

EUROPEAN UNION
BORDER ASSISTANCE MISSION
TO MOLDOVA AND UKRAINE



EUBAM

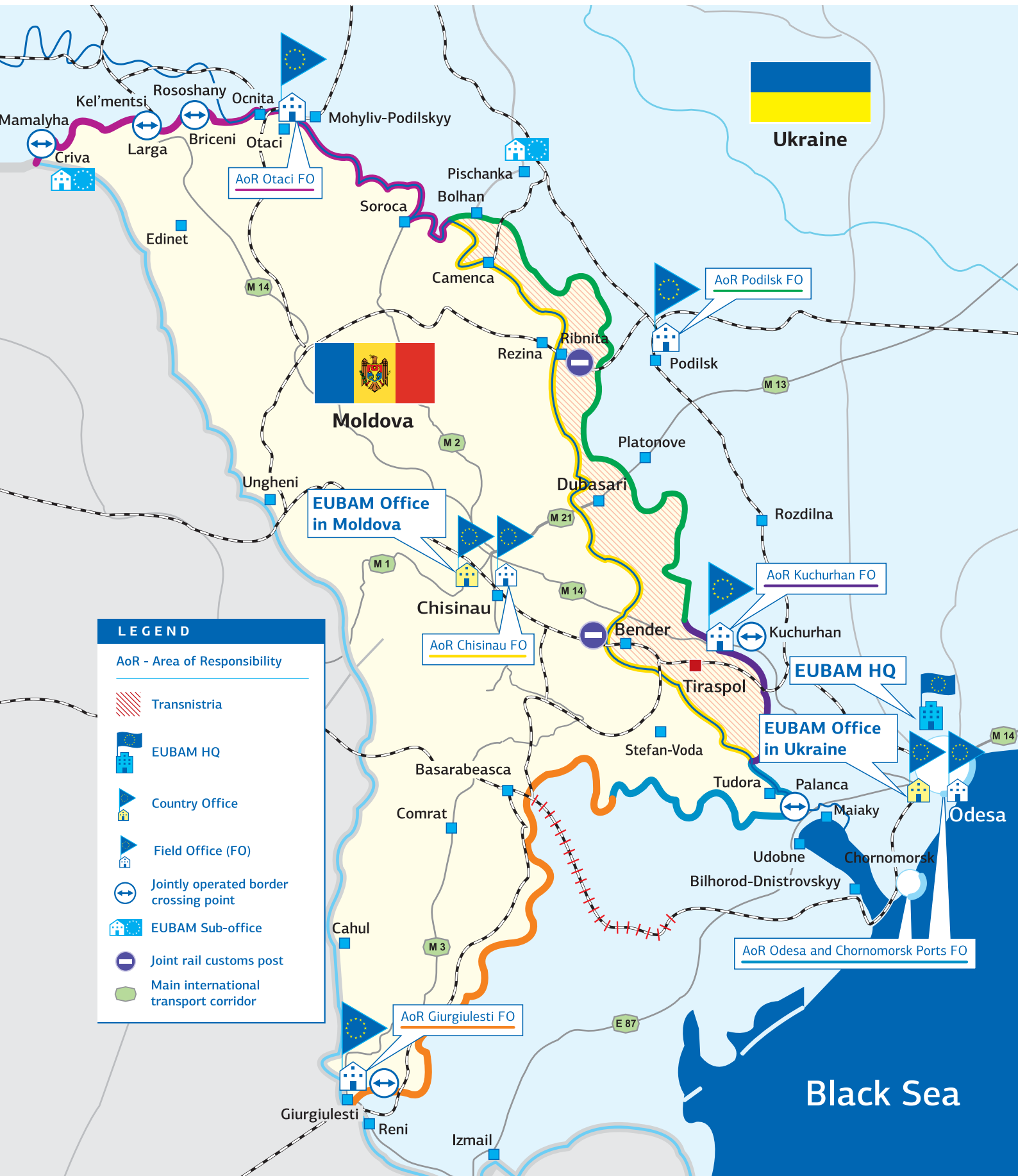


EUROPEAN UNION BORDER ASSISTANCE
MISSION TO MOLDOVA AND UKRAINE

ANNUAL REPORT

1 DECEMBER 2016
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EUBAM AREA OF OPERATIONS



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FOREWORD FROM THE HEAD OF MISSION



The daily work of the Mission must always be future-facing. Yet there are occasions when we have the luxury of reflecting on the achievements, and challenges, that have defined the last year. The Annual Report offers such an opportunity. It also marks a watershed moment in the life of EUBAM as the Mission is moving to a new, more focused mandate from 1 December 2017.

The last twelve months have witnessed significant progress but also substantial challenges. On 11 June, Ukrainian citizens were finally able to enjoy visa-free travel to the Schengen Area. It was the culmination of many years hard work by several government agencies in Ukraine, not least the State Border Guard Service, and they are to be congratulated. The genuine enthusiasm visa liberalisation generated amongst the business community and the general public reminds us that our efforts must always focus on making tangible differences to peoples' everyday lives: be it easier travel, greater business opportunities or more security.

That is also the essence of Integrated Border Management (IBM) practices. The Mission's efforts to promote IBM for the last two years culminated in October 2017 with the expansion of an agreement between the Republic of Moldova and Ukraine to introduce joint border control. The Agreement marks a qualitative change in advancing of IBM, aiming at facilitation of trade in goods and movement of people. When implemented, the new agreement will necessitate closer inter-agency co-operation between the border agencies in each country, a key challenge EUBAM continues to highlight to our partners. It also promises more efficient border crossings and closer co-operation between the countries to identify and prevent cross-border crime.

Foremost amongst the cross-border threats joint control must address is cigarette smuggling. The tobacco industry has forecast that Ukraine's 2017 national budget will lose up to UAH 1 billion in revenue. Therefore, the Government of Ukraine's decision on 23 August to approve a National Strategy for Countering Illegal Manufacturing and Turnover of Tobacco Goods is warmly welcome. The need for the Strategy was identified at the Mission's Task Force Tobacco meeting, and EUBAM was then instrumental in bringing together input from the Ukrainian government, tobacco industry and the EU. Once implemented, it promises to significantly increase tax revenues for Ukraine and EU Member States, money which can be used for public health, transport or education.

On Transnistria, the Mission's support for confidence-building measures between Chisinau and Tiraspol remains under-utilised. Although very promising interaction between the parties was initiated on phytosanitary matters, agreements on a range of customs and transport issues have proven elusive, despite readily-available technical solutions.

EUBAM's new mandate will also signal the closure of its support in several areas, as the Mission reconfigures away from the central, policy-level. This includes the end of support to customs policy and legal reforms. But I am proud that the Mission has made a sound contribution to the smooth introduction of the DCFTAs (Deep and Comprehensive Free Trade Areas) in Moldova and Ukraine, by providing technical advice in different areas. The steps taken by our partner services, notably the drafting of a new Customs Code in Moldova, signify the ever-increasing alignment to EU standards.

Finally, we should not forget that the substantial achievements highlighted in this report are not a result of some opaque, mystical process. They are products of the hard work, skill and perseverance of the Mission's partners in the border and customs agencies of Moldova and Ukraine, and EUBAM's own staff, and I want to thank to all of them. On a personal note, having assumed the leadership of EUBAM on 1 December 2017, I want also to pay tribute to my predecessor, Andrew Tesoriere, for his dedication in leading EUBAM from August 2015 until November 2017.

At the beginning of the new mandate, EUBAM looks forward to further support Moldova's and Ukraine's efforts to effectively manage their common border and to contribute to the regional security, economic stability and sustainable development of the region.



