

**DOCUMENT PROVIDED BY BULGARIA**

**SUPPLEMENTARY INFORMATION TO  
NEGOTIATING POSITION  
ON CHAPTER 25 – CUSTOMS UNION  
(CONF-BG 56/00)**

Bulgaria wishes to refer to its Negotiating Position on Chapter 25 “Customs Union” (CONF-BG 56/00) and to provide supplementary information on some aspects of the adoption and implementation of the Customs Union *acquis*.

***Customs Code and Its Implementing Provisions***

**Rules of Origin**

Bulgaria applies provisions on non-preferential rules of origin that are in full conformity with the *acquis*.

In the context of its free trade agreements Bulgaria applies preferential rules of origin identical with the provisions of Protocol 4 Concerning the Definition of the Concept of “Originating Products” and the Methods of Administrative Cooperation to the Europe Agreement. Since 01.01.1997 Bulgaria is integrated into the pan-European cumulation of origin.

Bulgaria applies national provisions on rules of origin towards GSP countries that are compliant with the provisions applied by the Community. Upon accession Bulgaria shall fully align with the Community policy in this area.

**Binding Origin Information**

Bulgaria applies provisions on binding origin information that are fully compliant with the provisions applied by the Community.

**Binding Tariff Information**

Bulgaria applies provisions on binding tariff information that are fully compliant with the provisions applied by the Community. The system of issuing BTI is centralised.

## Customs Valuation

As regards customs valuation, full alignment with the *acquis* has been achieved through the Customs Act and its Implementing Regulation. Instructions on determining customs value both for the customs officers and the economic operators are being developed in co-operation with EU experts. The Instructions will enter into force by 31 March 2001.

## Declaration under Simplified Procedures

The declaration under simplified procedure is identical to the declaration under the Community Customs Code and its Implementing Regulation. It includes incomplete declaration, simplified declaration and local clearance procedure. In case of simplified declaration and local clearance procedure, a supplementary declaration is presented on site, which may be of general, periodic or recapitulative nature.

## Temporary Importation

The Bulgarian provisions on temporary importation are identical to those of the Community. Bulgaria is not a Contracting party to the Istanbul Convention. The provisions of this Convention are reflected in the Customs Act and its Implementing Regulation. Bulgaria intends to join the Convention until the end of 2002.

## Customs Warehouses

This procedure, introduced by the Customs Act and its Implementing Regulation, is fully aligned with the Community provisions. A security of 15% of any customs debt that may arise is required.

## Rules on End Use

Admission of goods with favourable tariff treatment by reason of their end use is applied in conformity with the *acquis*. The EU provisions on placing of goods under customs supervision in case of importation at suspended or reduced customs duties by reason of their end use are fully incorporated in the Customs Act and its Implementing Regulation.

## Transit

The rules on national transit correspond to the provisions of the Community Customs Code and its Implementing Regulation, the Convention on a Common Transit Procedure and the Convention on Simplification of Formalities in Trade in Goods. Bulgaria implements comprehensive guarantee, individual guarantee and flat rate guarantee. These types of guarantees are provided for in the Customs Act and its Implementing Regulation. Bulgaria has in place a mechanism for limited application of the comprehensive guarantee and a mechanism for application of an increase in the flat rate guarantee. The goods for which such provisions apply are listed in Annexes 24 and 25 to the Implementing Regulation of the Customs Act. When Bulgaria joins the Common Transit Convention or accedes to the EU, the list, which is indicated in Annex 1 of Appendix 1 of the Common Transit Convention, will be applied along with the respective *acquis*.

Since 01.01.2001 Bulgaria has a special observer status with the working groups to the Convention on a Common Transit Procedure and the Convention on Simplification of Formalities in Trade in Goods.

### Inward and Outward Processing

The provisions on inward and outward processing of goods are harmonised with those of the Community. Provisions on the economic regime of outward processing applicable to textiles will be introduced upon accession. Some of the INF forms are applied domestically.

### Processing Under Customs Control

The procedure “processing under customs control” is fully harmonised with the Community Customs Code and its Implementing Regulation.

### Free Zones

A high degree of harmonisation of the Bulgarian customs legislation with the *acquis* is achieved in this area. Free zones are parts of the customs territory of Bulgaria where foreign goods are not subject to import duties or trade policy measures. The customs-approved treatment or use “free zone” or “free warehouse” does not apply to some sensitive goods like alcohol and tobacco products.

There are six free zones in Bulgaria, which were created in the period 1988-1991, i.e. prior to the adoption of the provisions of the new customs legislation. No new free zones have been created since 1991. No retail trade is allowed in the free zones.

