the procedure, according to new circumstances. The basis for the inspection of commercial documents, business books (including the ones stored in computers) is also present in the Customs Law (Articles 15, 16 and 17) which, among other things, prescribes that any person directly or indirectly involved in the circulation of commercial traffic is required to provide the customs authorities, upon their request, with all the necessary information and documents and any other sort of assistance necessary for the implementation of customs regulations.

With the aim of implementing customs supervision and performance of controls, participants in commercial traffic, having possession over documents or information referred to in Article 15 of this Law are obliged to keep them over a period of time determined by regulations, but not less than five calendar years.

Additional control includes also the control of following the obligations arising from the approved customs procedure (e.g. customs warehousing procedure, inward processing procedure, etc). Additional control may be performed upon the request of foreign customs bodies, within the international customs cooperation.

When the authorised customs officers, on the basis of additional control results state that the customs debt was incorrectly calculated, measures are undertaken for additional collection or return or exemption of customs debt. Foreign customs authorities are informed on the results of control on the basis of international cooperation.

The procedure of additional control itself is carried out in compliance with appropriate provisions of the Customs law, Law on Customs Service (Official Gazette of the Republic of Montenegro 07/02 and 29/05) in which the actions of the authorised customs officer are stipulated by Articles 14, 15, 16, 21, 25, 26, 27, 28, 29 and 30 and the Law on General Administrative Procedure (Official Gazette of Montenegro 60/03) – informing, records, decisions.

In terms of organisation, the activities of additional control are performed by the Customs Administration organisational unit – the External Audit Section, introduced in the organisational structure of the customs service in 2007 (Rulebook on Organisation and Job Descriptions in the Customs Administration). In Accordance with the EU recommendations, additional control is introduced step by step in the customs system, new elements of control are being introduced gradually and the Division is strengthened regarding human resources. Areas currently being covered by the post-clearance control refer to the following: customs value of goods, classifying goods in the nomenclature of the Customs Tariff and the origin of goods.



**33. Please indicate how you cooperate with other countries in the field of administrative assistance in customs matters.**

Customs Administration cooperates with the customs services of other countries on the basis of concluded bilateral Agreements on Mutual Assistance in Customs Matters. These agreements represent a legal basis for exchange of information between customs administrations. Agreements on customs services cooperation arranged mutual assistance in prevention and investigation of customs, foreign exchange and foreign trade regulations, assistance in providing explanations used for anti-smuggling purposes, mutual harmonisation of customs systems, promotion of customs techniques and solving problems arising during the implementation of customs regulations, high level of mutual cooperation, harmonisation of regulations and simplification and speeding up of the customs procedure in the traffic of goods and passengers. They define the manner of submitting and the use of information and documents, their use in possible court proceedings, participation of professionals and witnesses in those proceedings, as well as the protection of personal information that constitute a part of the exchanged information.

Pursuant to the Decision on the Declaration of Independence of Montenegro (Official Gazette of the Republic of Montenegro 36/06) Montenegro implements international contracts and agreements concluded and entered into by the State Union of Serbia and Montenegro, related to Montenegro and which are in compliance with its legal system. Therefore, earlier concluded agreements on mutual assistance in customs matters are being implemented in Montenegro.

On behalf of the Government of Montenegro, Customs Administration has entered into agreements on mutual assistance in customs matters with other customs services of countries with which concluded agreement did not exist earlier. In the course of negotiations, a model of the agreement on mutual assistance in customs matters used is the one recommended by the World Customs Organisation.

The following agreements are being implemented:

Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the People's Republic of Poland on Cooperation and Mutual Assistance in Customs Matters (signed on 9 May 1967, in Warsaw)

Agreement on Administrative Assistance in Prevention, Investigation and Suppression of Customs Offences between the Government of the Socialist Federal Republic of Yugoslavia and the Government of the Republic of France (signed on 28 April 1971, in Belgrade)

Treaty between the Socialist Federal Republic of Yugoslavia and the Federal Government of the Republic of Germany on Mutual Administrative Assistance in Prevention, Investigation and Suppressing Violations of Customs Regulations (signed on 2 April 1974, in Bonn)

Agreement between the Socialist Federal Republic of Yugoslavia and the Republic of Austria on Administrative Assistance in Customs Matters in Suppressing Violations of Customs Regulations (signed on 15 March 1978, in Belgrade)

Agreement between the Federal Executive Council of the Socialist Federal Republic of Yugoslavia Parliament and the Government of the Republic of Greece on Cooperation and Mutual Assistance in Customs Matters (signed on 4 October 1983, in Athens)

Agreement between the Federal Executive Council of Socialist Federal Republic of Yugoslavia Parliament and the Government of the People's Republic of China on Cooperation in Customs Matters (signed on 23 January 1989, in Belgrade)

Agreement between the Federal Executive Council of the Socialist Federal Republic of Yugoslavia and the USA Government on Mutual Assistance between their Customs Administrations (signed on 11 April 1990, in Belgrade)

Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Russian Federation on Cooperation and Mutual Assistance of Customs Services (signed on 6 November 1996, in Moscow)

Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Republic of Macedonia on Customs Cooperation and Mutual Assistance (signed in 4 September 1996, in Skopje)

Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Republic of Bulgaria on Customs Cooperation and Mutual Assistance (signed on 4 June 1997, in Belgrade)

Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Czech Republic on Mutual Assistance in Customs Matters (signed on 9 September 1998 in Belgrade)

Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of Romania on Customs Cooperation and Administrative Assistance in Preventing, Investigations and Suppression of Customs Offences (signed on 14 January 1998, in Belgrade)

Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of Republic of Hungary on Cooperation and Mutual Assistance in Customs Matters (signed on 24 September 1998, in Belgrade)

Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Republic of Slovakia on Customs Cooperation (signed on 28 March 2001, in Belgrade)

Agreement between the Federal Republic of Yugoslavia and Bosnia and Herzegovina on Customs Cooperation and Mutual Assistance (signed on 18 December 2001 in Sarajevo)

Agreement on Mutual Administrative Assistance between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Republic of Italy in Prevention, Investigating and Suppression of Customs Offences (signed on 10 November 1965, in Belgrade)

Agreement on Mutual Administrative Assistance between the Federal Government of Federal Republic of Yugoslavia and the Government of the Republic of Turkey in Prevention, Investigating and Suppression of Customs Offences (signed on 6 February 2002, in Istanbul)

Agreement between the Government of the Republic of Montenegro and the Government of the Republic of Croatia on Mutual Assistance in Customs Matters (signed on 9 December 2005, in Podgorica)

Agreement between the Government of the Republic of Montenegro and the Council of Ministers of the Republic of Albania on Mutual Assistance in Customs Matters (signed on 26 December 2005, in Tirana)

Agreement between the Government of the Islamic Republic of Iran, Government of the Republic of Serbia, and the Government of the Republic of Montenegro on Mutual Assistance and Cooperation in Customs Matters (signed on 1 June 2005, in Teheran)

Agreement between the Government of the Republic of Montenegro and the Government of the Republic of Slovenia on Mutual Assistance in Customs Matters (signed on 19 April 2007, in Podgorica)

Agreement between the Government of Montenegro and the Government of the Republic of Moldova on Mutual Assistance in Customs Matters (signed on 27 October 2008, in Chisinau)

Agreement between the Government of Montenegro and the Cabinet of Ministers of Ukraine on Mutual Assistance in Customs Matters (signed on 17 June 2009, in Kiev)

In addition to the above mentioned Agreements, customs cooperation is also carried out pursuant to provisions of agreements signed between customs services as follows:

Agreement between the Customs Administration of Serbia and Customs Administration of Montenegro on Customs Cooperation and Mutual Assistance (signed on 29 April 2003, in Belgrade)

Memorandum of Understanding between the Customs Administration of Montenegro and Customs Service of United Nations Interim Administration Mission in Kosovo (UNMIK) on Cooperation and Mutual Administrative Assistance in Customs Matters (*signed on 19 November 2004, in Podgorica*)

Furthermore, Customs Administration establishes cooperation with customs services of the European Union Member States under Protocol 6 of the Stabilisation and Association Agreement between European Communities and their member states and the Republic of Montenegro (SAA), signed on 15 October 2007, or under Protocol 5 (Protocol on Mutual Administrative Assistance in Customs Matters) of the Interim Agreement, which entered into force after signing the SAA on 1 January 2008. Provisions of the Protocol have priority over provisions of any bilateral agreement on mutual cooperation which is already concluded or may be concluded between Montenegro and certain Member States, if its provisions are not in compliance with the provisions of this Protocol.

In addition, the Customs Administration carries out cooperation pursuant to ANNEX 5 on mutual administrative cooperation in customs matters of the Central European Free Trade Agreement – CEFTA 2006. Countries signatories to the CEFTA agreement carrying out cooperation pursuant to the above mentioned Annex are: Republic of Albania, Bosnia and Herzegovina, Republic of Croatia, Republic of Macedonia, Republic of Moldavia, Republic of Montenegro, Republic of Serbia and UNMIK/Kosovo. This Agreement represents an amendment to the agreement on mutual assistance in customs matters which may be or are already concluded between the countries signatories to the CEFTA Agreement.

Customs Administration also cooperates with other customs services through membership in international organisations.

Within the World Customs Organisation, of which Montenegro has been a member since 24 October 2006, Customs Administration, in addition to the implementation of conventions and recommendations of the WCO and participation in programmes offered by this organisation, which are of great significance to the modernisation of customs services, is also present in the Regional Intelligence Liaison Office for Eastern and Central Europe – RILO ECE. Within the RILO ECE, there is a Customs Enforcement Network (CEN), a computer system in which all member states enter their data on all significant seizures. On the basis of these reports, WCO develops global annual reports of seizures of: narcotics, precursors, psychotropic substances, cigarettes, goods which violate intellectual property rights and others. Global reports are distributed to all customs and security organisations. In addition, RILO develops analysis and follows smuggling trends. There is a National Contact person for RILO in the Customs Administration and all obligations toward this organisation are regularly fulfilled.