Slawomir Pichor
Head of EUBAM



2017 ACHIEVEMENTS



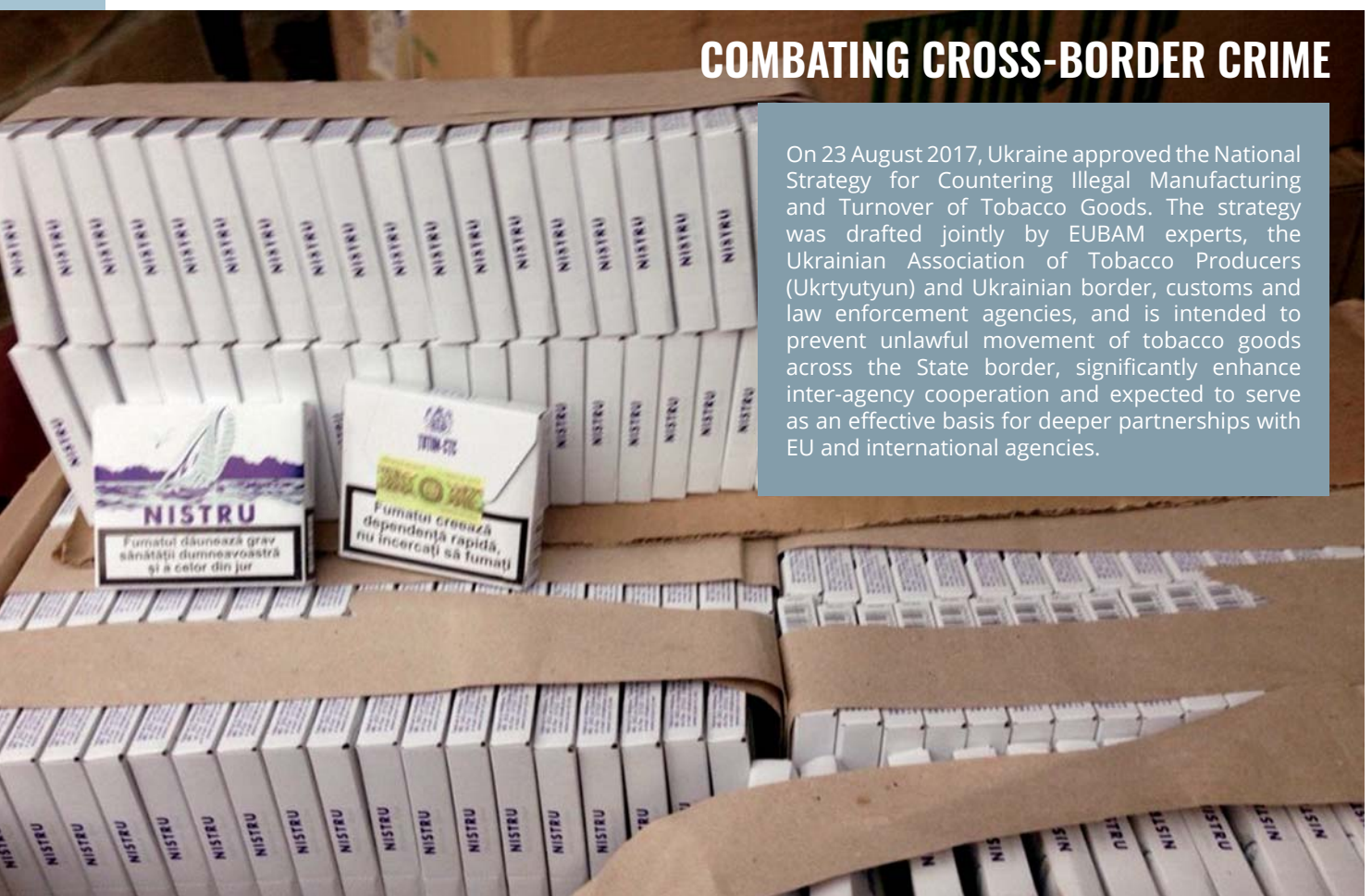
FOSTERING CO-OPERATION

On 6 October 2017, the Cabinet of Ministers of Ukraine and the Government of the Republic of Moldova concluded a new Agreement on joint control. The document marks a significant step towards the enhancement of the cooperation between the border control authorities of both countries. Once ratified, the Agreement will replace the one signed in March 1997,

and provides for measures to increase the efficiency of border control, including the implementation of “one-stop” controls, risk selectivity and traveller’s data exchange between services in Moldova and Ukraine. Ukraine and Moldova also launched the first phase of joint control at Kuchurhan road border crossing point in July.

COMBATING CROSS-BORDER CRIME

On 23 August 2017, Ukraine approved the National Strategy for Countering Illegal Manufacturing and Turnover of Tobacco Goods. The strategy was drafted jointly by EUBAM experts, the Ukrainian Association of Tobacco Producers (Ukrtyutyun) and Ukrainian border, customs and law enforcement agencies, and is intended to prevent unlawful movement of tobacco goods across the State border, significantly enhance inter-agency cooperation and expected to serve as an effective basis for deeper partnerships with EU and international agencies.





FACILITATING TRADE

On 4 May 2017, the Mission and Moldova's Customs Service launched a study on the customs procedures at Giurgiulesti International Free Port. It sought to increase the port's trade and competitiveness by recommending measures to improve the efficiency of customs, phytosanitary and veterinary procedures. Port Users' Forums facilitated by the Mission in summer and autumn of 2017 have proven to be a popular format among Government and business and

they have already led to tangible progress in improving trade facilitation procedures. Better pre-arrival information sharing, revised handling of livestock shipments and the development of new technological norms incorporating International Maritime Organisation's FAL (Facilitation of International Maritime Traffic) Convention recommendations were agreed on.



BUILDING CONFIDENCE

Building on the momentum gained in autumn 2016, EUBAM continued advising and implementing two joint workshops on phytosanitary trade and control standards for experts from both sides of the Dniester River. As a practical example, the EU System TRACES was presented to the phytosanitary experts both from Chisinau and Tiraspol. Moreover, EUBAM short-term expert evaluated the existent phytosanitary procedures and delivered an assessment report on phytosanitary import and export control performed at the border of Moldova and Ukraine. Transnistria acknowledged the recommendations.

FOREWORDS FROM OUR PARTNER SERVICES

The General Inspectorate of Border Police of the Republic of Moldova



Cross-border criminality in continuous progress, as well as rising tensions in the international arena, put an additional pressure on borders and their security. The fight against the emerging threats related to border security requires continuous endeavours on behalf of border authorities in identifying the needed potential solutions.

In 2017, the Border Police continued to implement the Integrated Border Management concept, by strengthening the joint efforts of all relevant stakeholders at national and international levels. To this end, Moldova's Border Police has made efforts in meeting the EU standards and criteria and the EUBAM's presence in the region has significantly contributed to this process.

Taking into consideration the overall progress, the quality of outputs and the tangible results that were mostly evident during the implementation period, the objectives set out in the Integrated Border Management Strategy for the years 2015-2017, were fully reached. Currently, the new IBM Strategy is being elaborated by all competent national authorities, in line with new trends in the field at European level.

We would like to highlight, as great success achieved with EUBAM's support, the implementation of joint border control with border agency of Ukraine at the central segment of the Moldova-Ukraine border. Using the experience of our EU partners, this concept significantly contributes to improving border security, increasing situation awareness and reaction capability, as well as enabling information exchange.

The Eastern Partnership's IBM Panel continues to be an effective platform to advance initiatives on ensuring capacity building. In this context, EUBAM assistance was valuable in promoting the project concepts designed to improve infrastructure and control mechanisms at the borders. The state of play in terms of border control procedures, aspects related to Moldovan Border Police's capabilities in the field of border control and border surveillance proves once again the positive presence of EUBAM in the capacity building process of our agency.

Recognizing risk-analysis as a cornerstone for tackling potential threats and risks related to border security, among other joint activities conducted in compliance with EUBAM Action Plan, we must point out the provision of expertise and consultancy in the field of risk-analysis and continued work of EU and Moldovan experts on joint information-analytical model on risk and criminal analysis.

Some of the key priorities for the next year and also foreseen by the Association Agenda are: expanding the concept of joint control and joint patrolling and implementation of the IBM concept at the Moldova-Ukraine border, with a special attention to its Transnistrian segment, continuing capacity building of Border Police operational subdivisions, taking over expertise in management of crisis situations at the border, exploring opportunities with Ukrainian partners for additional shared BCPs as well as training and expert advice from EUBAM. Assistance in combatting cross-border crime including smuggling and trafficking remains a key component in the following year.

In conclusion, we would like to express our gratitude to EUBAM for the long lasting support. The security of countries starts with the security at our borders. And it is of utmost importance to fully fructify the existing means of co-operation and to develop new perspectives of our partnership.



Chief Commissioner Fredolin Lecari
*Head of the General Inspectorate of Border
Police of the Republic of Moldova*

State Border Guard Service of Ukraine



For a long time, EUBAM has been a reliable partner of the State Border Guard Service of Ukraine on the path of its development.

Ukrainian Border Guards welcome the decision of the European Commission on extension of the Mission's activities for the period up to 2020, which will allow us to continue implementing the best practices of Integrated Border Management.

Therefore, in 2017, a new intergovernmental Agreement on joint control was signed, as well as inter-agency protocols on the establishment of joint control procedures at Reni-Giurgiulesti and Mayaky-Udobne-Palanca border crossing points (BCPs), which were already put into practice.

Within the framework of the European Union's Eastern Partnership Programme, the work on reconstruction of Reni-Giurgiulesti and development of Kuchurhan-Pervomaisc BCPs was ongoing, thus facilitating the implementation of joint control.

The practice of joint patrolling was extended to the central segment of the Moldova-Ukraine border, where, due to the circumstances, Moldovan Border Police officers do not have the possibility to ensure proper security.

In the context of fighting against cross-border crime, EUBAM's facilitation in development of cooperation with such international and European organisations as Frontex, Interpol and Europol, as well as participation in joint border control operations are of utmost importance. Such measures are topical and much-needed within the conditions of modern threats.

State Border Guard Service of Ukraine extends its gratitude to the EUBAM for the comprehensive assistance and support in building border protection capacity. We stand ready to further support the implementation of EUBAM's plans.

