

## **INTEGRITY IN CUSTOMS ADMINISTRATIONS- THE CASE OF REPUBLIC OF MACEDONIA<sup>1</sup>**

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### **ABSTRACT**

Customs Administrations operate in four main areas: revenue collection, community protection, trade facilitation and national security. To fulfill their tasks a high level of integrity is necessary. Integrity can be defined as a positive set of attitudes which foster honest and ethical behavior and work practices (WCO 2012b, p. 4). The lack of integrity in Customs causes revenue reduction, reduction of foreign investments, increased trade costs, barriers to international trade and reduction of public trust in government institutions.

The economy of the Republic of Macedonia is highly dependent on international trade, especially imports. This allows businesses to have direct meetings with customs officers, which provides an opportunity for corruption. Promoting integrity enables customs administrations to archive their long term-goals and mission. The main objective of this paper is to analyze integrity and corruption in Customs Administrations with special emphasize on the Republic of Macedonia.

**KEY WORDS:** Integrity, Corruption, Customs, Customs Administrations, Macedonia

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<sup>1</sup> original research paper

## INTRODUCTION

The term integrity can be described as the behavior of individuals and organizations in accordance with the rule of law. Two forms of integrity can be defined according to Customs Guidelines (ICC, 2012). The first form refers to the misconduct of individuals in an organization that has established institutional integrity. The basis for this type of corruption is a personal character defect, an urgent, great financial need or a fear caused by threats of physical violence. The second form refers to the organization as a whole that behaves badly to a large extent, in which well-behaved individuals are a rare exception. This form of corruption is usually a reflection of a particular cultural and social environment.

Integrity in Customs was initially placed on the World Customs Organization (WCO) Agenda in the late 1980s to address the problem of corruption in public service and more specifically in customs. It culminated in 1993 with the adoption of the WCO Arusha Declaration concerning Integrity in Customs, showing the willingness of the international customs community to comply with rules governing integrity in order to reduce and, eventually, eliminate opportunities for corruption. The Arusha Declaration was revised in 2003 and it is a global and effective approach to preventing corruption and increasing the level of integrity in customs (Miloshoska, Reckoski, 2018). The Declaration reveals that an effective national customs integrity program must address the following key factors:

1. Leadership and Commitment
2. Regulatory Framework
3. Transparency
4. Automation
5. Reform and Modernization
6. Audit and Investigation
7. Code of Conduct
8. Human Resource Management.

## INTEGRITY AND CORRUPTION IN MACEDONIAN CUSTOMS

Corruption as a social phenomenon takes many forms. Its occurrence is influenced by economic, legal, political, sociological and other factors. The

negative effects of corruption on the public, private and civil society sectors are enormous. Corrupt behavior undermines confidence in institutions, efficient use of public resources and is a threat to democracy and the exercise of human rights due to the erosion of social values. In the Law on Anti-Corruption and Conflict of Interest corruption is defined as "abuse of power, public power, office or position for the purpose of benefit, directly or through an intermediary, for oneself or for another", and conflict of interest means "a situation in which the official has a private interest that affects or may affect the impartial performance of his/her public powers or official duties" (Law on Prevention of Corruption and Conflict of Interests, Article 2 (1) (3)).

Integrity and corruption are two opposing phenomena, that is, any corrupt action involves a violation of integrity. Integrity is a quality of action in accordance with generally accepted moral values and norms in favor of the public interest. (Law on Prevention of Corruption and Conflict of Interests, Article 4).

The European Commission reports on the progress of the Republic of North Macedonia, Group of States Against Corruption (Groupe d'Etats contre la corruption)-GRECO evaluations 2020, as well as the reports of other relevant organizations continuously indicate that corruption is deep and widespread in all spheres of society. In Transparency International's Corruption Perceptions Index the country's score increased steadily between 2006 and 2014, but then dropped in 2015-2017. The score in 2018 has improved. The Corruption Index in Macedonia remained unchanged in 2020 from 2019 (Transparency International).

According to Corruption Assessment Report in 2021 corruption is recognized as the largest problem in Republic of N. Macedonia. 46% of the population identified corruption as the largest problem, an increase of 49% compared to 2016. Unlike previous years when unemployment was recognized as the largest problem, in 2021, Macedonian citizens ranked corruption as the biggest problem among the 11 options offered. Then comes unemployment, followed by high prices, low incomes and poverty (Figure 1).