In 2008, Montenegro became a member of the Southeast Europe Cooperation Initiative (SECI) whose Regional Centre is in Bucharest, Romania. Within the SECI, exchange of information and organising joint actions are carried out and thus, the cooperation between police and customs authorities of the SECI member states is established. The following countries participate in the work of the SECI Centre: Albania, Bosnia and Herzegovina, Croatia, Greece, Hungary, Former Yugoslav Republic of Macedonia, Moldavia, Montenegro, Romania, Serbia, Slovenia and Turkey. In addition to full members, mentioned above, countries observers participate in the work of the Centre and those are: Austria, Azerbaijan, Belgium, Canada, Czech Republic, France, Georgia, Germany, Israel, Italy, Japan, Holland, Poland, Portugal, Slovakia, Slovenia, Spain, Ukraine, Great Britain, and United States of America.

At the session held in October 2007 in Madrid, the Customs Administration acquired the status of observer in the MARINFO organisation dealing with the exchange of information in maritime traffic between customs administrations of Member States. Exchange of information is performed through AFIS computer system currently owned only by the EU countries. Providing use of AFIS system to all the MARINFO member states is in progress.

In October 2008, Montenegro acquired observer status in the CARIN (Camden Assets Recovery Inter-Agency Network) which represents a network of customs, police and judicial authorities dealing with seized goods management and the exchange of intelligence information.

**34. Please describe the training system of customs officers and of economic operators.**

On the basis of an open competition, civil servants and state employees of different profiles of educational qualifications without customs specialisation are employed in the Customs Administration, as well as a certain number of persons which have necessary educational qualifications for performing customs affairs. After being employed, the staff is educated, trained and professionally oriented for working on certain jobs from the activity of this authority.

Pursuant to provisions of Article 14 of the Law on Civil Servants and State Employees (Official Gazette of Montenegro 50/08) employees in the Customs Administration have the right and duty to be trained professionally. Specialised training of employees are organised in cooperation with the Human Resources Management Administration and on the basis of the Programme of Professional Training. Training of general character consists of knowing the public administration system. In addition to the above mentioned training, Customs Administration employees have the right to apply for special training when it is significant to the work of the customs service.

Having in mind the regulations defining employees' professional training, and at the same time starting from the principle that fundamental goals of this authority can be achieved in a better and more efficient manner solely with adequately trained professional staff, actions and activities are undertaken on a daily basis regarding professional training and education of customs officers and acquiring the titles of authorised customs officers referred to in Article 13 of the Law on Customs Service (Official Gazette of the Republic of Montenegro 7/02 and 29/05)

Focussing on several basic fields, and having in mind previous experiences in work concerning this matter, training of customs officers and specialisation towards additional qualifications depends on several basic factors of crucial importance for the type, duration and complexity of training of every employee individually. Training of employed officers is conditioned by the duration of working experience, degree and type of professional education, working status, type, scope and description of the job performed by the employee in this authority. There are three basic types of training and education of employed officers as follows:

Training and education of employees performed independently by the Customs Administration and in cooperation with the Human Resources Management Administration;

Training and education of employees, performed by the Customs Administration for this authority, in cooperation with modern customs services and bodies being closely related with the Customs Administration and cooperating with it;

Training of employees which will be performed additionally by a professional team organised in cooperation with the Police Academy and which is planned to be performed in the period to come.

I. Training performed by this Administration, which is basically independent, is developed through several types of training of customs officers as follows:

Organising professional customs courses on basic customs issues where customs officers are being qualified for independence in work on jobs they were employed for.

These types of courses, primarily having in mind customs courses for officers with, secondary, higher and university degrees, are organised by this authority pursuant to the Decree on programme and manner of taking professional examination for work in public administration bodies (Official Gazette of the Republic of Montenegro 29/05 and 06/07) which determines the programme and manner of taking the examination for work in public administration bodies. Civil servants and employees being trained in basic activities and activities of the customs information sector have the obligation to attend the courses.

In 2006, the Customs Administration organised a Course of professional training for taking professional customs examinations, attended by 49 civil servants and state employees with higher educational qualifications, in 2007 it organised a Course of professional training for taking professional customs examinations attended by 27 civil servants and employees with high school degree, and in 2008, a Course of professional training for taking professional customs examinations was also organised and it was attended by 45 civil servants and employees with a university degree.

Course classes of professional training are performed in following subjects:

1. Customs system and procedure,
2. Customs tariff,
3. Foreign trade system and international conventions,
4. Goods in the process of clearance
5. Prevention smuggling
6. Customs Information System

Course classes for professional training are performed by teachers - customs officers with experience, who are appointed by Customs Administration. Classes are held over a period of 4-5 weeks, on the principle of a school class and it consists of a theoretical and a practical part, with a total of 160 hours.

Customs Administration also organises short training dealing with training of recently employed officers and trainees performing tasks and affairs in the basic activity of this authority, who have not attended specialised training in their previous work. Education of officers is conducted concerning the introduction with the basic elements of the customs system and procedure, Customs Tariff, goods and prevention of smuggling different types of goods, and the classes, both theoretical and practical, are held by customs officers with long experience in these areas. The training mentioned above is performed on border crossings, customs stations in Regional Units of the Customs Administration. This type of professional training was attended by 105 employees of the Customs Administration.

Upon the end of the course, civil servants and employees take a professional examination for work in public administration bodies – a special part, under the Decree on Programme and Manner of Taking Professional Exam for Work in Public Administration Bodies (Official Gazette of the Republic of Montenegro 29/05 and 06/07) before a commission formed by the Ministry of Justice of Montenegro which consists of examiners who hold classes and training in the customs course.

Second type of training, organised and carried out by the Customs Administration, is based on the experience that customs officers gained through various other training, seminars and working visits to modern customs services. In this type of training, teachers are exclusively those customs officers who have attended courses and training in modern customs services. The experiences gained by officers sent on this type of training, are transferred to officers of this Administration, which specifically perform affairs in the basic activity. These types of courses are shorter in content and the same are carried out in branch offices.

The following type of professional training is oriented towards the training of recently employed officers and trainees in the Customs Administration. Depending on the type of education and a degree level, training of recently employed officers is performed in the most efficient manner, so that the same could perform their jobs independently. Special attention is devoted to professional training and specialized training of trainees carried out under the Programme for Professional Training of Trainees, the aim being to prepare the trainees to perform their work independently, with constant supervision and training by a mentor.

II. A large number of officers attend training, which is performed by different organisers, representatives of different organisations, missions and bodies cooperating with the Customs Administration. Officers attending this training, are selected according to needs and issues that will be presented and knowledge transferred during those seminars.

Previous organisers of professional seminars were the Ministry for International Economic Relations and European Integrations, Administration for Prevention of Money Laundering, as well as European Agency for Reconstruction, USAID, TAIEX, French Customs Service, EXBS Office of the American Embassy in Belgrade and Podgorica, TACTA and CAFAO. Having in mind previous courses for professional training and topics which were the subject of education and training, special attention was given to courses elaborating on the following subjects: fighting against smuggling, intelligence work, detection of narcotics, arms and military equipment, road transport, transit procedure, border protection, use of specialised equipment, use of new customs seals,

detection of smuggled goods, use of high technology equipment, risk analysis, inspections in different types of traffic, intellectual property, customs administration cooperation, as well as border cooperation.

In the first six months of 2009, 296 civil servants and employees of this Administration have attended 102 different kinds of professional training and 46 of them were carried out in cooperation with international partners.

Having in mind the above mentioned, by using this form of training, focusing on tight connections between the authorities and obligations given by the Law, this Administration organised and carried out training of employees in the basic activity in handling of fire arms in cooperation with the Police Academy in Danilovgrad, and all with respect to the Provisions of the Rulebook on conditions and carrying of weapons and ammunition of authorised customs officers (Official Gazette of the Republic of Montenegro 48/04) which prescribes the condition and manner of carrying arms and ammunition of authorized customs officers for purposes of performing official tasks. This form of training was attended by 129 officers and civil servants of the Customs Administration.

Special forms of professional training of customs officers, are working visits to seminars, consultations and public lectures organised on subjects related to problems from the basic activity of this authority. Depending on possibilities, this Administration made efforts to send as many customs officers as possible on short working visits to developed customs administrations, after which the participants transfer their experiences and gained knowledge to other customs officers dealing with the same issues in their work. In addition, this form of professional training of customs officers also included courses of English or another language, which is one of the priority tasks. This training is carried out and organised by the Customs Administration in cooperation with the Human Resources Management Administration and the Institute of Foreign Languages.

III. In the period to come, the Customs Administration is planning to organise, in addition to the listed training, professional training of officers performed by a professional team, consisting of representatives of this Administration and the Police Academy, which will be one of the organisers of professional training of customs officers, in addition to basic specialised training which will be organised by this Administration through the school's training unit.

Furthermore, Customs Administration, in cooperation with the associations of employers (Chamber of Commerce of Montenegro, Union of Employers, and Montenegro Business Alliance) regularly organises seminars for commercial entities, as well as other forms of education (preparation and publishing of information material) with the aim of getting acquainted with the latest solutions from customs regulations. Appreciating the importance of educating commercial entities, Customs Administration plans to encompass the Division for Cooperation with Commercial Entities with the new systematisation, with the aim of establishing a more direct form of cooperation with customs duty payers in order to inform and educate them on the implementation of new customs concepts.