Exclusively with joint efforts, we will be able to achieve a high level of border security.



Lieutenant General Petro Tsygalka
Head of the State Border Guard Service of Ukraine

Customs Service of the Republic of Moldova



When assessing results achieved within last year, it may safely be said that the Moldova-Ukraine cooperation at the border reached one of the most successful and dynamic periods of its development.

Our work on development of joint control with EUBAM support has brought tangible results. In June, Protocols on joint control at Palanca BCP on the territory of the Republic of Moldova and Giurgiulesti-Reni BCP on the territory of Ukraine were signed. Starting from 17 July 2017, partner services have successfully implemented joint activities at Kuchurhan-Pervomaisc BCP that is one of the most significant achievements within previous years. In December, we also started to implement joint control at Palanca BCP on the territory of the Republic of Moldova, temporarily functioning under the conditions of limited infrastructure, during the construction period, as part of the project implementation, funded by the EU and co-financed by the Government of the Republic of Moldova. I am sure that after completion of construction works the best European standards will become closer both for citizens crossing the border through this BCP and officers of partner services, performing their duties there.

We hope for early implementation of the Integrated Border Management project by means of joint control and exchange of information at the Moldova-Ukraine border which also includes modernization of infrastructure at Kuchurhan-Pervomaisc and Reni-Giurgiulesti BCPs on the territory of Ukraine.

A new Agreement on joint control, signed on 6 October 2017, will allow us to reach a new level of control at the border, being not limited BCPs determined in the Agreement of 1997, using all possibilities of modern information technologies.

In April 2017, a Draft Agreement on Joint Control at the Moldovan-Romanian border was handed over to

the Romanian side for consideration. We hope that 2018 will also be successful in promotion and further implementation of joint control at the EU external border.

Moldova-EU Association Agreement is being intensively implemented. In 2017, a draft of the new Customs Code of the Republic of Moldova was developed in line with the provisions of EU customs legislation. EUBAM experts were directly involved in the development of this project.

As you know, the implementation of the New Computerised Transit System (NCTS) as well as of the "Single Window" concept are important commitments of the Republic of Moldova under Moldova-EU Association Agreement. An opening ceremony of the Twinning project, implemented by customs administrations of Lithuania and Latvia, selected as partner states for its implementation, took place on 21 November 2017.

Positive progress is also observed in the development of simplified clearance procedures. Regulatory framework was fully harmonized with EU legislation, and practical experience gained in joint work with EUBAM experts, was incorporated into a new methodology on issuing, re-examination and monitoring of Authorized Economic Operators' (AEO) certificates which is planned to be approved in the beginning of 2018.

A project on unilateral recognition of EU AEOs by the Republic of Moldova at Leuseni-Albita BCP at the Moldovan-Romanian border/EU external border is being successfully implemented. A Road map for Actions needed for mutual recognition was approved at the last sitting of the Moldova-EU Customs Sub-committee held in November 2017.

Cooperation in the field of combating cross-border crime, including development of risk analysis, under the Mission aegis, was one of the most significant items on the agenda. Joint operations brought positive results during which both violations of the legislation of the Republic of Moldova and Ukraine and new trends of illegal activities were detected as well as other tendencies, requiring thorough analysis and attention of law-enforcement agencies.

As it is known, since 1 December 2017 EUBAM will operate in another format, focused on three main areas: contribution to a dialogue on Transnistrian issues, development of Integrated Border Management, including joint control, as well as combating cross-border crime. These areas are important elements of joint activities.

We hope that Mission's new format will enable to further achieve tangible results in trade facilitation and ensuring security at the Moldova-Ukraine border.



Vitalie Vrabie
*Director General of the Customs Service
of the Republic of Moldova*

State Fiscal Service of Ukraine



In 2017, the European Union Border Assistance Mission to Moldova and Ukraine confirmed its status of the leading partner fostering security in our region. The EUBAM has been the State Fiscal Service of Ukraine (UASFS) main partner in information support and hands-on assistance in the area of prevention of customs violations and cross-border crimes.

Thanks to EUBAM's efforts, a new infrastructure and comfortable conditions for border crossing will be created at the Moldova-Ukraine border crossing points Mayaky - Palanca - Udobne, Kuchurhan - Pervomaisk and Reni-Giurgiulesti. Moreover, the implementation of joint control will speed up customs and border procedures. The advisory support of EUBAM's experts is crucial and efficient for fulfilment of the Ukraine-EU Association Agreement. I would like to highlight an open and constructive dialogue with our colleagues from the Customs Service of the Republic of Moldova, as well as border guard services of both countries.

Based on the outcomes of 2017, it would be reasonable in 2018 to continue our joint activities in the following areas:

Cooperation on prevention of customs violations

This intends to continue conducting operational events and targeted operations with participation of international organizations (OLAF, SELEC, Europol, Frontex), customs authorities of the Republic of Moldova and the EU Member States; including assistance in establishing and developing contacts with the European law-enforcement authorities and sharing intelligence on potentially illegal and suspicious shipments of tobacco products and relevant manufacturing equipment.

In 2018, the UASFS plans to focus its efforts on implementation of the National Strategy for Countering Illegal Manufacturing and Turnover of Tobacco Goods

up to 2021 which has been developed with EUBAM's support and approved by the Cabinet of Ministers of Ukraine on 23 August 2017.

In 2017, the UASFS took part in successful international operations "NAVIGATOR", "NAVIGATOR II" and "ORBIS". The operation "ORBIS" yielded prevention of 37 cases of illegal movement of 494,440 pieces of cigarettes (around 50 boxes), valued at 465 thousand UAH, across the customs border of Ukraine, and seizure of 41 kg of tobacco worth 31 thousand UAH.

In the course of the operation "NAVIGATOR", Vinnytsia, Volyn, Zakarpattia, Ivano-Frankivsk, Lviv, Odesa and Chernivtsi Customs Houses of the UASFS detected 36 cases of smuggling of weapons, ammunition, explosives and precursors across the state border of Ukraine.

Expanding joint control at the Moldova-Ukraine border

Finalizing the projects aimed at creation of required infrastructure for performing joint control at Reni, Kuchurhan and Palanca BCPS, as well as improving procedures of this type of control.

Advanced professional training of customs officers with involvement of European experts

The UASFS Department of Specialized Training and Dog Handling in Khmelnytskyi can be utilised as a platform for workshops and practical sessions for both Ukrainian and other states' customs officers, including our Moldovan colleagues.

Topics for such events may cover law-enforcement activities, joint control and enhancement of cooperation between customs and border agencies. The Department has a status of the Regional Training Centre and Regional Canine Centre of the World Customs Organization, continuously improving and developing its training programmes and infrastructure.

The Department's capacity to deliver training on detection of drugs, weapons, explosives, currency and amber for customs and border guard canine teams, as well as those of other law-enforcement agencies should be specifically noted. In May 2017, the Department hosted the 3rd International Canine Tournament among teams of customs and border guard agencies from eight European States.

In the course of customs reform in Ukraine, we hope for further close cooperation with EUBAM, its advisory, methodological and technical support. From my side, I would like to assure you that the UASFS stands ready to continue its active cooperation with EUBAM and our partners from the customs and border guard services of Ukraine and the Republic of Moldova. I am confident that together we will achieve the outlined objectives and implement assigned tasks.



Myroslav Prodan

Acting Head of the State Fiscal Service of Ukraine

ADVISORY BOARD

The Advisory Board is the governing body of EUBAM. The 28th meeting of the Advisory Board, which took place in Odesa on 27 June, focused on the outstanding tasks of the Mission's Phase 11 Action Plan while the 29th meeting of the Advisory Board, held in Chisinau on 26 January, marked the end of Phase 11 and offered a natural waypoint to reflect on the joint achievements of EUBAM and the Moldovan and Ukrainian partner services. The Board appreciated EUBAM's contribution in areas such as: joint control and patrolling, combating cross-border crime and customs related matters and welcomed the progress achieved in the further implementation of Integrated Border Management principles. In the same time EUBAM's support in confidence building measures between Chisinau and Tiraspol and assistance in customs and phytosanitary related matters were also acknowledged.

The Advisory Board is chaired by the Head of the EU Delegation to the Republic of Moldova. Its other members represent the Ministry of Foreign Affairs and European Integration of the Republic of Moldova, the Ministry of Foreign Affairs of Ukraine, border and customs authorities of both countries, the European External Action Service, the European Commission, the EU Delegation to Ukraine, as well as the International Organization for Migration (IOM) and the Organization for Security and Co-operation in Europe (OSCE). A number of other entities participated as observers in the meetings, including the Ministries of Internal Affairs, Food Safety Agencies, State Veterinary and Phytosanitary Services of both countries, Moldova's Bureau for Migration and Asylum, its Bureau for Reintegration Policies, the Information and Security Service of Moldova, the Security Service and National Security and Defence Council of Ukraine, as well as the United Nations Development Programme (UNDP) and the EU Advisory Mission to Ukraine.





