INTEGRITY AND CORRUPTION PROBLEM IN MACEDONIAN CUSTOMS

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Abstract

Integrity in Macedonian customs is an essential issue with a high impact on the legitimacy and capacity to successfully perform its role. The main objective of this paper is to analyze integrity and corruption problems in Macedonian customs. Using statistical data on corruption, an analysis of integrity and corruption problems in Macedonian customs will be made. Analyzing data presented in Corruption Assessment Report: Level of corruption 2021 - it is evident that there is an increase in the perception of corruption of customs officials. Statistics show that Macedonian customs remain one of the most vulnerable sectors exposed to high levels of corruption. 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.

Keywords: Integrity, Corruption, Customs, Macedonian customs

1. 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, where well-behaved individuals are a rare exception. This form of corruption is usually a reflection of a particular cultural and social environment.

The World Bank and the WCO define corruption simply as “the misuse of public power for private benefit” (World Bank, 1997). In some countries, the practice of corruption is so widespread in the working relationship between customs officials and members of the business community that it has become an accepted practice. Corruption includes any action that the employee will perform while on his duty, and for what he requires return or accepts some benefit, convenience, or interest, as well as overdraft and violation of standard procedures, misuse of the official duty, or overstepping of legal authorizations (Miloshoska, Reckoski, 2018).

Integrity in Customs was initially placed on the 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. 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

2. INTEGRITY AND CORRUPTION PROBLEM IN MACEDONIAN CUSTOMS

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). Customs integrity can be defined as the lawful, independent, impartial, ethical, accountable and transparent work by customs officers to maintain 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 the professional, ethical and correct performance of competencies determined by laws and other regulations.

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 motivate them to 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 administration. The priority of the management should be to fight against corruption, conflict 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. The ethical conduct of customs officials is the basic element of individual and institutional integrity. Strengthening the integrity at the personal and institutional level requires 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 constantly 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. The promotion of 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 audit and disciplinary and other procedures. The Code of Conduct of the Customs Officers in the 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 the integrity and the fight against corruption: leadership, rule of law, transparency, ethical behavior, personal and institutional integrity, prevention of conflicts of interest etc.

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 the 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)).

The European Commission reports on the progress of the Republic of North Macedonia, 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. 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 the Republic of N. Macedonia. Forty-six percent of the population identified corruption as the largest problem, which is 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. After that is 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)](image-url)
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 in 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 are any of the officials involved (Figure 2).

The Corruption Assessment Report shows that according to the respondents’ perceptions, corruption is most prevalent among Ministers, Judges, Public prosecutors, and Customs (Figure 3). Similarly, when asked about professional holders of specific public positions, citizens put on top customs officers, judges, ministers, public prosecutors, tax officers, and political party leaders (Figure 4). For years, certain professions have been perceived as most corrupt. From 2001 to 2021 it is evident that there is an increase in the perception of corruption of judges, public prosecutors, and customs officials.
Respondents’ perceptions say 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”- the 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 the 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 the profession – most corrupted
Source: Corruption Assessment Report: Level of corruption 2021, based on Corruption Monitoring System (CMS) 2021

Analyzing figures (Figure 5) show that there is a slight decrease in corruptness 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”). But, still Macedonian customs remains 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.

Figure 5: Perceptions of corruptness in Macedonian customs
Source: Corruption Assessment Report: Level of corruption 2021, based on Corruption Monitoring System (CMS) 2021
The practices observed in the Republic of N. Macedonia show that each step of the customs clearance procedure can present an opportunity for a corrupt act. While all such acts involve the use of public office for private gains, they vary in nature (Miloshoska, 2015). They may be of three forms (The classification is according to OECD Development Centre, Working Paper No. 175):

- **Routine corruption:** private operators pay bribes to obtain a normal or hastened completion of customs operations.
- **Fraudulent corruption:** operators try to pay less tax than due or no tax at all, by not accomplishing the customs clearance process properly. They pay bribes to buy customs officers’ blind eye or their active co-operation.
- **Criminal corruption:** operators pay bribes to permit a totally illegal, lucrative operation (drug trafficking, weapon trafficking, etc.).

The key problems observed in the operation of the Macedonian customs, vulnerable to various forms of corruption, are related to:

1. **Consistent compliance with the prescribed procedures and determining the rules for action in specific circumstances such as cases of passive bribery, collecting relevant evidence of corrupt conduct, self-assessment of high-risk processes.**
2. **Lack of assessment of the risk of corruption in the Customs Administration in all its activities and work processes.**
3. **Insufficiently developed system of communication and cooperation with the public.**

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 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 individual and institutional integrity. That will contribute to 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 open to the citizens and publicize all the necessary documents for all customs services. In this manner, conditions will be created for more efficient service delivery 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.
4. CONCLUSION

Customs play a central role in trade facilitation, revenue collection, community protection and national security. Customs are the first window through which the world views a country. The employees of the Customs Administrations are obliged to respect and enforce legal regulations and bylaws responsibly and professionally. Integrity is essential for the effective functioning of a professional Customs administration. 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 need for high levels of integrity in Customs administrations must be stressed and the fight against corruption must be uncompromised. Analysis of the Integrity and corruption problem in Macedonian customs throws up some key conclusions:

The first conclusion is that integrity and corruption are opposite social phenomena, whereby any corrupt behavior of customs officials causes erosion of individual and institutional integrity. And vice versa, strengthening personal and institutional integrity leads to moral, ethical and professional behavior of customs officials and reduction of corruption. The Code of Conduct of the Customs Officers in the Macedonian Customs in a practical and precise manner determines the ethical conduct of the customs officers.

The second conclusion is that in 2021 corruption will be recognized as the largest problem in the Republic of N. Macedonia. The Corruption Assessment Report shows that corruption is most prevalent among Ministers, Judges, Public prosecutors, and Customs. Macedonian customs remain 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.

The third conclusion is that strengthened integrity of the Macedonian customs and a successful fight against corruption can be achieved only by acceptance of the following principles by customs officials in their everyday work:

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