### **35. What was the level of turn-over of staff in the Customs Administration in recent years?**

Law on Civil Servants and State Employees (Official Gazette of Montenegro 50/08) Articles 60,100,101,102,103 and 104 define the reasons for the termination of employment of persons employed in a public administration body and those are: termination of temporary employment, termination of employment on the basis of agreement, dismissal, failure of the person to pass professional examinations in a determined time limit, and under the force of law.

Comparing and analysing the termination of employment of civil servants and employees in the Customs Administration, in 2007, 2008, and 2009 we have gathered the following information:

Information regarding the termination of employment in the Customs Administration for the period of previous three years is illustrated in Table 1.

Table 1

29 Customs union

year basis	2007	2008	2009
Dismissal <sup>1</sup>	4	3	4
Consensual termination of employment	16	15	3
Retirement	2	3	1
Total	22	21	8

Information concerning educational qualifications and the number of employees entering into employment in the Customs Administration for the past three years are illustrated in Table 2.

Table 2

year educational qualifications	2007	2008	2009
University degree	28	22	6
Trainees with university degree	10	5	14
Higher education degree	3	11	0
Trainees with higher education degree	11	2	5
High school degree	26	21	2
Trainees with high school degree	12	14	12
Elementary education degree	1	2	1
Total	91	77	40

<sup>1</sup> Dismissal arose due to unjustifiable failure to appear to work in 5 consecutive working days as well as due to a disciplinary measure of termination of the employment.

**36. Please describe your recruitment policy and the conditions of staff recruitment.**

Law on Civil Servants and State Employees (Official Gazette of Montenegro 50/08) prescribes that, in employing civil servants or employees, all working positions under equal conditions are available to candidates.

In Customs Administration, a person can enter into employment if he/she:

- is a national of Montenegro;
- is of legal age;
- medically fit for work ;
- has adequate professional qualification
- has not been convicted of a criminal offence making the person unworthy to work in a state body and against whom a criminal offence prosecution *ex officio* is not conducted;
- meets other requirements determined by the Law and the Rulebook on Internal Organisation and Job Description 6710/1 of 1 June 2007.

A foreign national or a stateless person may enter into employment in a public body, under the conditions determined by a special law and international conventions.

Decision of filling in the posts in the Customs Administration can be made if:

- the post is determined by the Rulebook on Internal Organisation and Job Description;
- the post is vacant;
- financial resources are provided.

A vacant post may be filled by reassigning a civil servant or state employee within the same authority. Provided that the vacant post is not filled in this manner, it can be filled by reassigning civil servants or state employees from another state body, by internal vacancy announcement, under the Decree on Conditions and Procedure of Internal Vacancy Announcements for Filling Vacant Posts in Public Bodies (Official Gazette of the Republic of Montenegro 73/04).

When the vacant post is not filled by internal vacancy announcement, an open competition is announced.

Open competition, published in media, is carried out by an administration body for human resource management and published in accordance with general employment regulations. Deadline for submitting applications may not be shorter than 8, nor longer than 15 days since the open competition is announced.

Open competition must contain the following:

- name of the state body and place of their activity;
- post title;
- requirements for entering into employment;
- documents which the applicant must enclose with the application;
- deadline and address for informing on the application;
- name of the person providing information during the public competition.

Rulebook on Internal Organisation and Job Description D-6710/1 of 1 June 2007 prescribes special requirements for job activities in the Customs Administration, and those include a type and a degree of educational qualifications, work experience, professional examination for working in state bodies and customs examination, as well as special knowledge and skills regarding language knowledge and computer skills.



Acting under Articles 22, 23 and 24 of the Law on Civil Servants and State Employees, Customs Administration makes a list of candidates who meet the conditions of the competition on the basis of applications. Persons from the list of candidates are subject to obligatory testing of ability to perform the duties pertaining to the vacant post. Procedure of testing the ability to work may be performed in several stages by means of written testing, interview or in another appropriate manner, thus gradually reducing the number of candidates. Human resources management body makes a list for the election of candidates achieving satisfactory results in the testing of their ability to work and submitting that list to the Director of the Customs Administration, who then makes a decision upon the election of a candidate in compliance with the Article 25 of the Law on Civil Servants and State Employees. Special attention is devoted to the employment of trainees and the training for independent performance of duties.

**37. Please describe the procedures, if any, on the possibility of transfer, career, progression and dismissal of staff.**

Procedures regarding the possibility of transfer, carrier development, progression and dismissal of staff are regulated by the Law on Civil Servants and State Employees (Official Gazette of Montenegro 50/08).

Candidates, who on the basis of open competition pass previous testing of working ability and meet the requirements for entering into employment, are employed in the Customs Administration. After being employed in the Customs Service, civil servants and state employees are trained for performing activities and tasks, except those candidates having appropriate educational qualifications in customs affairs.

After entering into employment and training through various types of professional specialisation, officers perform assigned tasks and activities on posts determined by the Rulebook on Internal Organisation and Job Description. At the end of every business year, and not later than 31 January of the following year, performance an appraisal of civil servants and state employees in the Customs Administration is performed, in compliance with Article 83 of the Law on Civil Servants and State Employees.

Appraisal is performed under Article 82 of the Law on Civil Servants and State Employees and in compliance with Recommendations for filling in appraisal forms of civil servants, or employees determined by the Human Resources Management Authority.

Performance appraisal of civil servants and state employees is performed according to the following criteria: work results, independence and creativity, established cooperation with clients and colleagues, quality of organisation of work, and other abilities and skills in performance of affairs.

Appraisal marks for civil servants and state employees are the following:

- Excellent
- Good
- Satisfactory
- Unsatisfactory

Depending on the appraisal mark made under Article 89 of the Law on Civil Servants and State Employees, a civil servant is promoted to one-degree higher title within the same salary grade if he/she, during the period of five years, receives the appraisal mark "good" at least five times or if he/she receives the appraisal mark "excellent" three consecutive times. Civil servant shall be promoted to an initial title within the higher salary grade if he/she, during the period of five years, receives the appraisal mark "excellent" five times.

A civil servant is promoted to a higher salary grade if he/she receives the appraisal mark "good" three times or appraisal mark "excellent" two times in the period of three years, under Article 90 of the Law on Civil Servants and State Employees.

When the civil servant is appraised with the mark “unsatisfactory”, he/she is directed to the procedure for testing the ability to perform his/her duties, under Article 93 of the Law on Civil Servants and State Employees. Employment of a civil servant, who had been found incompetent in the performance of his/her duties, is terminated, if he/she can not be reassigned to perform duties corresponding to his/her abilities.

Customs Administration is making efforts to provide additional training to officers who stand out in performance of their work as well as to assign them to posts requiring special competences and independence in work through decisions on their reassignment as well as to provide them with the possibility of independent decision-making in management and organisation or to assign them to a post which represent a higher level than the previous posts. Reassignment of civil servants is performed under provisions of Articles 13 and 79 of Law on Civil Servants and State Employees, which may be permanent or temporary, depending on the needs of the service and the reassignment is performed according to official duty and on the basis of the request of the civil servant. Decisions are made by the head of the Customs Administration.

In compliance with Articles 60, 100, 101, 102, 103 and 104 of the Law on Civil Servants and State Employees, reasons for terminating employment of staff in the Customs Administration are defined as follows: termination of temporary employment, termination of employment based on the agreement, based on the dismissal, due to failing to pass professional examination within the given deadline, force of law, and the procedure of determining disciplinary liability for a serious disciplinary offence when the disciplinary measure of termination of employment is pronounced.

**38. Please describe the system and measures taken to avoid and cut on corruption and misconduct within the administration, if any.**

Provisions of Article 6 of the Law on Civil Servants and State Employees (Official Gazette of the Republic of Montenegro 50/08) prescribe that a civil servant or a state employee is to follow the Code of Ethics of Civil Servants and State Employees in performing their duties. In performing their duties, a civil servant or a state employee must not put private interest before public interest and use the performance of their duties for acquiring material and nonmaterial gain. A civil servant or a state employee is obliged to avoid conflict of interests.

A civil servant or a state employee, pursuant to the provisions of Article 7 of the above mentioned Law, performs duties under the Constitution, legislation and general acts.

Pursuant to Article 16 of the above mentioned Law, a person who is a national of Montenegro, who is of legal age and medically fit to perform duties, has the required educational qualifications, has not been convicted of a criminal offence making him/her unsuitable to perform duties in a public body or against whom a criminal proceeding for a criminal offence prosecuted *ex officio* is not conducted and who meets other requirement determined by the law and other regulations can enter into employment in a public body,

In performing their duties, a civil servant or a state employee, pursuant to Article 47 of the Law, must follow instructions and orders of his/her superior. A civil servant or a state employee, pursuant to provisions of Article 50, paragraph 1 of the Law on Civil Servants and State Employees, must not perform affairs which could cause conflict of public interest and their private interest influencing the performance of their duties, including possible abuse of information which is not available to the public and harmful to the reputation of that body.

A civil servant or a state employee may, outside working hours, on previously obtained approval of the head of the public body, perform other work provided that the restrictions referred to in Article 50, paragraph 1 of the mentioned Law do not exist. Without approval, a civil servant or a state employee may perform their work in a scientific-research, pedagogical, humanitarian, sports or other areas. A civil servant or a state employee can not receive money, gift, except from protocol or casual gift of lower value, nor any other favour or benefit for themselves or other persons.