EFFECTIVELY MANAGING BORDERS



Integrated Border Management (IBM) practices at the Moldova-Ukraine border continued to be introduced in 2017. Following the Mission's evaluation of border management and customs procedures in 2016, EUBAM's Field Offices advised border police/guard and customs officers along the whole length of the common border to ensure the efficiency of controls, tighter inter-agency co-operation and professional conduct and service.

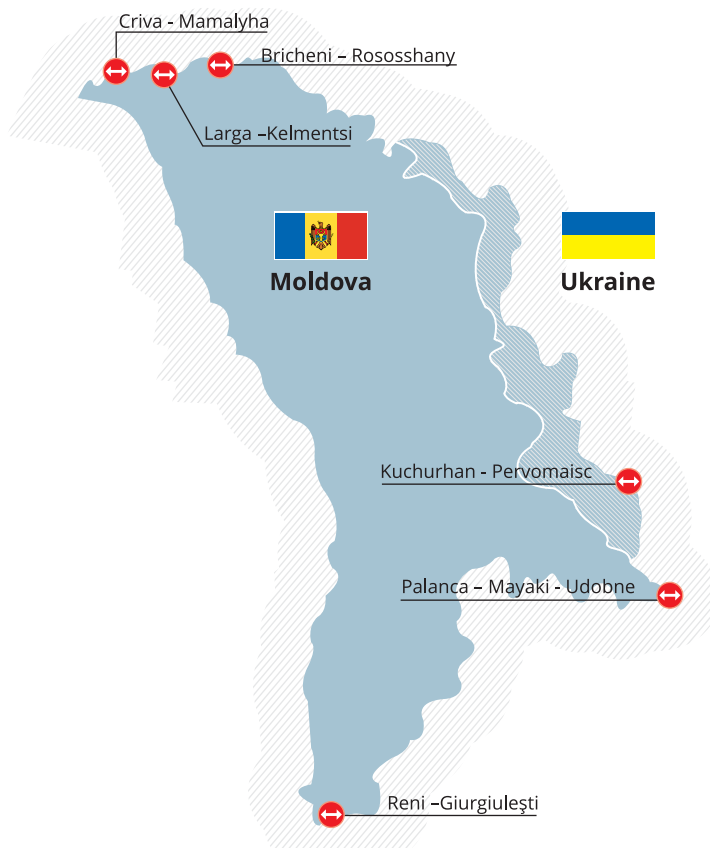
PROMOTING JOINT BORDER CONTROL

On 6 October, a new agreement to establish joint border control at the Moldova-Ukraine border between the Cabinet of Ministers of Ukraine and the Government of the Republic of Moldova was signed by the Heads of the Republic of Moldova's Border Police and Ukraine's State Border Guard Service. When ratified, the agreement will replace the one signed in March 1997, and provide for actions to increase the efficiency of border control measures, including the implementation of "one-stop" controls, risk selectivity and traveller's data exchange between services in Moldova and Ukraine. The new agreement reflects the multiplicity of agencies involved in border control, beyond the Border Police/Guard and Customs Services, and recognises the need for closer inter-agency co-operation. EUBAM advised on the new agreement, and subsequently reviewed the content, finding it to be in line with the EU's concept of Integrated Border Management, the Schengen Border Code, the Kyoto Convention and the EU Handbook for Border Guards.

WHAT IS JOINT BORDER CONTROL

The principle of joint border control enables the reduction of stops incurred in crossing of the border by combining the control procedures of both countries' border agencies at a single common location. Joint border crossing points enable agencies of neighbouring countries to replace sequential control with simultaneous control at a single point located in the territory of either country.

Since the concept of joint border control was agreed between Moldova and Ukraine in 1997, the services of both countries have been located together at five border crossing points, with joint controls and since December 2017 in the sixth one. EUBAM's experts advised the partner services on the design of protocols and technological schemes, the blueprints for the daily functioning and layout of border crossing points. The Mission's field-based staff then supported their realisation, making sure they maximise the benefits for legitimate cross-border travellers and traders.



Map of JOBCCPs located at the Moldova-Ukraine border

The Mission worked with its Moldovan and Ukrainian partners throughout 2017 to introduce joint control at Kuchurhan-Pervomaisc and Palanca-Maiaky-Udobne road border crossing points, as well as rectify joint procedures at Reni-Giurgiulesti border crossing point. EU Eastern Partnership IBM Flagship Initiative funding is being provided to upgrade the shared facilities at all three locations, making sure the infrastructure reflects the modern, service-oriented practices being applied.

On 17 July, the President of Ukraine and Prime Minister of the Republic of Moldova formally launched joint controls at Kuchurhan-Pervomaisc road border crossing point. EUBAM has supported the realisation of this initiative from its inception, helping to development the protocol and technological schemes, and subsequently advising on their application. The Mission’s Field Office in Kuchurhan played a key role in ensuring a smooth launch, with experts present at the border crossing point

KUCHURHAN BORDER CROSSING POINT AT A GLANCE

- Located just 69km from Odesa and 35km from Tiraspol.
- A key point on the M14 highway between Chisinau and Odesa.
- Handled 2,688,050 travellers and 650,904 vehicles in 2017.
- EUBAM has located a Field Office in Kuchurhan since 2006, with the Mission’s Customs and Border experts present at the border crossing point on a daily basis to advise, verify and help rectify control practices.

on a 24/7 basis in the initial period. EUBAM’s presence was able to verify the quality of the controls conducted by all services present, paying attention to the traffic flow and clearance times at the border and ensuring that the introduction of joint control at Kuchurhan did not delay the crossing of travellers or traders.

THE BENEFITS OF JOINT BORDER CONTROL

EUBAM promotes the establishment of joint border control due to the many benefits it offers to travellers, cross-border traders and the border agencies. The concept is a key part of the Schengen Borders Code and the Revised Kyoto Convention.

Joint border controls:

- Facilitate faster crossings for legitimate travellers and economic operators through more efficient sequencing of controls.
- Ensure more effective border security by increasing the frequency of information sharing and operational co-ordination.
- Create cost efficiencies through the sharing of facilities, allowing for resources for the border agencies to be targeted to where they are needed.



The road border crossing point located at Kuchurhan is the largest on the central segment of the Moldova-Ukraine border, and acts as a gateway for travellers and traders coming into and out of Transnistria. Based on the Mission’s recommendations, joint control is being introduced gradually. In the initial phase, Moldova’s Customs Service is conducting control over goods exported by Transnistrian economic operators while Moldova’s Border Police is providing registration/deregistration services to foreigners upon their request.

SUSTAINING VISA LIBERALISATION

Visa-free travel to the Schengen Area became a reality for Ukrainians on 11 June. Up to five million Ukrainian citizens with biometric passports can enjoy the benefits of visa liberalisation for tourism, business or short-term study to 30 countries, including 26 EU Member States. This was the culmination of sustained efforts by several government agencies in Ukraine, not least the State Border Guard Service. EUBAM supported the EU Delegation to Ukraine's extensive public information campaign in Odesa by raising the awareness of would-be travellers to their rights and obligations under the visa-free system.

In Moldova, which has enjoyed visa liberalisation since April 2014, EUBAM's advice and recommendations have helped maintain the standards required for visa-free travel for Moldovan citizens. During 2017, the Mission supported the assessment of the implementation of the Visa Liberalisation Action Plan by contributing to the European Commission's review missions in March and September. Progress related to IT, risk analysis procurement and deployment of equipment were the main focus of the assessment. The Mission also advised on amending the rules governing the period of stay for foreigners in Moldova. The new provisions are more precise and comply with EU standards. EUBAM also guided Moldova's Border Police in drafting the methodology for calculating the period of stay of foreigners, and together with the Bureau of Migration and Asylum launched a public information campaign to inform travellers of their rights.

OUR PARTNERS: EUAM



The EU's Advisory Mission for Civilian Security Sector Reform (EUAM), based in Kyiv, and EUBAM work together to support the implementation of intra- and inter-agency co-operation, the promotion of risk analysis within border management and Integrated Border Management policies in Ukraine.

INTRODUCING ADVANCED PASSENGER INFORMATION

The successful introduction of visa liberalisation in Moldova and Ukraine also obliges both countries to comply with European Union's Schengen Convention. This includes the implementation of an Advanced Passenger Information System (APIS). The system is a much-needed tool for risk analysis to fight against fraud, illegal migration, terrorism and other threats at the air border. In 2017 EUBAM advocated for the development and launch of APIS in both countries.