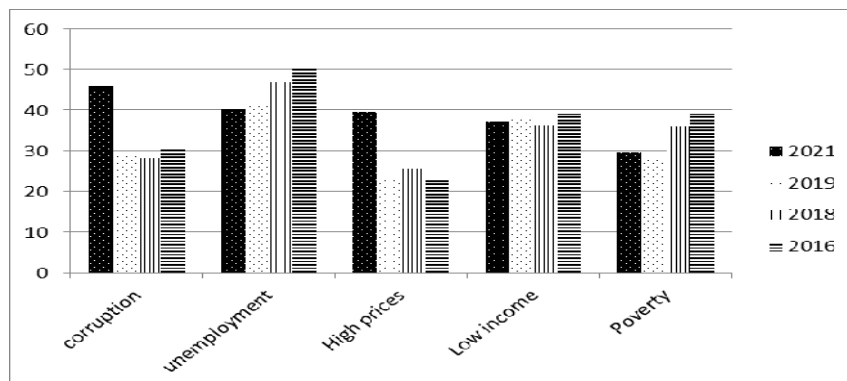


Figure 1. Key issues, 2016, 2018, 2019, 2021 (% of the population that identified the relevant factors as a problem)

Source: Corruption Assessment Report: Level of corruption 2021, based on Corruption Monitoring System (CMS) 2021

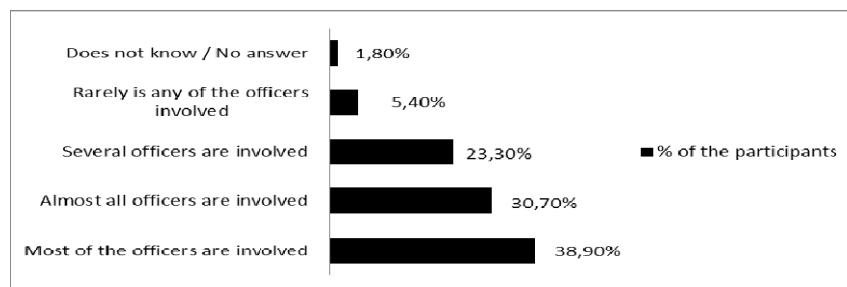


Figure 2. Perception of the prevalence of corruption among the state officials

Source: Corruption Assessment Report: Level of corruption 2021, based on Corruption Monitoring System (CMS) 2021

Respondents' perceptions that corruption is widespread between officials in public administration have not changed in relation to 2019. About 69% of the citizens have the opinion that the officials are involved in corruption, same as 2019 (Corruption Assessment Report: Level of corruption 2021, p33). The number of those who think that almost everyone is involved has increased from 21% in 2019 to 30.7% in 2021, while the number of those who think that most of the employees are involved in corruption has decreased from 45% in 2019 to 38.9% (Corruption Assessment Report: Level of corruption 2021, p33). Only 5.4% of citizens think that rarely is any of the official involved (Figure 2).

The Corruption Assessment Report (CAR) shows that according to the respondents' perceptions, corruption is most prevalent in the Ministers, Judges, Public prosecutors and Customs (Figure 3). Similarly, when asked about specific public officials, citizens ranked customs officers, judges, ministers, public prosecutors, tax officers, and political party leaders as most corrupt (Figure 4). For years, certain professions have been perceived as the most corrupt. From 2001 to 2021 the perception that judges, public prosecutors, and customs officials engaged in corruption increased according to the CAR.

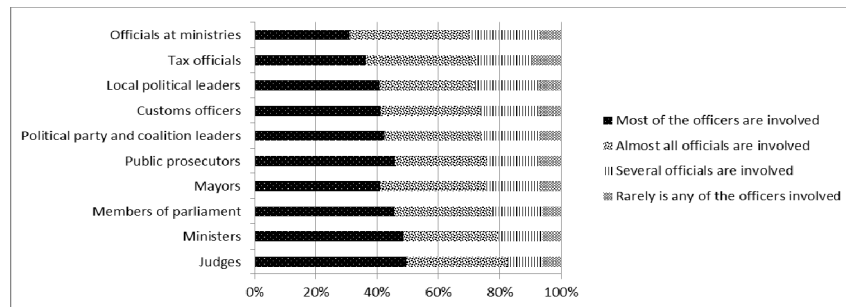


Figure 3. Corruption in state institutions

Source: *Corruption Assessment Report: Level of corruption 2021, based on Corruption Monitoring System (CMS) 2021*

Respondents' perceptions said that corruption is most prevalent in courts, ministers, customs and the prosecution. On a scale from one to five, where 1 is "Almost none is involved" and 5 is "Almost everybody is involved"-highest level of corruption, 75% of the citizens gave the highest scores (four and five) on the prevalence of corruption in the courts, 71% on the prevalence of corruption in prosecution and over 66% consider that corruption is widespread in the government and customs (Corruption Assessment Report: Level of corruption 2021, p 36).