### Customs Debt

Bulgaria’s provisions on customs debt are fully harmonized with those of the Community. Until the end of 2001 instructions, fully compliant with the *acquis*, will be adopted. The appeal procedure is defined by the Administrative Proceeding Law.

The “Customs Debt (Financial sub-system)” module of the Bulgarian Integrated Customs Information System will be implemented by the end of 2001.

### Placing of Goods Under Customs Procedure

In this area the harmonisation with the *acquis* is full. All goods placed under a customs procedure are described in a declaration for that procedure. The declaration is made in writing, by means of a data processing technique, verbally or by other means. The written declaration is made on the Single Administrative Document. The Customs Act and its Implementing Regulation provides for declaration in electronic form. The usage of the latter will be possible after the adoption of the Law on the Electronic Signature.

The “Customs Declaration Processing” module of the Bulgarian Integrated Customs Information System is in place and operational.

### Control of Baggage

The principles of the controls, incorporated into the legislation of Bulgaria, correspond to those of the Community. Full implementation of the Community provisions will be possible upon accession.

## Customs Approved Treatment or Use

The provisions in the Customs Act and in its Implementing Regulation as regards customs approved treatment or use are fully harmonised with the relevant Community provisions.

## Dual Use Goods

The Bulgarian legislation in this area is fully compliant with the *acquis* and the international rules. The list of dual use goods is identical to that applied by the Community.

## Export

This procedure is fully harmonised by the Customs Act and its Implementing Regulation with the relevant Community provisions.

## **Common Customs Tariff/Integrated Tariff (TARIC)**

The Customs Tariff is adopted by the Council of Ministers. It contains some elements of TARIC like:

- The nomenclature of the Convention on Harmonised System of Commodity Description and Coding;
- The Combined Nomenclature;
- A “Ninth” digit is introduced at national level for the purpose of applying preferential duties resulting from bilateral or multilateral agreements, as well as for applying the different levels of bindings within the WTO;
- All duty rates applied: including MFN duty rates, autonomous preferential duty rates towards developing or least developed countries, preferential duty rates, applied in accordance with agreements, to which Bulgaria is a contracting party, temporarily suspended or reduced duty rates.

The necessary preconditions for operating TARIC will be in place by the end of 2003. Legislation on its introduction is being drafted. It implements the provisions of Regulation 2658/87 and the national operational rules of the “Working Customs Tariff”. The “Working Customs Tariff” will provide the interface to TARIC through the Bulgarian Integrated Customs Information System.

## **Combined Nomenclature**

Since 1996 Bulgaria applies the codes of the Combined Nomenclature in full compliance with its commitments under the Europe Agreement. Bulgaria annually updates the nomenclature of its customs tariff in accordance with the changes in the Combined nomenclature.

### **Preferences, Quotas, Ceilings and Suspensions**

The preferential duty rates, applied by Bulgaria as a result of bilateral or multilateral agreements or on an autonomous basis towards developing or least developed countries, are included in the Customs tariff. Bulgaria will take all appropriate measures to ensure compatibility with the *acquis* of its preferential agreements, concluded with third countries, until accession.

The procedures for administering tariff quotas are based on the “first come, first served” principle and are fully in line with the WTO rules. Tariff quotas are administered by the customs administration.

### **Duty Reliefs**

The Republic of Bulgaria has fully adopted Regulation 918/92/EEC and introduced the provisions of document COM (94), 08.06.1994/94/0140 (CNC).

### **Single Administrative Document**

The SAD used in Bulgaria is fully harmonised with the one, used in the EC. Bulgaria has fulfilled the legislative requirements for accession to the SAD convention.

### **Cultural goods**

The Act on Museums, Galleries, Protection and Distribution of Cultural Goods will be adopted in 2001. Pursuant to this Act an Ordinance of the Council of Ministers on the exports of works of cultural value will be adopted, introducing Regulation 3911/92 and Regulation 752/93. Thus full harmonisation with the *acquis* will be achieved.

Bulgaria ratified the European Culture Convention on 14.08.1991.

The control on export of cultural goods is carried out by the customs administration. Export of “works of art and objects of historic, archaeological, numismatic and antique value” is subject to non-automatic licensing, as defined by Decree 233 of 2000 of the Council of Ministers.