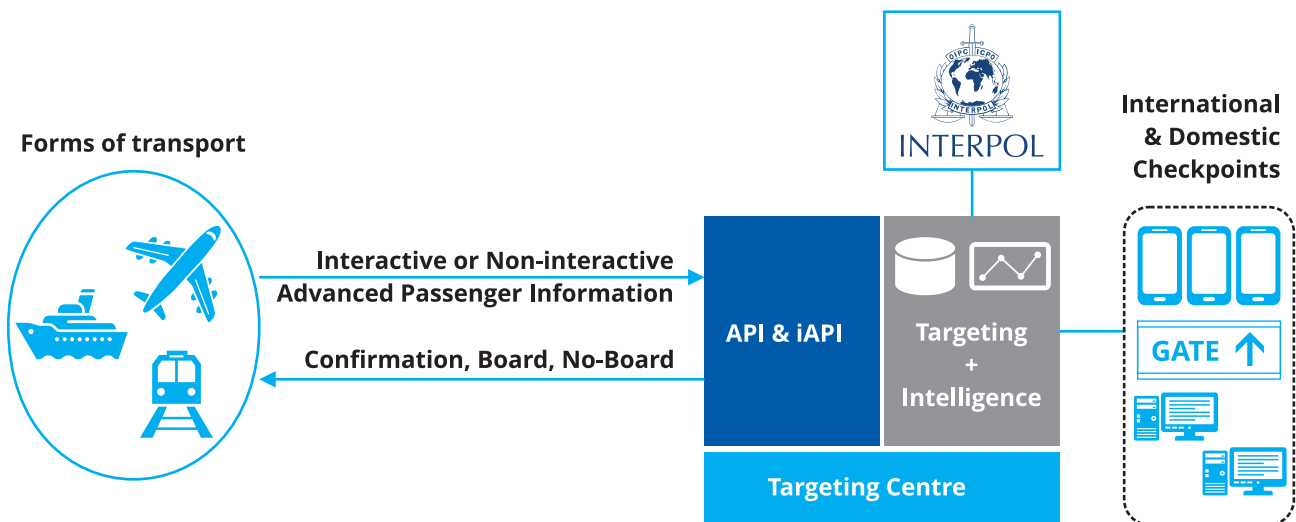


Illustration on how APIS works

Source: Société Internationale de Télécommunications Aéronautiques (SITA)

In conjunction with the Société Internationale de Télécommunications Aéronautiques (SITA), EUBAM's experts discussed the legal, operational and financial aspects of APIS introduction with border, customs and transport partners in the governments of Moldova and Ukraine. Legal and technical obstacles to the full introduction of the system were discussed, with solutions explored.





Ensuring the smooth and continuous implementation of Moldova and Ukraine's Deep and Comprehensive Free Trade Areas with the EU continued to be the main focus of EUBAM's engagement with the Customs Services of both countries. In March, National Action Plan for the implementation of the EU-Moldova Association Agreement for 2017-2019 came into effect, with 111 measures scheduled to be undertaken, whilst in Ukraine, the Cabinet of Ministers approved a new comprehensive Customs reform concept.

EUBAM worked closely with the European Commission's Directorate for Taxation and Customs Union to advise both countries on the reform steps needed to align customs procedures with EU acquis and facilitate trade.

TRANSFORMING MOLDOVA'S CUSTOMS CODE

As part of its ongoing efforts to align legislation with the EU-Moldova DCFTA, at the end of 2016 Moldova's Ministry of Finance invited EUBAM to support Moldovan Customs Service in drafting the new Customs Code. It has been a challenging work in which EUBAM invested both human and time resources, and it was a successful one and the document was examined and endorsed by TAIEX and the Ministry of Finance respectively and subsequently under preparation for Government's approval. Ten Titles were created within the new Code, corresponding to the provisions of the Union Customs Code. The new Code, which is scheduled to enter into force in 2018, is a major step for Moldova's compliance with its Association Agreement commitments.

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Galja Pavlova, EUBAM's Customs Advisor, who led the Mission's support for the drafting of the new Customs Code recalls that *“the process was very intense. In December 2016 we started from the very beginning and completed the work in just five months. People assume the EU's Customs Code can just be copy and pasted, but alignment does not necessarily mean assimilation. There were some fundamental differences in definitions and procedures we had to overcome. But I'm proud to say that the new draft Customs Code is fully compatible with EU customs standards.”*

SUSTAINING CUSTOMS-BUSINESS CO-OPERATION

On 30 November, in implementation of its commitments under the World Trade Organisation (WTO) Agreement on Trade Facilitation (TFA), the Government of the Republic of Moldova adopted National Action Plan for Trade Facilitation (2017-2020). The document will govern all trade related matters to ensure simplification and appropriate automation of systems, transparent and predictable conditions for legitimate business, ensuring their active involvement in decision-making processes. While WTO large-scale multilateral TFA came into force in February 2017, Ukraine, a signatory party to the Agreement, has a lot to gain from fulfilling its commitments. Throughout the year EUBAM-led Trade Facilitation Working Group focused on implementation of legislative and procedural measures necessary to fulfil commitments of both countries under AA/DCFTA and Customs Chapters of the WTO Agreement.

TRADE FACILITATION WORKING GROUP

Since its establishment in 2015, EUBAM's Trade Facilitation Working Group has served as a platform for co-operation between the Customs Services of Moldova and Ukraine, other government agencies, business representatives and donors. It proved to be a useful catalyst for public-private co-operation on identifying gaps and challenges in trade facilitation measures in the customs practices of both countries. In 2017, the Working Group's efforts led to the development of draft legislation to strengthen the post-clearance audit function in Ukraine and Moldova. With the cessation of the Mission's support for policy-level DCFTA-related reforms, in October EUBAM formally handed over responsibility for organising the Working Groups to the U.S Department of Commerce's Commercial Law Development Programme.

STRENGTHENING THE INTEGRITY OF THE AUTHORISED ECONOMIC OPERATOR CONCEPT

Following advocacy from the Mission, on 1 January 2017 amendments to Moldova's Customs Code related to the certification of Authorised Economic Operators (AEO) came into force. A new type of authorisation was introduced and additional requirements for AEO status to be granted were stipulated. The 108 businesses with AEO status in Moldova vastly exceeded those in several EU Member States, outnumbering those in Bulgaria, Croatia, Cyprus and Latvia combined.

Subsequently, Moldova suspended the granting of new AEO certificates until the existing holders had been re-evaluated. The Mission also provided recommendations to unify current AEO status legislation and practices with those of the EU. These measures will not only strengthen the integrity of the AEO concept, but also support Moldova's objective of gaining mutual recognition of its AEOs with those of EU Member States.

In Ukraine, AEO primary legislation stalls. Despite a strong endorsement for the draft amendments by the EU Commissioner for Economic and Financial Affairs, Taxation and Customs, it has consistently been sent back to the Ministry of Finance for further changes, with the last of these being requested in June 2017. EUBAM has been heavily involved in developing the package of draft amendments, together with the State Fiscal Service and the European Commission's Directorate for Taxation and Customs Union. Further assistance will be necessary in drafting secondary legislation and internal guidelines once the draft Law is enacted; as well as strong promotion within the business community is needed.

STRENGTHENING POST CLEARANCE AUDIT

The establishment of effective post clearance audit structures within Moldova's Customs Service and Ukraine's State Fiscal Service remained a significant challenge. In January, EUBAM handed over an assessment on post clearance control and audit (PCA) to its Ukrainian partners, highlighting gaps in customs debt management, powers and rights of auditors, staffing and tools for post clearance audit. The assessment provided a plan for remedial action, and following positive feedback, EUBAM created a specialised PCA sub-group of its Trade Facilitation Working Group.

Through this group, economic operators worked with EU experts, other donors and Ukraine's State Fiscal Service to develop draft amendments to strengthen the PCA function. These were subsequently taken up by the Service as amendments to the country's Customs Code and await parliamentary approval.

In Moldova, the Mission evaluated the PCA processes, procedures and rules applied by the Customs Service, resulting in the publication of a report in September. Nine recommendations were made which, if implemented, will help align the PCA processes and procedures with EU and international standards.



POST CLEARANCE AUDIT

Post clearance audit or audit-based controls are measures by which Customs Services satisfy themselves as to the accuracy and authenticity of declarations through the examination of relevant books, records, business systems and commercial data held by economic operators.

Post-clearance audit allows reduction of control activities at a border and at the time of arrival of goods to only those necessary to determine the admissibility of the goods. This reduces unnecessarily delays at the border and can lead to a significant increase in revenue collection, as PCA allows a more comprehensive and holistic evaluation of the particulars necessary for the calculation of duties and taxes.

PROMOTING RULES OF ORIGIN

A remarkable progress was achieved by both partner countries in the application of rules of origin. EUBAM continued to advise Ukraine's State Fiscal Service on the application of the EU temporary Autonomous Trade Measures for Ukraine, which since 1 October 2017 supplemented the trade concessions available under the Association Agreement.

In September, EUBAM organised a joint working meeting for the MDCS and UASFS on the implementation of rules of origin in trade with the EU and other Pan-Euro-Mediterranean (PEM) partners. The revision of the PEM rules of origin and the steps to follow in extending cumulation with other parties of the PEM Convention were discussed, including the possibilities to introduce PEM rules of origin in the preferential arrangements between Moldova, Ukraine and Georgia. In November the President of Ukraine signed the law on Ukraine's accession to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (PEM Convention). Accession to the Convention will help simplify the terms of trade, strengthen trade ties and economic integration with the European Union.