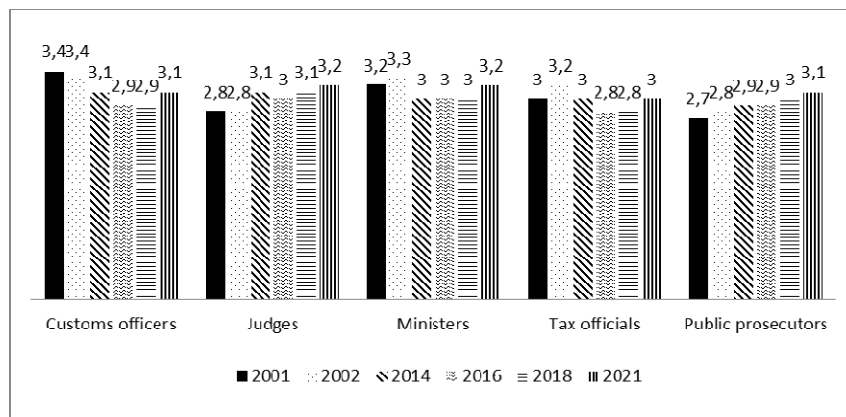


Figure 4. Perceptions of corruptness according to profession – most corrupt  
 Source: Corruption Assessment Report: Level of corruption 2021, based on Corruption Monitoring System (CMS) 2021

Analyzing figures (Figure 5) show that there has been a slight decrease of corruption in Macedonian customs from 3.4 in 2001 to 3.1 in 2021 (1 is “Almost none is involved” and 5 is “Almost everybody is involved”). Still Macedonian customs remains as one of the most vulnerable sectors exposed to high levels of corruption. The corrupt behavior of customs officers in their everyday operations causes erosion of the integrity in Macedonian customs.

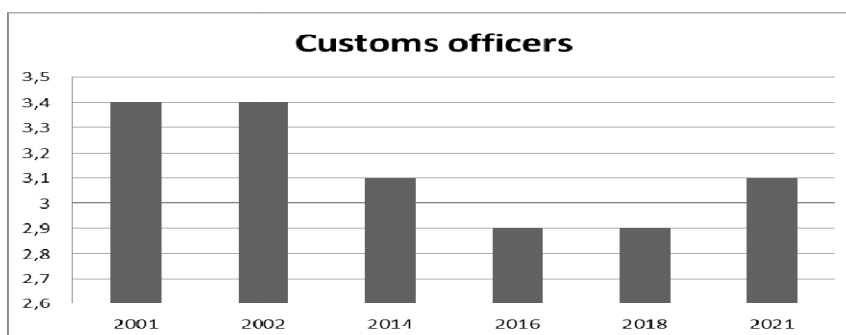


Figure 5. Perceptions of corruptness in Macedonian customs  
 Source: Corruption Assessment Report: Level of corruption 2021, based on Corruption Monitoring System (CMS) 2021

Integrity in Macedonian customs is an essential issue which has a huge impact on the capacity of the administration to perform its role. Introducing and strengthening integrity requires an uncompromising and non-selective fight against corruption as a crime. Implementation of integrity in the Macedonian customs can only be achieved by strengthening the systems of prevention and repression of corruption and conflict of interests, and strengthening the capacity and independence of the administration in implementing its legal powers. Customs integrity can be defined as the lawful, independent, impartial, ethical, accountable and transparent work by customs officers maintaining their reputation and the reputation of the institution. The term customs integrity encompasses individual and institutional integrity.

Individual integrity implies a personal attitude towards corruption issues, conflict of interest and a personal ability to recognize the public interest. Individual integrity encompasses the ability to build resistance to corruption as a personal way of working. It implies professional, ethical and the correct performance of competencies determined by laws and other regulations by the customs officers.