Pursuant to provisions of Article 54, paragraphs 1 and 2, a civil servant or a state employee who has reported a criminal offence having characteristics of corruption or who has given an official statement thereof to the head of the public body or an authorised person of the competent public body can not be terminated of employment on these grounds and the same Article guarantees protection of identity from unauthorised persons and protection from violation, denial or discrimination of rights determined by this Law.

When there is reasonable fear that a state employee or a civil servant who reported the suspicion to corruption will be exposed to real and serious danger to life, health, physical integrity, freedom or property of a larger scale, protection in accordance with special regulation on witness protection is ensured.

Abuse of the right to report suspicion of corruption or giving a statement of evil intent thereof is a serious disciplinary offence.

Provisions of Article 17 of the Code of Ethics of Civil Servants and State Employees define the relation of superiors and civil servants , in the manner that the superior:

- points to shortfalls in the work of employees which he/she manages and undertakes measures in relation to actions which are not in compliance with the provisions of the Code of Ethics;
- emphasizes the importance of regulations and rules and gives an example of a correct ethical behaviour to other civil servants by his/her own behaviour
- undertakes necessary measures for preventing corruption or other forms of illegal behaviour.

Authorisations of customs officers in customs service affairs are prescribed by Title II (scope of work of the customs service) of the Law on Customs Service (Official Gazette of the Republic of Montenegro 7/02 and 29/05) which determine precisely the conditions and manner for the performance of affairs from the scope of work of the customs service by authorised customs officers.

An authorised customs officer, pursuant to Article 17 of the Law on Customs Service, is obliged to give warning to his/her superior, if his/her order is not in compliance with the Law, and he/she can refuse to execute the order if the performance of the same implies committing a criminal offence, and the Director will be informed thereof immediately.

Provisions of Article 15 of the Code of Ethics of customs officers and employees prescribes the obligatory behaviour of customs officers in cases when they have been offered a bribe, i.e. money, gift, favour, privilege or any other benefit against the regulations.

Pursuant to Article 16 of the Code of Ethics of customs officers and employees, customs officers are obliged to perform their duties in an impartial and politically neutral manner i.e. a customs officer will not allow for his personal interest to influence legal, objective and professional performance of affairs. A customs officer must not use the benefits of affairs he/she performs for accomplishing his/her personal interests and he/she must avoid possible or real conflict of interests. Conflict of interests in terms of this Article occurs when the customs officer has personal interest which influences, may influence or appears to influence impartial and objective performance of affairs, and the personal interest of the customs officer implies or includes material or any other gain, for him/her personally, his/her family, close relatives, friends and other natural or legal persons having private, business or political contact with the customs officer or carrying out cooperation with him/her.

Provisions of Article 17 of the Code define the actions of a customs officer with the aim of avoiding conflict of interests in the following manner:

- to recognise possible or real conflict of interests;
- to undertake necessary actions for avoiding the conflict of interests;
- to inform in writing, without delay, his/her direct superior if a person who would lead the customs officer in the conflict of interests appears (in a form being the integral part of this Code – number 3);

- to request to be exempt from performing the affairs which may cause the conflict of interest as well as the responsibility if he/she is not exempt from these affairs;
- to act upon the decision of his/her direct superior which exclude him from performing the affairs which could cause the conflict of interests.

Provisions of Article 21 of the Code of Ethics of customs officers and employees stipulate that a customs officer may not be an owner or partner in the ownership of a commercial entity, the activity of which being connected to the Customs Administration. The affairs and activities in terms of this Article, are as follows: the affairs of representation before customs service bodies, international forwarding, foreign trade affairs, services in foreign trade traffic and other affairs leading to the conflict of interests in relation to the affairs he/she performs.

Pursuant to Article 22, a customs officer, when entering into employment, during the performance of his/her duty as well as upon the request of the of the Director or his/her superior, is obliged to inform the Management when members of the close family perform affairs and activities referred to in Article 21. Members of the close family are presumed to be spouse and children, parents of the customs officer, as well as brothers and sisters. A written statement referred to in paragraph 1 of this Article is provided by the customs officer in a prescribed form, which is an integral part of this Code.

Pursuant to Articles 23 and 24 of the Code, a customs officer, when entering into employment, during the performance of his/her duty as well as upon the request of the of the Director, is obliged to submit accurate information regarding his/her financial standing on an appropriate form, thus giving consent for verification of that information. A customs officer is obliged to report any change in terms of Articles 22 and 23, within 30 days since the day he/she learnt of the change.

In addition, Articles 57-59 of the Law on Civil Servants and State Employees regulate disciplinary liability of civil servants and state employees by categories of minor and serious disciplinary offences, the modus operandi of disciplinary procedure and the pronouncement of disciplinary measures.

On the basis of Article 37 of the Law on Public Administration (Official Gazette of the Republic of Montenegro 38/03) and Article 24 of the Decree on Job Groups, Criteria for Internal Organisation and Job Description, Job Nomenclature and Draft Number of Executors in Public Administration Bodies (Official Gazette of the Republic of Montenegro 54/04), the Rulebook on Internal Organisation and Job Description of the Customs Administration was adopted, determining internal organisation and job description of the Customs Administration, within the prescribed competences.

The Rulebook on Internal Organisation and Job Description of the Customs Administration (Article 19) envisages a special organisational unit – the Internal Control Division.

The Internal Control Division was established in September 2003. The Division performs affairs in compliance with the legislation, internal acts and authorities determined by the Rulebook.

Provisions of Article 19 of the Rulebook on Internal Organisation and Job Description of the Customs Administration determine the affairs performed by this Division and those are the following: acts on behalf and upon the request of the Director; performs control activities with full access to all information and documentation of organisational units; submits reports to the Director; proposes measures to the Director in relation to its work; prepares and develops analysis and information for the Director from the scope of work of the Division; performs affairs aiming to protect the Custom Administration from all possible damages and financial losses; provides proper and efficient use of staff potential, financial and material resources from all areas of activity; ensure that the work of the service is performed in accordance with positive regulations; specially supervises accurate collection of revenues and proper use of resources; controls and undertakes measures against illegal appropriation of funds; prevents and detects internal frauds and corruptions; makes efforts in strengthening the integrity of the service; prepares annual plans of its own activity; performs other necessary controls of customs service work; prepares and submits information, from its scope of work necessary for updating the website; monitors and participates in IPA programme implementation; keeps records and submits reports from its scope of work; as well as other affairs.

From the beginning of its establishment, the Internal Control Division more and more actively assumes greater responsibility in carrying out investigations of cases of abuse of powers, poor performance, and especially regarding violations of the Law on Civil Servants and State Employees. As a basis for initiating investigations, the Division uses information received from various sources, from the inside as well as the outside of the Customs Administration (including information from Divisions in the Customs Administration responsible for monitoring proper implementation of regulations, Anti-Smuggling Division as well as from the Intelligence Division, as well as the audit results or objections by natural or legal persons). Regardless of the basis on which the investigation was initiated, the Internal Control Division submits the completed report on investigation carried out, including the results and recommendation to the Director of the Customs Administration for its adoption or possibly for initiating disciplinary measures.

In addition, the Customs Administration adopted the Rulebook on Work of Internal Control Division which defines its own officers' competence, method of work, authorities as well as all the aspects of their rights, obligations and responsibilities. The Rulebook is completely harmonised with the recommendations and standards of the European Union given by CAFAO Mission on Montenegro.

The adoption of the Rulebook has been of great assistance for the prevention and control of corruption in customs, through different mechanisms of supervision and control such as internal verification, control program, internal and external audit, regimes of investigation and criminal prosecution. These mechanisms ensure the balance between preventive strategies which will encourage a high level of integrity and repression strategies designed to identify the appearance of corruption and to process, disciplinary or criminally, involved officers to competent bodies.

Pursuant to the Rulebook on Work, internal control includes the following:

- control activities performed by officers of the Division in all organisational units of the Customs Administration in the entire customs area of Montenegro, in order to ensure performance of duties and obligations in compliance with positive legislation, internal acts and the Code of Ethics aiming to prevent and detect illegal actions in the customs service;
- investigative actions performed by officers of the Division in all organizational units of the Customs Administration in the entire customs area of Montenegro, aiming to prevent and detect disciplinary offences or regarding criminal offences by customs officers; investigative actions upon the request of public bodies for gathering the facts and evidence regarding the commission of disciplinary offences or criminal offences or determining reasons leading to extraordinary situations.

An announced internal control implies the following:

- control of the implementation of existing legislation and secondary legislation as well as work procedures concerning duties and behaviour of customs officers;
- control of the implementation of acts, standards and rules of the Code of Ethics in organisational units;
- control aiming to ensure the efficiency and quality in performing duties in the Customs Administration and strengthening integrity of the customs service;
- safety control of confidential systems and data protection in the Customs Administration

An unannounced internal control is performed by an investigation on the basis of:

- received information, complaints and requests obtained in writing,
- information obtained by means of customs Open Line,
- information obtained by media,
- requests of public bodies,
- reports of organisational units of the Customs Administration,

- conclusions of Internal Control Division,
- customs audit reports or
- initiatives of officers of the Division when there is suspicion that a disciplinary offence or criminal offence was committed in the customs service.

Statistical indicators concerning the level of investigative activities undertaken by the Internal Control Division for the past three years are given in the following table.