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Ala Aydov, Deputy Director, ICS Danube Logistics SRL *“The comprehensive study performed by EUBAM on port's border/customs control procedures provided the structured overview on the areas requiring state control optimization. Our port is a newly created one, and its work is a new area of activities for Moldova. A lack of experience in state control has led to often unjustified, over-regulating procedures, which negatively affected the port's efficiency and the trade. The Study helped to establish the dialog of all stakeholders to eliminate unnecessary trade barriers and implement modern, clear and efficient border and customs control mechanisms.”*

INCREASING MOLDOVA'S MARITIME TRADE

After an exhaustive two-year-study, in May, EUBAM and Moldova's Customs Service launched a joint study on the clearance procedures at Giurgiulesti International Free Port. The study sought to increase the trade and competitiveness of the port by recommending measures to improve the efficiency of customs, border, phytosanitary and veterinary procedures.

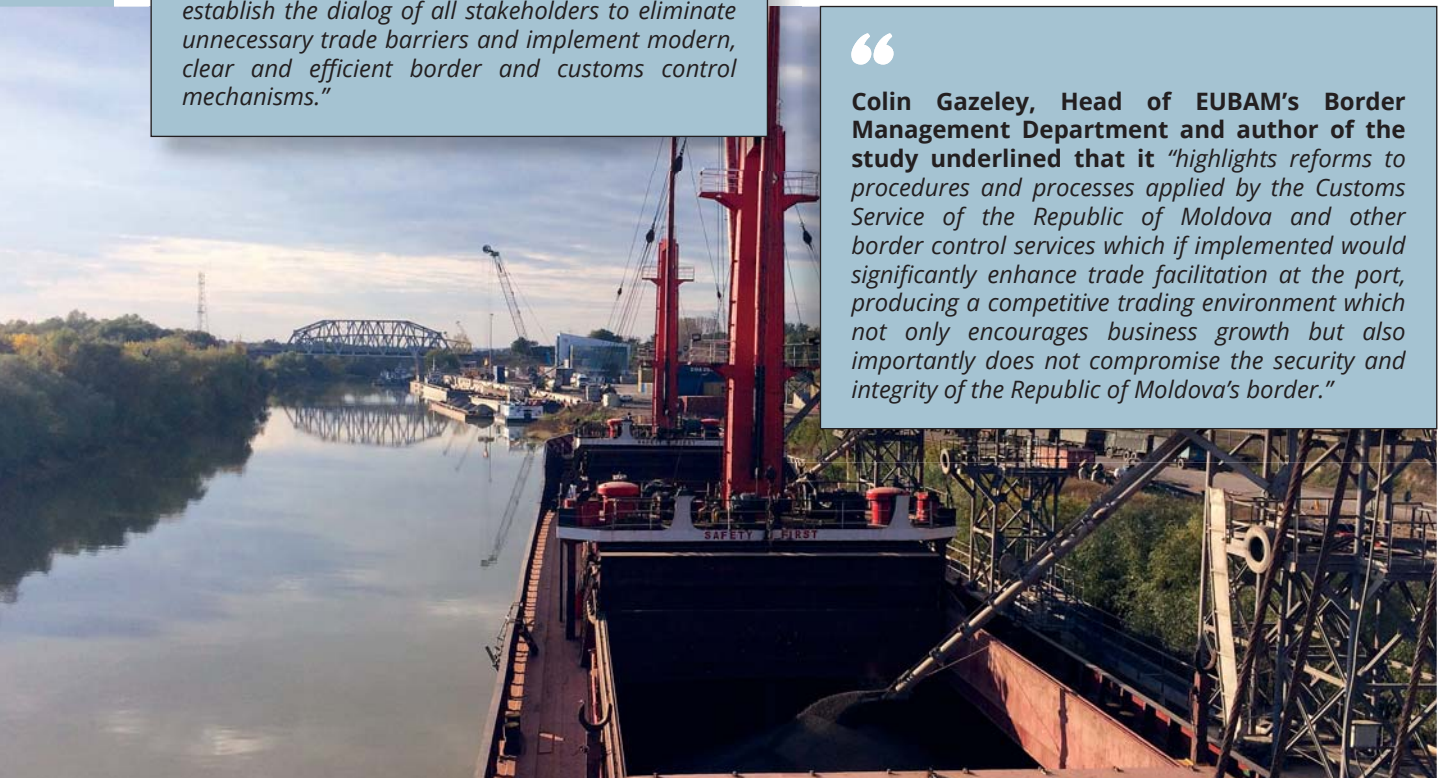
Focused on container traffic, the study reviewed the work of several border control agencies charged with the clearance of cargo at the port and also identified areas where, through simplifying and modernising procedures, commercial enterprises could be expanded and international trade developed. Thirty recommendations were made, with a Port Users' Forum established with national partners to implement these in a co-ordinated and consultative basis.

The Port Users' Forum, facilitated by the Mission, have proven to be a popular format, with representatives of Moldova's Customs Service and Border Police Inspectorate, National Food Safety Agency, Moldovan Railways, the Harbour Master, Port Administration and owners, Danube Logistics, all participating in the meetings.

The Fora, held in July, September and November 2017, have already led to tangible progress in improving procedures. Agreements on broader sharing of pre-arrival information, changes to the handling of livestock shipments, and the development of new technological norms incorporating the International Maritime Organisation's FAL Convention recommendations have been finalised.

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Colin Gazeley, Head of EUBAM's Border Management Department and author of the study underlined that it *“highlights reforms to procedures and processes applied by the Customs Service of the Republic of Moldova and other border control services which if implemented would significantly enhance trade facilitation at the port, producing a competitive trading environment which not only encourages business growth but also importantly does not compromise the security and integrity of the Republic of Moldova's border.”*





COMBATING CROSS BORDER CRIME



EUBAM's assistance to the law enforcement agencies of Moldova and Ukraine to counteract smuggling and other forms of cross-border crime yielded results in 2017 with concrete policy and legal initiatives being approved. After a gap in 2016, the Mission resumed its Joint Border Control Operations, in conjunction with national and international law enforcement agencies, targeting the trafficking of weapons, ammunition and illicit cigarette routes. These were supplemented by several Joint Assistance Exercises, which strengthened the partner services operational capacities in protecting Intellectual Property Rights, enhancing container security and preventing smuggling through international postal routes.

EUBAM's work to combat cross-border crime continued to be done in close co-ordination with the partner services of Moldova and Ukraine, Frontex, OLAF and EU Member States. Meetings of the Mission-led Task Forces and Working Groups on Tobacco and Intellectual Property Rights continued to serve as fora for operational and policy cooperation between the partner services and international counterparts.

PREVENTING WEAPONS SMUGGLING

The Mission's largest Operation of the year targeted the illegal movement of firearms, explosives, chemical, biological, radiological and nuclear materials in Moldova and Ukraine, as well as adjacent seaports and airports. Codenamed "Navigator", the two operational phases led to seizures of 1,706 firearms, over 2,985 rounds of ammunition and more than 950 grenades. EUBAM co-ordinated over 370 pieces of information and intelligence in the process, including serial numbers of seized weapons and parts of weapons of unclear origin.

NAVIGATOR



1,706 firearms



950 grenades



2,985 rounds of ammunition

The Operations involved Ukrainian and Moldovan law enforcement agencies supported by Europol, Frontex, SELEC, Greece, Hungary, Poland, Romania, Slovakia, Spain and the UK.

Capacity building activities were also held in parallel to the Operation. These included a regional workshop on the prevention, detection and identification of nuclear and radioactive substances held for border and customs officers of Moldova and Ukraine in Cahul and the Port of Giurgiulesti in October. Blended theoretical and practical sessions were held using the expertise of specialists from the EU and the National Agency on Regulating the Nuclear Activities of Moldova and the State Nuclear Regulatory Inspectorate of Ukraine.

STRENGTHENING CONTAINER SECURITY

With Ukraine's second and third largest ports and Moldova's only maritime gateway within its area of operations, EUBAM pays close attention to container security and the introduction of risk-based customs controls at them. In October, the Mission launched Joint Assistance Exercise "Porthos", which was designed to enhance the operational capacity of Moldova's Customs Service in the customs control of containers, incorporating EU best practice. The exercise focused on container profiling and control, their tracking, scanning and interpretation of scanned images. In the Port of Giurgiulesti, experts from EUBAM's Field Office in Giurgiulesti and Odesa also shared their experiences with border police and customs officers on conducting vessel rummaging, needed equipment and, most importantly, safety and security measures. The exercise was preceded by two workshops on container risk profiling co-organised jointly by EUBAM and the Fiscal Crime Liaison Office of the UK Revenue and Customs in Bucharest, in Chisinau and Cahul, in September.