### **Precursors**

Drugs and Precursors Control Act is fully harmonised with the *acquis*. The Act defines rules on the control of the production, processing, trade, use, storing, import, export, transit, carriage, transportation and accountancy of narcotic substances and precursors as well as scientific, research and expert activity with these substances. It also defines measures against abuse and illicit traffic of narcotic substances and precursors. The Act provides for a classification of the plants, narcotic substances and their preparations, grouped in three lists. The precursors are included in a separate fourth list. The lists are in full compliance with the lists of the 3 UN Conventions: Single Convention of Narcotic Drugs, 1961; Convention on Psychotropic Substances, 1971 and Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988. An Ordinance on Precursor Control, based on the Drugs and Precursors Control Act, was adopted. It introduces rules of procedure that are fully compliant with the Community Regulations in this area.

The amendment to the Penal Procedure Code of 01.01.2000 empowered the National Customs Agency to investigate crimes, connected with the customs and currency regime of Bulgaria, including investigation on drugs smuggling by Bulgarian citizens. The amendment to the Penal Code of 17.03.2000 introduced the provisions of the UN Convention against the illicit traffic in narcotic drugs and psychotropic substances.

### **Counterfeit and Pirated Goods**

The legal basis is fully harmonised with the *acquis*. Regulation 3295/94 has been completely introduced in the Bulgarian legislation through the Law on Industrial Design, the Law on Marks and Geographical Designations, and the Copyright and Related Rights Law as amended in 05.2000. These laws empower the customs authorities to apply border measures for intellectual property rights protection. Ordinance of the Council of Ministers on Border Measures for Protection of the Intellectual Property Rights introduces the procedures defined in Regulation 3295/94.

### **International customs co-operation**

Bulgaria has concluded bilateral customs co-operation agreements with Armenia, Austria, Azerbaidjan, Greece, FYR of Macedonia, Mongolia, Romania, Russia, Turkey, the United Kingdom, Ukraine, the USA and Yugoslavia. The customs co-operation agreements with Slovenia, Slovakia and the Czech Republic are in the form of annexes to the Agreement on the Accession of the Republic of Bulgaria to CEFTA. Such agreements with France, Albania, Israel, Iran, and Moldova are being prepared.

### **Convention on a Common Transit Procedure and Convention on Simplification of Formalities in Trade in Goods**

Since 01.01.2001 Bulgaria has a special observer status with the working groups to the Convention on a Common Transit Procedure and the Convention on Simplification of Formalities in Trade in Goods.

The accession of Bulgaria to these Conventions depends on the completion of the reform in the Convention on a Common Transit Procedure.

### **TIR Convention**

Bulgaria is a Contracting Party to the TIR Convention since 1978.

### **KYOTO Convention**

Bulgaria is a Contracting Party to eight Annexes to the International Convention on the Simplification and Harmonisation of Customs Procedures. It is preparing to join the Protocol of amendment to the Convention.

### ***Administrative/operational capacity***

Providing the administrative/operational capacity necessary for successful participation in the EU Customs Union is a top priority of the National Customs Agency. Efforts will be concentrated inter-alia on:

- Elaborating a system for Human resource management;
- Introduction of post-clearance control;
- Upgrading the infrastructure and equipment;
- Further development of the system of customs laboratories;
- Computerisation;
- Development of the Integrated tariff;
- Combat against corruption.

### **Organisation and management**

The directorates and departments of the National Customs Agency are in charge of operational planning and reporting in their respective fields. The completion of each task is reported. A system ensuring regular and systematic reporting will be set up. Overall operational plans for the customs administration will be adopted.

The structure and organisation of the National Customs Agency is largely in conformity with the requirements of EU. A mechanism for systematic review of the structure, organisation, workloads and operational results will be introduced to ensure optimal organisational structure.

Internal and external communications have been improved through the introduction of the Bulgarian Integrated Customs Information System. Hot lines have been opened in the National Customs Agency for submission of complaints and recommendations.

### **Human resource management**

Until 2004 a Human Resource Management Strategy and an Overall Plan for Strengthening the Human Resource Management will be developed, along with specific functional measures.

Means to improve the financial motivation are sought. Due to the budgetary restrictions, resulting from the currency board arrangement, the resources available to the National Customs Agency are likely to remain in the medium-term fairly limited.

### **Customs ethics**

Customs ethics is a top priority of the National Customs Agency. A project "Fight against the corruption in BCA" is implemented in cooperation with France, UK and Eurocustoms. The project will help achieve the requirements under the Ethics Policy, Recruitment, Information and Training and some parts of the Management Control.

A Management Alert System is being introduced. The system shall improve the exchange of information with other law enforcement agencies and the possibilities of public reporting on cases of fraud and misconduct by customs officers.

### **Training**

The National Training Centre of the National Customs Agency was established in 1991. Regional Training Centres were established in 1998 in Plovdiv and in 1999 in Rousse. Training is delivered by senior customs staff with extensive practical experience.