Year	Number of performed controls	Requests filed for undertaking disciplinary measures	Employees in the Custom Administration against whom the request for undertaking disciplinary measures was filed
2007	86	7	13
<p>In 2007, on the basis of 4 investigations, the cases were referred to the competent public prosecutor for further proceeding due to the suspicion that cases involved elements of corruption and those are:</p> <ul style="list-style-type: none"> <li>- Two cases to the Basic Public Prosecutor in Podgorica</li> <li>- One case to the Basic Public Prosecutor in Bar</li> <li>- One case to the Basic Public Prosecutor in Bijelo Polje</li> </ul>			
2008	31	1	2
<p>In 2008, on the basis of two investigations, the cases were referred to the Police Directorate for further processing due to the suspicion that the cases involved elements of corruption.</p> <p>In addition, a notification was sent to the Basic Public Prosecutor regarding the obstruction and threats made to an authorised person, i.e. customs officer.</p> <p>Furthermore, the information was submitted to the Basic Public Prosecutor regarding the request for carrying out the investigation against a customs officer due to criminal offence of the abuse of official position.</p> <p>On the basis of one investigation, due to reasonable suspicion that a criminal offence has been committed, the subject is referred to further jurisdiction to the Police Directorate with the aim of solving or determining individual criminal liability.</p>			
From 01 January 2009 to 31 July 2009	22	2	5
<p>In 2009, on the basis of one investigation, the notification was submitted to the Basic Public Prosecutor in Bijelo Polje for further processing due to the suspicion that the criminal offence involved elements of corruption.</p>			

The cooperation of the Customs Administration and the Supreme Public Prosecutor is carried out on the basis of Instruction on obligatory actions of the customs service to the Supreme Public Prosecutor when a criminal offence has been committed, adopted on a joint meeting from 11 December 2006. The cooperation with the Police Directorate is defined by the Agreement on

Mutual Cooperation of the Police Directorate and the Customs Administration, signed on 7 October 2008.

In the majority of cases of the Internal Control Division, proposals for determining disciplinary liability are emphasized due to the violation of the work obligation referred to in Article 59(1), point 1 of the Law on Civil Servants and State Employees (non-executing or unconscientious, untimely or negligent performance of official duties).

Following the examples of good practice in submitting reports and complaints of citizens, the customs service of Montenegro, by implementing the project "Open Line" in January 2005 (implemented in cooperation with the Great Britain Embassy and EU CAFAO Office), also receives complaints of citizens by phone or in written form of leaflets.

Citizens are allowed to provide information on possible irregularities significant to the customs service by calling the number 080081333, in an anonymous way, by giving aliases or in any other way by phone.

The primary aim of the project "Open Line" is to prevent smuggling of goods, narcotics, weapons, people and all other forms of customs frauds with the support of the public, as well as detecting the persons violating the regulations. The most often reported are smuggling outside border crossings, complaints to the work and behaviour of customs officers, etc.

Open line is available from 7 to 23 hours, after which an answering machine is turned on for recording messages of citizens. All telephone calls are free of charge, anonymous and strictly confidential.

In 2005, 51 calls were recorded, 6 of which concerning complaints to the work of customs officers.

In 2006, 71 calls were recorded, 15 of which concerning complaints to the work of customs officers.

In 2007, 47 calls were recorded, 7 of which concerning complaints to the work of customs officers.

In 2008, 18 calls were recorded, 4 of which concerning complaints to the work of customs officers, and 14 concerning smuggling of goods.

In the first five months of 2009, 8 calls were recorded, 1 concerning a complaint to the work of a customs officers.

The Customs Administration, in compliance with the guidelines of the World Customs Organisation (WCO) from 2003, initiated the implementation of the Integrity Development Project in customs service of Montenegro.

The Integrity project includes identifying structures and procedures subject to risk of abuse of official duty and establishing procedures and standards enhancing the integrity of the customs service and simultaneously reducing the risk of corruption. Having in mind what was previously said, the Customs Administration developed a Reviewed Action Plan for Integrity Development in the Customs Service, with the professional assistance of TACTA Mission in Podgorica, adopted on 24 of November 2008. The Reviewed Action Plan for Development of Integrity in the Customs Service defines measures undertaken in order to insure the integrity of customs officers and prevent corruption. It should be mentioned that annexes to this question as well as more detailed information on undertaken measures aimed at strengthening the integrity and suppressing corruption in the customs service are provided in the answer to the question No. 174 of Chapter 24.

Appendix:

Report on Integrity Self-Assessment in the Customs Service

Action Plan for Integrity Development in the Customs Service of Montenegro

Examination of the degree and extent of corruption in the Customs Service

Report on program implementation for fighting corruption based on golden standards of the World Customs Organisation

Reviewed Action Plan for Development of Integrity in the Customs Service

Rulebook on Work of Internal Control Division

Instruction on obligatory actions of customs service to the Supreme Public Prosecutor in cases of criminal offences commission

Agreement on Mutual Cooperation of the Police Directorate and the Customs Administration

Code of Ethics of Customs Civil Servants and State Employees

Brochure "How to file a complaint to the customs"

**39. Please describe the rights of defence allowing the economic operator to make his view known before an unfavourable decision is adopted.**

Procedural rules implemented by the customs authority in conducting customs and administrative procedure are determined by the Law on General Administrative Procedure (Official Gazette of the Republic of Montenegro 60/03), as well as the general procedural law. Under Article 126 of the Law on General Administrative Procedure, all decisive facts and circumstances of relevance for rendering a decision must be determined prior to rendering a decision, and parties must be enabled to exercise and protect their rights and legal interests, whether in a summary procedure or in a special investigative procedure. A customs body is authorised to conduct a summary customs and administrative procedure if the party has stated facts or presented evidence in its request based on which the state of affairs can be determined (example: a single administrative document with all necessary documents for the required customs procedure) or if that state can be ascertained on the basis of general facts, or if that state can be determined on the basis of official data available to the authority and no special examination of the party is needed for the purpose of protection of its rights. A customs body conducts a special investigative procedure for the purpose of determining decisive facts and circumstances of relevance for clarification of administrative matters or for the purpose of enabling parties to exercise and protect their rights and legal interests. This is the stage in which certain procedural activities are carried out such as: oral hearing, questioning of the party, hearing of witnesses, experts, etc. A party has the right to participate in the investigative procedure, to give required information and to defend its rights and interests guaranteed by the law. Furthermore, a party has the right to present facts that may be of relevance for the resolution of the administrative matter, to propose evidences for the purpose of determining these facts and to deny authenticity of statements that do not correspond to its assertions. It has the right to supplement and explain its assertions prior to the rendering of first instance decision, to participate in presentation of evidence and to question other parties, witnesses and experts, through an authorised official conducting the proceeding or directly.

The customs body renders a decision on administrative matter being the subject of the procedure on the basis of decisive facts determined in such proceedings.

**40. Please describe the appeal procedure allowing economic operators to contest customs decisions.**

Economic operators (legal entities, entrepreneurs and other entities dealing with economic operations) are allowed to appeal, as a regular legal remedy, to the decisions (rulings and conclusions) made in a customs administrative procedure of first instance by the Customs Administration and its branch offices (Customs Houses and Customs Stations) under the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08). Pursuant to the principle of two instances stipulated by the Constitution of Montenegro and the Law on General Administrative Procedure (Official Gazette of the Republic of Montenegro), the Ministry of Finance decides on the appeal in customs and administrative matters (Article 8 of the Customs Law). Procedure for rendering a decision on appeal is conducted by the Ministry of Finance in compliance with the provisions of the Law on



General Administrative Procedure. These provisions stipulate that the appeal is lodged directly to the Ministry of Finance or through a customs body of first instance, within 15 days of the day of delivery of first instance decision (Article 224 of the Law on General Administrative Procedure). When the appeal is lodged directly to the Ministry of Finance, the Ministry returns the appeal to a first instance authority for evaluation and completion of the documents of the case. Upon receiving the appeal, first instance customs authority examines whether the appeal is allowed, lodged in a timely manner and by an authorised person. First instance authority rejects the appeal as untimely or stated by an unauthorised person or not allowed, if it determines any of the obstructions mentioned above. When it estimates that an appeal is lodged timely, by an authorised person and allowed, first instance customs body has the authority and obligation to amend the procedure, when it assesses that the decision will be annulled due to those reasons (Articles 230 and 231 of the Law on General Administrative Procedure). A first instance customs body is obliged to amend the procedure, if the party has not been heard and if it requires to be heard in the appeal. Depending on the scope of amendment of the procedure and new facts and evidence determined in that appeal, a first instance customs body may replace an earlier decision with a new one, solely under the condition of meeting appeal statements entirely.

When the first instance custom body does not replace a first instance decision with a new decision, it is obliged to lodge an appeal to the Ministry of Finance, within 15 days of the day of receiving the appeal. The first instance customs body is obliged to submit all documents pertaining to the case along with the appeal. When the first instance body does not submit the document of the case to the Ministry of Finance in a prescribed time limit, the Ministry will require the customs body of first instance to submit the appeal with the documents and determine a new deadline. When a customs administrative body does not submit an appeal with the document of the case within the new deadline, the Ministry will decide on the appeal without the documents of the case.

When the appeal is not allowed, lodged in a timely manner or by an authorised person and the first instance customs body failed to reject it for those reasons, the Ministry of Finance will reject it for the same reasons as the first instance customs body. Ministry of Finance may reject an appeal, annul the decision entirely or amend it partially. The Ministry will reject the appeal if it determines that there are no violations of rules of procedure, if the establishment of facts is complete and accurate and when there are no violations of material law, in the conducted procedure on appeal. When the Ministry of Finance determines that the first instance decision is founded on an important violation of rules of procedure referred to in Article 226 of the Law on General Administrative Procedure, it will annul the first instance decision *ex officio* and return the matter to the first instance body for retrial. Provided that the Ministry of Finance, in the procedure on appeal, determines that the first instance body did not follow rules of procedure or that the establishment of facts is not accurate and it's incomplete, that the material law has been incorrectly applied, it can eliminate irregularities and annul the first instance decision entirely or partially or reject the appeal. When, for reasons of economy of the procedure, the Ministry estimates that this can be more effectively accomplished through a first instance customs body, it can annul the first instance decision and return the case to the first instance customs body for retrial.