ENHANCING RISK MANAGEMENT CAPACITY

In January, the Moldovan Customs Service's Risk Management Strategy was approved. EUBAM experts were engaged with the strategy from the initial phase of establishing the working methodology, to its drafting and final endorsement. Against this background, in terms of enhancing the operational capacities of the partner services in the area of risk management, EUBAM organized a risk management seminar in Chisinau in July. Experts from five EU Member States, invited by the Mission, gave new insights to guide MDCS, in particular, on the implementation of Risk Management Strategy. Moreover, EUBAM and the MDCS implemented a Joint Assistance Exercise, codenamed "Venture", sought to assess the effectiveness of customs controls based on automated risk analysis, the level of understanding and application of risk analysis instructions by customs officials, the quality of risk criteria incorporated into IT systems and the accuracy of the registration of the customs controls results. Both these events together with the daily advisory activity were part of EUBAM's support to the implementation of the MDCS Risk Management Strategy.



OUR PARTNERS: FRONTEX



The Mission cooperates closely with the European Border and Coast Guard Agency (Frontex) on the implementation of joint border control operations. Co-ordination and exchange of experiences also take place in the fine-tuning of risk management systems in both countries.

CLOSING SMUGGLING LOOPHOLES

Strengthening customs controls over international postal deliveries to Moldova and Ukraine was focused on by the Mission in 2016 and 2017. Previous EUBAM-led operations have highlighted that without stringent checks, postal deliveries can be misused to traffic ammunition, weapons parts and other illegal and controlled substances. In October, the Mission partnered with Moldova's Customs Service on a Joint Assistance Exercise, codenamed "Iris" to identify potential threats and new risks from parcels and small packages. The exercise focused on international deliveries made through the national postal service Posta Moldovei. During this, EUBAM experts introduced customs officers and staff at Posta Moldovei's Centre for Post Processing and Transportation to the EU best practices on the import clearance procedures of postal deliveries. The main findings of the exercise prompted Moldova's Customs Service to make a connection to the postal service's database to enhance their risk analysis.

PROTECTING INTELLECTUAL PROPERTY RIGHTS

EUBAM remained engaged in the protection of Intellectual Property Rights during the year. The Mission worked with Ukraine's State Fiscal Service and Moldova's State Agency on Intellectual Property (AGEPI) to strengthen legal protection. Through the Mission-led Joint Assistance Exercise "D'Artagnan" in May, EUBAM assessed the implementation of legislation in the ports of Odesa and Chornomorsk. The exercise highlighted a very dynamic flow of counterfeit goods entering Ukraine from third countries via both ports. Clothes, shoes, bags, toys and sports goods were focused on, with over 12,000 pairs of counterfeit branded trainers and 2,800 counterfeit children's toys detained. Legal amendments proposed to Ukraine's Customs Code as a result of the Exercise to more effectively detect and investigate potential counterfeit and pirated goods, in line with EU standards, remain pending approval.

The Mission also reached out to the wider public with AGEPI in April to mark World Intellectual Property Day. A public campaign, initiated together with the World Intellectual Property Organisation, was launched on the theme of Innovation – Improving Lives to remind Moldovans of the damage counterfeit and pirated goods can have on the development of medicine, food, transport and energy.



PROMOTING MORE ROBUST POLICY ON CIGARETTE SMUGGLING

In August, the Government of Ukraine approved the Strategy for Countering Illegal Manufacturing and Turnover of Tobacco Goods. EUBAM welcomes this important development. The Strategy sets out measures to enhance Ukraine's legislation, operational capacity and infrastructure for law enforcement agencies to effectively detect, investigate, seize and prosecute large-scale tobacco smuggling. The Mission also welcomes the emphasis the Strategy places on the importance of interagency cooperation, and believes this will serve as an effective basis for deeper partnerships with relevant EU and international agencies.

OUR PARTNERS: OLAF



EUBAM collaborated with the European Anti-Fraud Office (OLAF) on the implementation of anti-illicit tobacco strategies in both Moldova and Ukraine, as well as the closure of legal and procedural loopholes that facilitate smuggling. OLAF actively participates in the EUBAM-led Task Force Tobacco meetings.

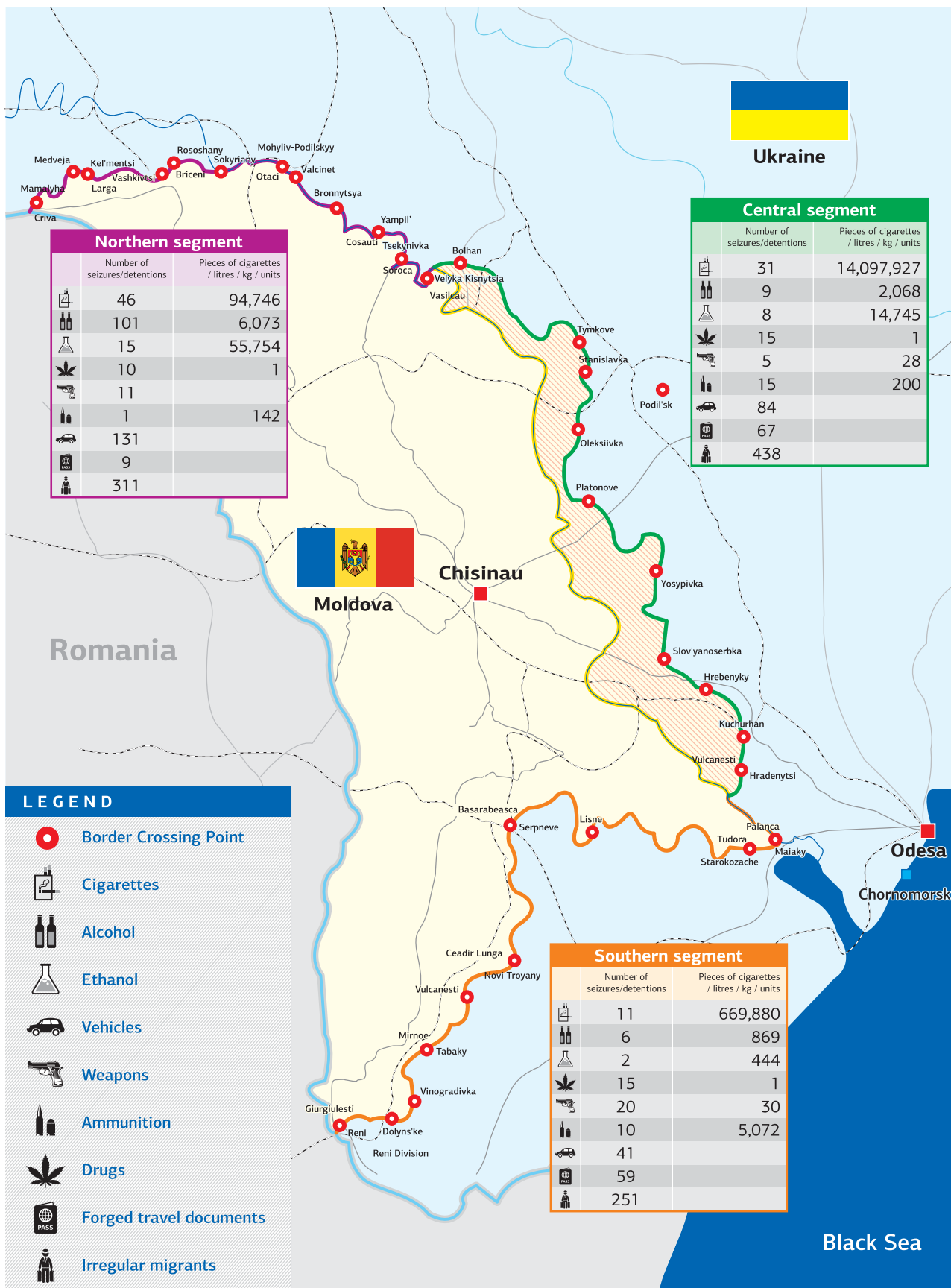
The Strategy was developed by Ukraine's border, customs and law enforcement agencies in close cooperation with the tobacco industry. EUBAM supported the Ukrainian authorities in drafting the Strategy, using the EU's Strategy on Illicit Tobacco and those of individual EU Member States, as models. The Strategy will run until 2021.

The Strategy proposes the introduction of a system for monitoring and registering statistical data concerning confiscated cigarettes, as well as a transparent procedure for their destruction, which is important for tobacco businesses.

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Oleg Strekal, Corporate and Legal Affairs Director of Imperial Tobacco (Ukraine, Moldova and the Caucasus) commented, “In 2017 the level of illicit cigarette trade in Ukraine doubled in comparison to 2015-2016, reaching 2.6%. This year the state budget might lose around UAH 1 billion in revenue from the tobacco industry. The Strategy is, therefore, so significant. Its implementation will increase the efforts of law-enforcement in cooperation with international organisations and legal producers, as well as decrease the level of illicit production and distribution of tobacco products, thus improving the economic progress of the country”.