Institutional integrity encompasses the "institution's resistance" to corruption. The term institutional integrity means an established system of policies, standards, mechanisms and procedures that reduce the risk of corrupt behavior of customs officers, and also motivates them to adopt an honest and professional attitude in the performance of their official duties. Introducing and maintaining a high level of integrity in customs operations is the main responsibility of the management team of the Customs administrations. The priority of management should be to fight against corruption, conflicts of interest, abuse of official powers, and unprofessional and unethical behavior. Integrity, as a necessity, requires increasing the awareness of customs officials about the importance of transparency in their operations. Participants in customs procedures expect a high level of security and support from customs officials. Therefore, it is necessary to work transparently, responsibly and professionally. Ensuring customs officials conduct themselves in an ethical manner is at the core of both individual and institutional integrity. Strengthening the integrity at the personal and institutional level requires a continuous development of policies and systems in order to develop and maintain public confidence. Customs officials are obliged to respect and implement legal regulations, bylaws, operational instructions and internal documents conscientiously, responsibly, professionally and impartially. Customs officials must always

behave ethically, whether they are in their workplace or not. Professional, legal and ethical behavior will strengthen the integrity of employees, thus contributing to the elimination of corruption. Promoting integrity is a key tool in the fight against corruption. The above mentioned principles will be ensured through the application of the ethical code of conduct, annual priorities and plans, financial management and control, information security management, control of operations and assessment, internal audits and disciplinary procedures. The Code of Conduct of the Customs Officers in Macedonian Customs is fully harmonized with the Arusha Declaration and in a practical and precise manner determines the ethical conduct of the customs officers. The Strategy for integrity and fight against corruption in the Macedonian customs 2019-2022 is based on the following elements, which are also leading activities essential for integrity and the fight against corruption: leadership, rule of law, transparency, ethical behavior, personal and institutional integrity, prevention of conflicts of interest, etc.

An analysis of the integrity and corruption problems in Macedonian customs noted several activities and measures to be taken (Miloshoska, Reckoski, 2018):

1. Strengthening the capacities of the internal control and creating a system of regular and extraordinary controls over the work of the customs officers in order to ensure that the standard operating procedures are consistently respected and implemented;

Improving the capacities of the internal control unit, together with the measures to strengthen the individual integrity, are the main drivers for consistent compliance with the standard procedures and the established deadlines. Therefore, it is necessary to strengthen the controls at border crossings and customs checkpoints; implement continuous training for effective implementation of the Code of Conduct for the Customs Officials and undertake all the legal measures to detect and punish the cases of corruption.

2. Implementing a system for corruption risk assessment in the customs services, with measures to strengthen the individual and institutional integrity;

Customs Administration should assess the risk of corruption in all aspects of the customs operations, with measures to strengthen the individual and institutional integrity, preventing the possible forms of corruption, while helping to improve the organization of work and the utilization of the existing resources.

3. Introducing a more efficient system for communication with the public.



The introduction of a more efficient system of communication with the public will allow for the institutions to be more transparent to citizens and provide them with easy access to all documents needed to utilize customs services. In this manner, conditions will be created for more efficient delivery of services to the citizens, improved cooperation in identifying the bottlenecks in the work of the customs services as a source of corruption, as well as more active cooperation by the citizens in recognizing and preventing corrupt behavior.

## CONCLUSIONS

An analysis of the integrity and corruption in Macedonian customs provides some key conclusions:

First, that in 2021, corruption is recognized as the largest problem in Republic of Macedonia. The Corruption Assessment Report shows that corruption is most prevalent in the ministers, judges, public prosecutors and customs. Macedonian customs remains as one of the most vulnerable sectors exposed to high levels of corruption. The corrupt behavior of customs officers in their everyday operations causes erosion of the integrity of Macedonian customs.

Second, integrity and corruption are opposite social phenomena, whereby any corrupt behavior of customs officials causes erosion of individual and institutional integrity. Conversely, strengthening personal and institutional integrity leads to moral, ethical and professional behavior in customs officials and a reduction in corruption. The Code of Conduct of the Customs Officers in the Macedonian Customs clearly defines ethical standards of conduct for customs officials.

Third, strengthening the integrity of Macedonian customs and the fight against corruption can only be achieved by the acceptance of the following principles by customs officials in their everyday activities:

1. Realization of public interest;
2. Ensuring transparency;
3. Individual responsibility and setting a positive personal example;
4. Establishing a culture of intolerance to corruption.

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