A first instance customs body is obliged to act on the second instance solution in all cases and without delay, and to make a new decision not later than 30 days from the day the case was submitted. The Ministry of Finance is obliged to make a second instance decision within 60 days from the day the appeal is lodged. The Ministry of Finance is obliged to, as a rule, send the second instance decision with the documents of the case to the first instance customs body, which is obliged to submit it to parties within 8 days from the day the documents of the case were submitted.

A decision of the Ministry of Finance is final in an administrative procedure and an appeal cannot be lodged against it, but an administrative procedure may be initiated by an action at the Administrative Court of Montenegro.

Pursuant to provisions of Article 40(1) of the Law on Administrative Procedure (Official Gazette of the Republic of Montenegro 60/03) extraordinary legal remedies may be filed against a final decision of the Administrative Court and those being:

- request for an extraordinary review of the court decision;
- request for a retrial;

#### **41. Do you have a customs laboratory and what kind of goods can be examined?**

The Laboratory of the Customs Administration is currently not functioning. When it is necessary to take a sample for examination, during the inspection of goods, the Customs Administration employs referential Montenegrin laboratories (Centre for Eco-Toxicological Research of Montenegro, Public Health Institute of Montenegro and Forensic Centre of the Police Directorate) for purposes of required examinations. There is a plan for establishing a new laboratory.

#### **42. How are the controls on baggage of travellers organised?**

As in commercial traffic, customs control of baggage of travellers is performed selectively based on risk analysis.

Customs control in air traffic is carried out only for international flights as there are no domestic flights at all. The control is carried out during arrivals and departures of aircraft. Baggage that did not arrive with a passenger is also subject to customs control.

Customs control of baggage in maritime traffic is carried out in international ports, where that baggage is loaded or unloaded. Exceptionally, customs control can also be carried out in a marine pleasure craft.

Customs control in road traffic is carried out during the crossing of passengers over the road border crossing.

Customs control in railway traffic is carried out at the time the train arrives at the border railway station. Agreement between the Government of Montenegro and the Government of the Republic of Serbia on border control in railway traffic (signed on 9 March 2009) facilitates and advances the work of state bodies at the border between the two states and shortens the period of time of keeping trains on border crossings, because the border control will be carried out in trains during the journey and regular stops of the train at border stations. The Agreement will enter into force after signing the protocol on the implementation of the Agreement. Draft Protocol regulating border control performed by customs authorities is prepared.

In all cases, customs formalities over passengers' baggage are carried out in a brief procedure at a border crossing. The goods are reported by the traveller to the customs authority by a verbal declaration or by a conclusive act.

Goods of non-commercial nature in the personal baggage of a traveller are exempt from import customs duty. Tobacco, alcohol and alcoholic drinks and perfumes are exempt from customs duties provided that they are carried in the amounts prescribed by the Convention on Customs Facilities for Tourism and that they are not for selling purposes.

Domestic travellers are exempt from customs duties for goods they bring in from abroad, in the total value of EUR 150. In passenger traffic it is forbidden to carry in food of vegetable or animal origin. Limitations or prohibitions refer to other types of goods as well, depending on whether narcotics, drugs, weapons, endangered plant or animal species, or money is involved.

A buyer, a natural person, who does not have temporary or permanent residence in Montenegro, has the right to a value added tax return for products purchased in Montenegro and which he/she carries out of Montenegro, under the conditions stipulated by the Law on Value Added Tax (Official Gazette of the Republic of Montenegro 65/01, 12/02, 38/02, 72/02, 21/03, 76/05, 4/06 and 16/07).

### **43. Which kind of infrastructure and equipment is used by customs to control goods at the border?**

The customs service has the basic infrastructure on border crossings which includes a terminal port to the central information system of the Customs Administration, telephone extension with a fax machine, separate telephone group with mobile operators available for use by the customs officers in the process of control of goods.

In addition to the central information system, offences database and a suspicious activities database within the Risk Analysis System are available to employees of the Customs Administration at border crossings.

- Database on offenders: Data concerning companies, means of transport and persons participating in customs offences are in this database. The base contains data on all offenders from 1 January 2004 and it is regularly updated. Search can be carried out based on any of the above mentioned parameters.

- Database on suspicious activities: Data from international exchange, information obtained from other public bodies and agencies as well as other data in suspicious activities are in this database. Search can be carried out based on any of the above mentioned data, such as: name of the offender, name of the company, address, type of goods, etc.

At the majority of border crossings, equipment including desktop computer with a TFT monitor, keyboard, UPS and optical mouse, laser printer, scanner, photocopier machine, paper cutter, filling cabinet, digital camera, set for testing narcotics + reserve reagents, fibre optics (only in larger border crossings), borescope (only at larger border crossings), manual X-ray with a movable screen, ultra-sound distance measurer, metal detector, buster kit, telescoping ladder, cordless hand drill, portable charging reflector, fluorescent jacket, fluorescent short coat, helmet, and a personal safe.

- Basic tools: flashlight torch and batteries, crowbar, hammer, pincers, meter, wrench, drill, awl, screwdriver handle and tools, paper knife, telescopic mirror, metal tool box.

- Additional tools: set of keys, set of inserts, tools for removing car panels, little saw and blades, six hexagonal keys, scalpel and blades (only at larger crossings)

- Postal set: duct tape and gluing machine, digital scale, high intensity lamp, drill, awl, wire knife and blades, screwdriver handle and tools, pincers (only at customs posts and airports)

- Maritime set: automatic inflatable lifebelt (CO<sub>2</sub>), coveralls, telescopic mirror and flash light and batteries, gloves, tool belt, knife, screwdriver and tools, wrench (only in ports)

- Machine for emptying the fuel tank (only in bigger crossings)

- ASI Lloyd receiver in Port Zelenika for monitoring vessels and supervising port traffic through computers

- radio devices for mutual communication, Motorola (only in airports)

- a mobile scanner for inspection of containers (positioned at Port Bar)

- a smaller vessel (based on the Skadar Lake)

- 8 scales of capacity of 50 tons (at larger crossings)

- official vehicles.

### **44. Do you have a website? If yes, what information is available and how often is this information updated?**

On the website of the Government of Montenegro, there is a link to the website of the Customs Administration, <http://www.gov.me/upravacarina/>

Customs Administration website contains the following segments: current activities, electronic data exchange, customs information, passengers' information, safety, anti-corruption programme, projects, guide to access to information in the possession of the Customs Administration, questions and answers, contacts as well as links to web applications developed by the Customs Administration for commercial entities: guarantees, electronic data exchange, RacWeb.

Data are updated on a regular basis, through coordination of several services of the Customs Administration, especially after certain events interesting to the public, concerning promotion of the role of the Customs Administration and protection and safety of the society.

The Customs Enforcement Department publishes information on seizure and other irregularities as well as the photographs of the same on the internet website. There is a logo and a free-of-charge telephone number (080081333) of the "Customs Open Line" on the website, giving the possibility for citizens to report any irregularities regarding customs procedure or smuggling.

The Customs Administration is completing a tender procedure for developing a new website where Customs Administration will be presented as a service for the economy and citizens. In addition, the new website will group the instruction for customs officers and provide for a faster search of the appropriate documents. The website will include the link for the TARIC\_NAC application (National TARIC system of Montenegro) expected to be completed by the end of this year.

#### **45. With reference to interconnectivity and interoperability of IT systems:**

**- Please describe the current state of computerisation of your country's administration in the following areas:**

**a) Customs import/transit/export/warehousing control, with or without electronic connection of traders (this item relates both to the means by which traders make customs declarations and the means by which customs authorities control them, e.g. risk analysis);**

The information system managed by the Customs Administration is centralised and divided into segments i.e. modules depending on the purpose or customs procedures being processed by the system. Applications used are divided into the following modules:

- Clearance-customs module
- Transit
- Risk Analysis
- Electronic Message Exchange (EME)
- Financial Module

#### **Clearance, Transit and Financial Module**

Technological environment of the Customs, Transit and Financial Module application is the following:

Applications are running in the TCP/IP network of the Customs Administration. Operation of applications is provided in the Intranet environment of customs bodies of Montenegro and access to CIS is provided to all organisational units of the Customs Administration.

#### Three-layer architecture:

- Thin client (thin client – web browser),
- Application server Oracle 10g,
- Relational database Oracle 10g.

J2EE environment:

- JSP, BC4J (Business Components for Java)
- JDeveloper development environment

System platform

- Windows 2003 Server, Linux Red Hat
- Application server Oracle 10g,
- Relational database Oracle 10g

Purpose of the Clearance application:

- Support to performance of customs procedures and those are: export, outward processing of goods, re-importation, putting goods in free circulation, temporary import and inward processing of goods, return of goods, customs warehousing of goods, processing/destruction of goods under customs control.
- Calculation and control of payment of customs and other duties.
- Keeping basic customs codebooks and records.

There is a possibility of submitting of declarations electronically, i.e. EME module is available for all the above mentioned procedures

**Module of Submitting Customs Declarations Electronically**

The purpose of the module is to provide acceptance of customs declarations for all types of customs procedures in electronic form (XML format), as well as the control of accuracy of declarations, returning the answers containing mistakes, returning the answers containing filing number, safety in data transfer, signing and encrypting messages, keeping records on customs clients having the right to submit declarations electronically, keeping records of customs clients required for a safe exchange of information.