A Strategy for Staff Training of the customs administration is being implemented. The strategy is reviewed annually. Training programmes are regularly developed.

### Revenue Collection

The principles of the *acquis* in the field of registering and controlling the payment of the customs debt are introduced by the Customs Act and its Implementing Regulation.

Payment information is recorded in the Register for Customs Debt.

The “Customs Debt (Financial sub-system)” module of the Bulgarian Integrated Customs Information System will be implemented by the end of 2001.

### Border and Inland Control

The border and inland control practices as regards systematic, comprehensive and flexible controls are largely in line with the EU requirements. The International Convention on the Harmonisation of Frontier Control of Goods was ratified and promulgated.

Co-operation with other domestic and foreign law enforcement agencies is advanced. Bulgaria undertakes measures for the improvement of co-operation between control agencies on both sides of the state borders.

Progress as regards risk analysis and selectivity was achieved. The “Customs and currency violations” module of the Bulgarian Integrated Customs Information System shall be implemented by the end of 2001.

### Investigation and Enforcement

The current legal basis for the investigation and enforcement provides for division of power between the customs authorities and the police. Further transfer of powers of questioning, detention, arrest and customs investigation shall be undertaken at a later stage.

Progress as regards the introduction of the intelligence and information system was achieved. The “Intelligence and Information” module of the Bulgarian Integrated Customs Information System shall be fully implemented by the end of 2002. Setting-up of intelligence teams has started.



## Customs laboratories

Currently the National Customs Agency has a Central laboratory in Sofia, with a subsidiary in Rousse. The customs laboratories shall be upgraded to meet the requirements of the *acquis*.

## Infrastructure and Equipment

The existing infrastructure and equipment shall be upgraded and an inventory management system shall be established.

A plan comprising of measures needed to transform national customs points into Community customs points in order to perform the functionality of an external EU border shall be developed.

## Trade Facilitation and Relations with Business

Most of the EU requirements in the field of Trade Facilitation and Relations with Business are already met. Full implementation is expected following the introduction of the Bulgarian Integrated Customs Information System, the implementation of the projects “Fight against Corruption in the BCA” and “Trade and Transport Facilitation in South-Eastern Europe”.

A Customs Consultative Committee will be established. A written form for risk profiles for each customs control office will be introduced.

## Transit and movement of goods

Most of the EU requirements in the field of Transit and Movement of Goods are already met. Following the introduction of the “Transit management” module of the Bulgarian Integrated Customs Information System in 2001 a higher degree of harmonisation will be achieved.

A system of contact officers from the customs administration is being established. Meetings with other participants in the transit system are organized on a regular basis.

## Computerisation

Most of the EU requirements in the field of Computerisation are already met. The full operational capacity the Bulgarian Integrated Customs Information System, which is expected to be in place in 2002, shall ensure meeting all relevant requirements.

The core of the Bulgarian Integrated Customs Information System (an updated version of AIS-Customs (V3.0)) consists of the following modules:

- Customs Declaration Processing.
- Legislative Regulations and System Data.
- Management Information.
- System Processing Control Module.

The core was completed in 2000. It covers all customs offices and 100% of the document turnover of the customs administration. Two more stages of development of the system are envisaged. Until the end of 2001 the second stage will be completed through setting up the following modules:

- Transit Management.
- Customs Debt (Financial sub-system).
- Decisions of the Customs Authorities.
- Customs and Currency Violations.

The third stage will be completed in 2002. Setting up of the following modules is envisaged for the third stage:

- Human Resources
- Inspectorate
- Intelligence and Information
- Other subsystems (to be defined).

The timely implementation of the Customs IT strategy, the PHARE supported “Computerisation of the Bulgarian Customs Administration” project and the IT components of other PHARE projects remain a top priority.

Introduction of the INTRASTAT system is envisaged.

\*            \*  
  
\*

For the establishment of a fully functioning customs control of the external EU border Bulgaria shall allocate both its own budget resources as well as available assistance funds.

### ***Mutual Administrative Assistance***

Bulgaria strictly abides to its commitments in the context of the Europe Agreement. The mutual assistance between the administrative authorities of EU and Bulgaria is carried out in accordance with the provisions of Protocol 6 for Mutual Administrative Assistance in Customs Matters.

\*            \*  
  
\*

The Bulgarian Government proposes the negotiations on this chapter to be provisionally closed on the basis of the existing *acquis*.

Should new elements of the *acquis* make it necessary, Bulgaria recognizes the possibility of opening supplementary negotiations before the end of the Intergovernmental Conference.