

3. 29. CUSTOMS UNION

3. 29. 1. SHORT-TERM PRIORITIES IN HARMONISING LEGISLATION (ACCESSION PARTNERSHIP) - OVERVIEW OF ACHIEVEMENTS

In the process of continued approximation of the Republic of Croatia customs system to the EU customs system, with the aim of ensuring fully readiness at the moment of accession and in order to have in force legislation entirely aligned with the *acquis communautaire*, the customs services and other entities taking part in customs-related legal matters and relations monitor all changes in the EU customs legislation and practice on a daily basis.

In 2005 the process of harmonisation of the Croatian with the European customs legislation continued, and, by adoption of the Act on the Amendments of the Customs Act, changes were implemented in line with corresponding changes in the EU Customs Code. Of particular note in the context of the said Act are the provisions of the Customs Act governing the transit procedure, which have been fully adjusted to the relevant provisions of the EU Customs Code.

In 2006 activities need to continue on further harmonisation of Croatian legislation with the Community regulations in respect of all yet not adjusted chapters of the customs system regulations - transit procedure, mutual recognition of the transit documents and guarantees in carrying out the formalities provided for by European and Croatian regulations governing transit procedure, customs procedures with economic impact and other customs permitted procedures or uses, securing customs debt and benefits system.

In harmonising the legislation the focus will be on further approximation of the provisions governing transit procedure. To such aim, in addition to amendments and changes of relevant provisions, necessary measures and activities will be implemented to provide conditions for introduction of the NCTS, i.e. to comply with the conditions for accession to the common transit system of the EU member states and EFTA, which include the implementation of measures aimed at establishing organisational infrastructure required for the implementation and functioning of the NCTS-a (New Computerised Transit Procedure), together with organisation and implementation of customs staff training.

In addition, activities will continue aimed at strengthening the administrative and operational capabilities of the customs service at large in general, and specifically in the areas of control and rules of preferential origin.

Changes in Croatian customs legislation in areas other than the transit procedure depend on the changes in relevant EU legislation. In view of the fact that a new customs code - the Modernised Customs Code - is in the process of being implemented in the EU, Croatia will follow the changes in the Community customs system. This means that, if in 2007 the Modern Customs Code is to come into force in the EU, in 2006 Croatia will start preparing professional background for the new Customs Act, scheduling its implementation for 2007.

The adoption of the new Customs Services Act is also planned for 2006, which will be harmonised with the European customs standards. This will create necessary preconditions for effective implementation of customs control measures and customs check procedures, in order to ensure detection of any operations in breach of customs legislation and other offences in breach of customs and other regulations whose application falls within responsibility of the Customs Administration.

3.29.2. MID-TERM PRIORITIES IN HARMONISING LEGISLATION (ACCESSION PARTNERSHIP) - PROJECTIONS FOR 2007 AND 2008

In line with the Accession Partnership mid-term recommendations, activities will continue on further harmonisation of Croatian customs regulations with corresponding amendments in respective Community legislation, in the part concerning the customs regulations chapters whose adjustment is still pending, with a focus on the areas of transit procedure, free zones, duties, tariff upper limits and general benefits system, or to the effect of harmonisation with the new Modernised Customs Code and the pertaining implementation regulation.

Also, resulting from the changes in the European, and consequently the Croatian customs system, and particularly pursuant to the Accession Partnership mid-term recommendations, necessary measures and activities will be implemented for the strengthening of customs service administrative and operational capacities and permanent customs staff training, as well as for the development and implementation of a risk management system. In the same context, measures and steps will be taken with the aim to establish IT interconnectivity and interoperability.

3.29.3. SECTOR CONTENT

In the past five-year period the Croatian customs system, which is based on the Customs Act (OG 78/99, 94/99, 117/99, 73/00, 92/01 and 47/03), the Regulation implementing the Customs Act (OG 161/03) and the Ordinance on the forms for the implementation of the Customs Act (OG 176/03), has been continuously adjusted to the EU customs system regulations, the Council Regulation (EEC) 2913/92 establishing the Community Customs Code and the Commission Regulation (EEC) 2454/93 laying down provisions for the implementation of the former, to achieve consistent harmonisation with EU customs acquis as amended from time to time.

In 2002 Croatian customs tariff was adjusted with the Combined Nomenclature of the EU and has been kept up-to-date with any subsequent amendments and modifications.

Within the legislation harmonisation process, on 17 November 2005, the Croatian Parliament adopted the Act on Amendments to the Customs Act. The said Act partially incorporates amendments contained in the Regulation 648/05 of 13 April 2005 amending the Customs Act, in the part dealing with the following:

- names and powers of organisational units of customs service,
- more precise definition of the term „customs check“,
- introduction of the definition of the terms „risk“ and „risk management“,
- introduction of the status of „authorised economic operator“ and establishing of criteria for obtaining such status.

In this part the mentioned amendments to the Customs Act should contribute to the simplification and speeding up of customs procedures by means of both, the application of European criteria for risk assessment of individual forms of cross-border movement of goods and by setting up of a regulatory framework for implementation of European standards of procedure for the customs services in performing customs procedures. The fact is that the implementation of European standards includes further simplification of customs procedures for all those participants in the customs clearance and post-clearance process who meet their obligations to the state budget in a regular and timely manner and who deliver appropriate security instruments for settlement of their customs debt.

Furthermore, the amendments substantially change the provisions of the Customs Act governing transit procedure, which have been fully harmonised with the relevant provisions of the Customs Code; in this way conditions have been created

for the implementation of the new computerised transit system (NCTS) as well as for the accession to the common transit procedure of EU and EFTA states. Provisions on customs offences have also undergone substantial change, to ensure their harmonisation not only with relevant amended provisions of customs and other regulations, but also with the level of penalties provided for in general misdemeanour regulations.

The Regulation implementing the Customs Act has, depending on the individual chapter, been fully or in part harmonised with the corresponding chapter of the Regulation 2454/93 on with all its subsequent amendments, inclusive Regulation 2787/2000. Amendments to the Regulation implementing the Customs Act are scheduled for IV quarter 2005, hence the Customs Code will be amended accordingly.

Also in the process of preparation is the new Regulation on customs action against goods suspected of infringing intellectual property rights, planned to be finalised by the end of IV quarter 2005. It will be fully harmonised with the Council Regulation (EEC) 1383/2003, and also with the latest EU implementing regulation - Regulation (EC) 1891/2004., and has been scheduled for submission to the Government procedure during December 2005.

3.29.4. SAA IMPLEMENTATION PLAN

Measure	Timetable	Responsible authority
Functioning of the Customs Training Centre	03/2006	MFIN
Implementation of the risk management system	06/2006	MFIN
Implementation of activities with a view to set up the NCTS	12/2006	MFIN
Implement activities to ensure fulfilment of conditions for accession to the common transit procedure system of the EU and EFTA states	12/2006	MFIN
Establishing of organisational units required for introduction and functioning of the NCTS, organisation and implementation of their training	12/2006	MFIN
Customs staff training	Permanent	MFIN

Measures from the SAA Implementation Plan - measures proposal for 2007 and 2008

Measure	Timetable	Responsible authority
Implementation of measures and activities for establishment of IT interconnectivity and interoperability	12/2008	MFIN
Co-operation in the area of implementation of new customs information systems and their networking with EU Member States	12/2008	MFIN