Module provides the following:

- A large number of users (customs clients) can submit customs declarations “directly” into the CIS, where the control of accuracy of declarations is carried out,
- Authenticity of the sender, each message sent from the user claiming to have sent the message (messages are signed),
- Encryption (encoding) of messages. Messages cannot be read or changed during the transfer from the client to the Customs Administration and vice versa,
- Control of information in the customs declaration prior to formally recording it in the customs information system,
- Generating responses on the accuracy of the declaration
- Generating responses with the list of mistakes
- Keeping the status of the customs declaration until the moment of its transfer to the customs information system.

Technological environment:

This module operates in the server environment of the Customs Administration. Solution is based on the asynchronous exchange of information between the client and the Customs Administration – precisely between the provider and the Customs Administration.

“Entrance” to module for electronic submitting of customs declarations is the IBM MQSeries, Message Queuing server, and the business logics is placed in the Oracle 10g database.

The transfer of information between the two servers is performed by two separate modules responsible for encoding as well as for signing customs declarations or responses.

Systemic/application platform:

Windows 2000 Server,

Oracle 10g database,

IBM MQ Series, message queuing server,

PGP, entering keys, signing and encrypting messages

Chart 1 – Ratio of manually and electronically submitted documents for the first 7 months of the year

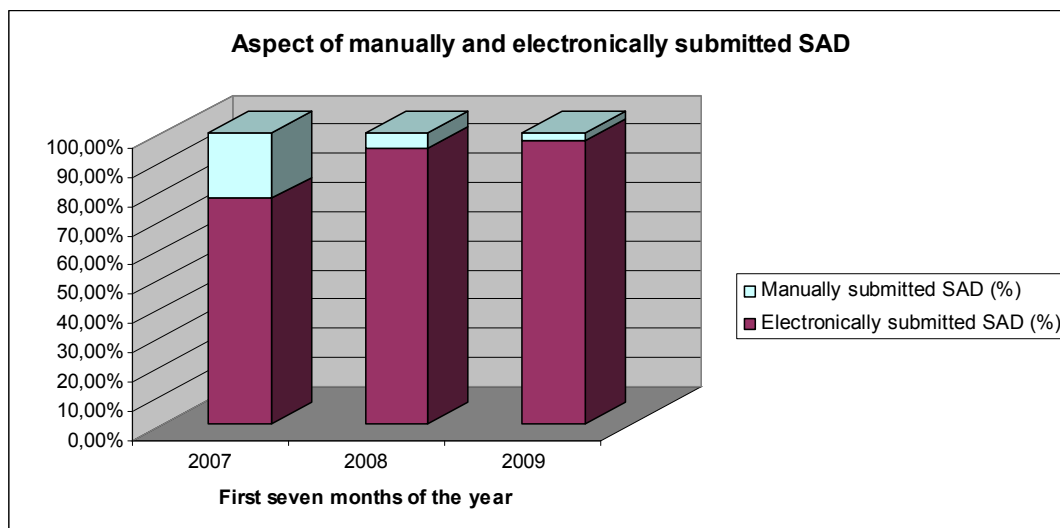
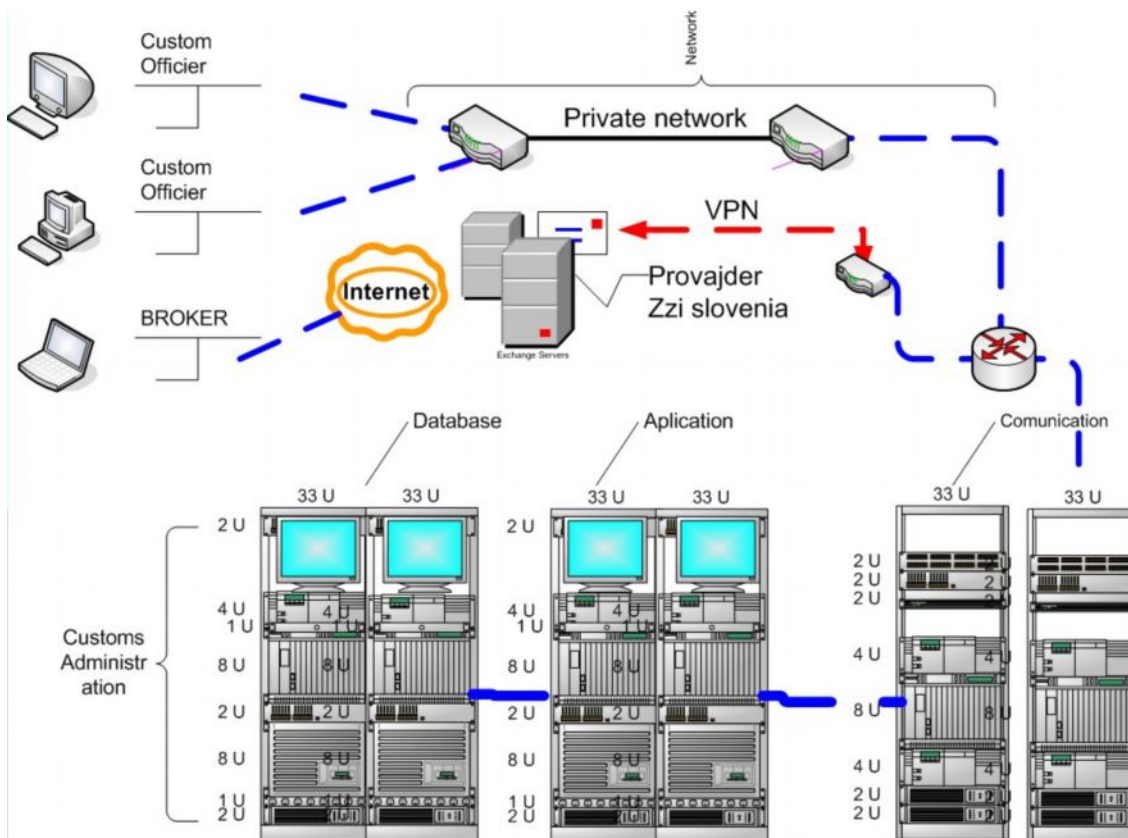


Chart 2 –Scheme of the EME Organisation



### Transit

The purpose of the Transit application is

- Recording the transit of:
  - goods entering the customs area,
  - goods exiting the customs area,
  - goods being transported inside the customs area,
- Performing charging and discharging goods.

Elements of controlling the transit procedure are:

- Preparation of transit declaration,
- Formalities at the forwarding station,
- Formalities and events during transport,
- Formalities at the transit station,
- Formalities at the customs station of arrival,
- Discharging of transit procedure.

Transit application provides:

- Multi-user work in accordance with the authorisations of the users,
- Entering, updating and searching information of the single administrative document (SAD) (collective registration, transit, internal transit) on the forwarding and receiving side,
- Electronic exchange of data with the declarant

- View of declarations in the application is divided into two overviews;  
forwarding side – declarations created at the current station,  
accepting side - declarations sent to the current station from another customs station,
- Controlling the accuracy of entered transit declarations,
- Changing all information,
- Following status of documents
- Discharging declarations:  
discharge (regular)  
partial discharge  
discharge by the record  
discharge by a decision  
manual discharge
- Review of analytics of customs declarations discharge
- Confirming the arrival of transit, sending back the confirmation on the arrival of the transit
- Temporary storage, review of declarations of temporary storage, termination of temporary storage
- Preparation and review of the record,
- Browsing transit declaration.

Transit procedure is currently not supported in the EME module, so that there is no possibility of submitting transit documents electronically, but this possibility is the priority in further development of the Information system in the Customs Administration.

Control: Currently, there are three levels of control in the information system.

First level of control: Control during entrance of the declarations, or during electronic submitting of the declarations.

Second control level: Control of entered data, tariffs, quotas, calculations and submitted documents after recording the declaration. Success on performing these controls is a prerequisite for further continuance of work on a real customs declaration and ending customs procedure. Provided that the result of the control carried out on all the documents has not been successful, customs procedure for a real document is not possible to end. Currently, there are 605 active controls in the Customs Information System which, along with the procedures of calculating duties present a basis for a regular entrance of information on customs declarations.

Having in mind that a centralised system is concerned, we would like to point out that these controls are common for: customs procedures, transit procedures and declarations arriving through EME. Thus, all declarations arriving electronically go through these controls and success in performing these controls is a prerequisite for the electronically sent declaration to be accepted in to the Customs Information System.

Third level of control is carried out on declarations and is related to financial information, i.e. an accurate entrance of guarantees (guarantees for a delayed payment of the customs debt and guarantees related to performance of transit procedures and procedures of warehousing goods).

### **Risk Analysis (RMS- Risk management system)**

Risk Analysis is an integral part of procedures in the information system regarding import or putting goods in free circulation. During the processing of customs declaration, it goes through certain statuses in the information system. We will give an overview of the most important statuses:

UN- Declaration is entered or submitted electronically



KK- It went through the first level of control and the procedure can continue

KN –Did not go through the first level of control

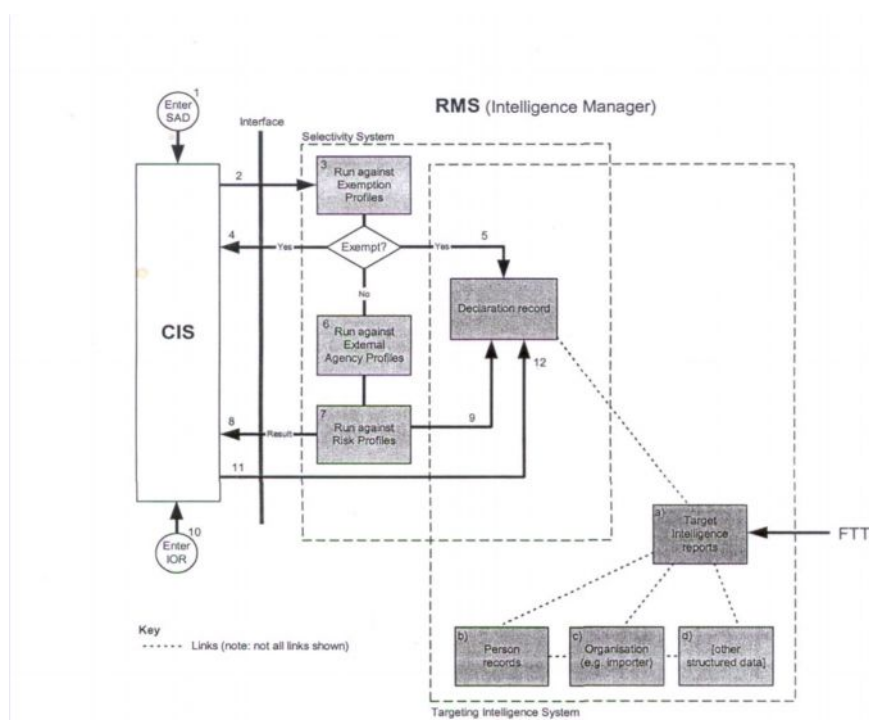
RG- Got a registration number after successfully going through control

PG- Declaration went through an inspection of goods and if it was necessary, a record regarding the inspection was created. In this status, during the procedures of importing goods, a risk analysis system is activated as well as an additional control of the declaration in accordance with risk profiles existing in our risk analysis system.

OC- Cleared, customs procedure is ended, prior to going through this status it goes through the third level of control (verification of financial information) and if everything is correct the declaration gets the status OC

Depending on created profiles, declaration is analysed in relation to the profiles defined in the Risk management system.

Chart 3 – Scheme of the Risk Management System



### b) Collection of import/export statistics;

Customs Administration collects statistics, which are, for further processing, submitted to MONSTAT (Statistical Office), under the Agreement on Cooperation which defines the type of information being submitted, as well as time intervals. Information is submitted by the 5<sup>th</sup> of every month for the previous month. Recapitulative information for the previous year is submitted by the 3<sup>rd</sup> month of the current year.

### c) Electronic tariff available to traders and customs officials;

Tariff is the integral part of our information system and together with quotas it creates a basis for calculation of duties (customs duties, value added tax, excises...).

Tariff in the electronic form can be found on the website of the Customs Administration, and on the website of the Customs Administration Intranet.

National TARIC programme is currently being implemented into our information system. The final deadline for the implementation is 31 December 2009. National TARIC programme will provide the availability of the tariff, calculation of duties, as well as all other information necessary for performing foreign trade affairs.

**d) Accounting system for the collection of customs duties and other charges, the allocation of tariff quotas and the management of guarantees.**

Records on collection of customs and other duties are kept in a special application called the Financial Module.

The purpose of the module is:

- Recording and processing all claims based on the performance of the clearance procedure
- Manually entering of claims and liabilities based on the performance of other types of procedures
- Controlling the accuracy of recorded declarations
- Informing (invoicing) the customs duty payers on payment of customs and other duties (customs debt)
- Taking over and processing transactions on the accounts of the Customs Administration (Central Bank of Montenegro)
- Classifying transactions on accounts of the Customs Administration according to their purpose: type of payment, transferring assets between Budget users, paying the obligations of the Customs Administration (returns) and recording the payments
- Closing collections and claims (automatically and manually)
- Closing liabilities and outflows (automatically and manually)
- Monitoring the burdening and disburdening of banking quarantines
- Calculation of interests
- Notifications for untimely payment and recording costs of notifications
- Access to financial records by the Customs Administration

Module provides the following:

- Supervision of the payment prior to taking the goods from customs stations
- Recording the information of administrative procedure
- Downloading (entering) data of misdemeanour procedure
- Authorised access to financial records by the Customs House
- Entering claims and calls to the number in border circulation
- Entering claims and calls to the number for postal packages
- Entering other types of claims
- Authorised access to financial records by a station
- Authorised access to financial records by the Customs House

The above mentioned module correlates with other applications being used in the Customs Administration by a method of asynchronous exchange of messages. Given the fact that this is a centralised application it is possible to access it from any customs terminal in the territory of Montenegro. Access rights are defined in layers depending on the work performed by the customs officer.

As it has already been mentioned in the answer a) of this question, each declaration, prior to getting a final status, meaning the end of the customs procedure, goes through the third level of

control and simultaneously data are entered concerning the search of this application or burdening the guarantee if the transit procedure is concerned.

Hence, every declaration carrying the calculation of a duty is entered into this application automatically. On the other hand, data on payments and transactions to our account flow into this application automatically and this data are matched with claims – declarations and when the required conditions are met (payment is made to the real declaration under the data determined in advance) a claim and the schedule of that flow to the items containing the claim are closed. Claims which are not closed automatically can be closed manually.<sup>3</sup>

In this module we keep banking guarantees. We follow amounts of burden for two types of guarantees and those are:

- guarantees for securing transit procedure
- guarantees for securing payment of the customs debt

Transit guarantee is burdened by a transit document, and disburdened by a confirmation of arrival of goods in transit to the customs station of destination. Naturally, the transit procedure is automated.

Guarantee for securing the payment of customs debt is burdened by finishing the customs procedure for the procedure Import, and relieved by recording payments to our account and matching receivables with the inflow, which, as already stated, can be done automatically or manually.

Third level of control, mentioned earlier, includes also the control of free export upon the guarantee; hence when there are not enough assets for coverage of the customs debt, the declaration can not be made final in the status representing the end of the customs procedure in the given moment.

For traders-clients having the guarantees, the Customs Administration has developed an application available on the internet, which provides monitoring of changes on the guarantee of a trader. Access to this application is given by the Customs Administration based on the request of an interested commercial entity.

Tariff quotas are an integral part of the Clearance application and represent one of the bases for calculating customs duties. Customs officers are enabled to monitor the usage of quotas. In the second level of control, mentioned earlier, controls checking whether a tariff quota is available are also included and information thereof is returned to the customs officer or the trader in the process of submitting the document electronically. Information concerning availability of tariff quotas is not available to internet traders, except the already mentioned method of control and feedback of control conducted returning to the trader wishing to use a certain quota. National TARIC program is being developed which should commence work on 1 January 2010 according to plans and it will have a segment QUOTAS and the possibility to control the use of quotas via Internet

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<sup>3</sup> When claims are not closed by an automatic procedure, i.e. the data from inflows and claims are not matched and the account is not automatically closed, such unmatched claims may be matched manually with the inflows of the statement of the Customs Administration. That process of matching is performed manually by the employees of the Customs Administration responsible for finances by precisely determining, on the basis of certain parameters, that the claim and payment which were not closed are identical.

**- Please provide information on your customs administration IT strategy and on its plans for further computerisation of the above-mentioned areas.**

**a) Customs import/transit/export/warehousing control, with or without electronic connection of traders (this item relates both to the means by which traders make customs declarations and the means by which customs authorities control them, e.g. risk analysis);**

In 2006, Customs Administration adopted an improved Business Strategy<sup>4</sup> for the purposes of defining the mission, goals of the customs and development of a three year Action Plan. IT strategy plan is developed in accordance with the Business Strategy, but not fully formalised.

This IT strategic plan reflects the business plan in IT goals as well as in functionalities necessary to be covered by IT customs system.

The plan guides the mission of the information system and processes in detail, as well as the adopted strategy concerning the development of the system of processing customs declaration based on the Slovenian model and developed by the same company now supported by the Slovenian CDPS.

The IT plan defines the architecture of hardware and mutual connection of customs houses and management, supported functions, architecture and technology to be used by the Customs Administration in years to come.

Customs Administration expects a Final Report from the Taxation and Customs Union DG with the subject: General Results of the First Mission to Montenegro, Customs and Tax Administration, held in November 27-28th 2008 on the Assessment of Meeting the Conditions of Interconnectivity and Interoperability of EU IT systems, GMR-004-2008-11. Clear GAP analysis is expected to be done between the existing system and the one envisaged during the accession to the EU. Analysis must contain National and EU requirements and must be prepared in such manner to be used as a basis for the development of Project tasks for development or change of applications.

We expect direct assistance from the EU through various mechanisms such as the present agreement (i.e. assistance to IT strategic plan, ensuring the quality, etc.), TAIEX programme or by participating in Customs 2013 & Fiscalis 2013 programmes.

Customs Administration is in the process of implementing TARIC\_NAC project, donated by the Customs of Slovenia, based on approval from the European Commission. Although it involves only 2 applications, it will be used to familiarise the economic environment with all functionalities of the TARIC, and the plan is to ensure that we have the last version prior to accession.

Assistance and support was required from the European Commission in the preparation of Technical Specification and developing software for simplified procedures.

NCTS project is a part of the twinning programme implemented by the Customs Administration with an elected consortium.

SEED project, the exchange of information with the Western Balkan countries, is also being tested.

Implementation of the RACWeb EU project – risk analysis for inward processing procedures, in which all of the Western Balkan countries participate, is in the final stage.

**b) Collection of import/export statistics;**

Provided by an explanation in C29055 a).

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<sup>4</sup> Business Strategy was adopted by the Customs Administration in 2001.

**c) Electronic tariff available to traders and customs officials;**

Provided by an explanation in C29055 a).

**d) Accounting system for the collection of customs duties and other charges, the allocation of tariff quotas and the management of guarantees.**

Provided by an explanation in C29055 a).

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