SEIZURES/DETENTIONS AT THE MOLDOVA-UKRAINE BORDER IN DECEMBER 2016 - NOVEMBER 2017



The adoption of this Strategy matters both to the Ukraine and the EU. It promises to significantly increase tax revenues for Ukraine and EU Member States, money which previously profited smugglers and organized crime groups. This increased state revenue can now be better used by the national budget for other urgent needs such as public health, transport or education. The Strategy also forms a firm and coordinated basis for future operational cooperation between Ukraine and the EU to curb illicit tobacco smuggling both inside Ukraine and into the EU.

The need for a Strategy was identified by the EUBAM-led Task Force Tobacco, which unites Moldovan and Ukrainian border and customs agencies, as well as wider stakeholders, on issues related to the illicit trade in cigarettes. EUBAM looks forward to providing support to Ukraine's State Border Guard Service and State Fiscal Service on the implementation of the Strategy on the Moldova-Ukraine border.

TRACKING ILLICIT CIGARETTE MOVEMENTS

A Joint Border Control Operation, codenamed "Orbis", was launched in April to verify cigarette smuggling routes and prevent the diversion of "illicit whites" and cigarette production machinery into the illicit market. During the Operation, seven cigarette consignments, totalling 120 million pieces, were monitored by the participating agencies. The findings suggest the expansion of the routes and criminal networks behind these. Law enforcement agencies from Belarus, Georgia, Hungary, Lithuania, Poland, Romania, Slovakia, the UK, as well as Moldova and Ukraine participated in the Operation. OLAF and SELEC were also engaged.

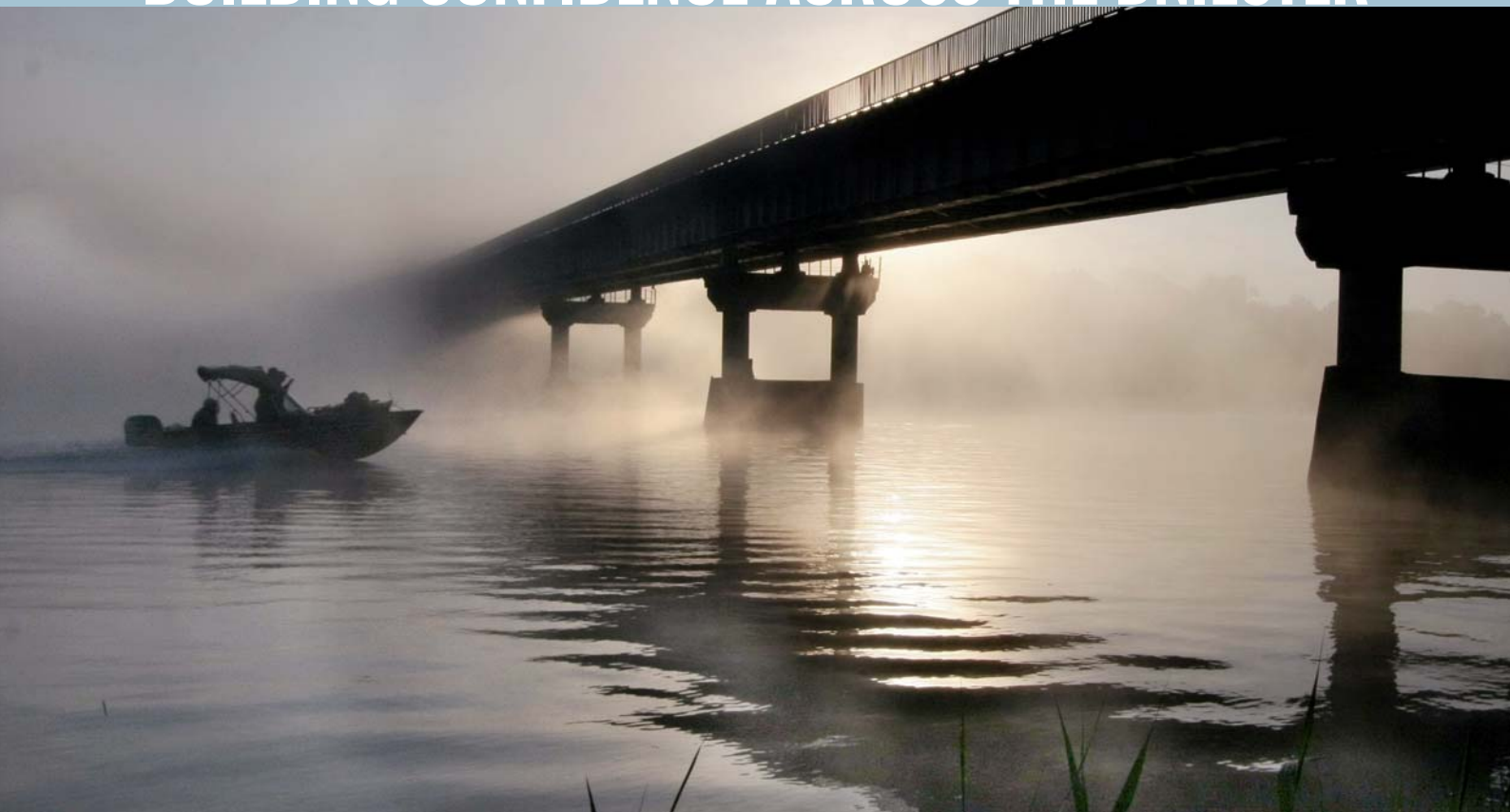
"ILLICIT WHITES"

"Illicit whites" are cigarettes manufactured legitimately in one country, but smuggled and sold in another without duties being paid. Also known as "cheap whites", they are the fastest growing sector of the illicit tobacco trade, now accounting for 35% of the illicit market in the EU.





BUILDING CONFIDENCE ACROSS THE DNIESTER



Progress on confidence building measures remained challenging. EUBAM's support to the confidence building process revolved around developments arising from the outcome of Expert (Working) Groups meetings. The other block of activities targeted the ongoing left-bank customs reform and implicitly, the inclusion of Transnistria into the benefits offered by the free trade with the EU. Nonetheless, in March 2017, EUBAM brought together phytosanitary experts from both banks of the Dniester River in a workshop to learn about EU phytosanitary trade and control standards. It was only the third joint workshop held with experts from Chisinau and Tiraspol since EUBAM's inception, and was followed by another joint workshop on the EU's Trade Control and Export System (TRACES) in October. The workshops continued the joint initiative began in November 2016 and concluded with an intention to schedule further practical events, field visits and site inspections.

Breakthroughs on the participation of Transnistrian-plated vehicles in international traffic and customs cooperation remained elusive. However, the reopening of the Gura Bicului-Bicioc Bridge across the Dniester River in November 2017 raises the potential for deepening trans-boundary co-operation in 2018. The agreement reached by both sides on solutions for other four long pending issues, also in November 2017, inspires optimism as regards the acceleration of the confidence building process in the upcoming period.

OUR PARTNERS: THE OSCE MISSION TO MOLDOVA



As a co-chair of the Negotiation Process for the Transnistrian Settlement (the "5+2 process"), the OSCE coordinated with EUBAM on ongoing and proposed confidence-building measures. The Missions also work together on problem-solving related to trade, road or rail transportation issues as they arise, and regularly exchange information on trans-boundary related customs and security issues, as well as on cross-border crime.

IDENTIFYING SOLUTIONS TO TRANSPORT PROBLEMS

The agreement on the admission of vehicles with number plates issued in Transnistria to the international road traffic was not reached in 2017. Discussions continue based on a EUBAM proposal made in 2015 as reflected in the Berlin Protocol of 2016. The Protocol of the official meeting of the permanent conference for political questions in the framework of the negotiating process on the Transnistrian settlement held on 27-28 November 2017 in Vienna compels the parties to coordinate and sign an agreement on the mechanism of participation of vehicles from Transnistria in the international road traffic before the end of February 2018.

IMPROVED TRAVELLING CONDITIONS IN CHISINAU- ODESA PASSENGER TRAIN

EUBAM's initiative to revitalise the train connection between the two regional hubs Chisinau and Odesa, triggered the transfer of customs controls for the passenger trains crossing Transnistria from the administrative boundary line to the Chisinau Railway station before boarding/upon de-boarding of passengers as of 19 December 2016. EUBAM's efforts to have on-board UASBGS and UASFS checks also continued throughout the year. Further consultations on replacing the old uncomfortable train on route Chisinau-Odesa with the modernised one continued in summer with the active involvement of the Odesa Governor. In August, Moldovan and Ukrainian Railways reached an outline agreement on revenue and cost sharing, which should lead to the launch of the new train in the beginning of 2018.

IMPROVED SURVEILLANCE OVER THE DUTY FREE SHOPS IN TRANSNISTRIA

In August, right after cigarette shipments for Duty Free Shops (DFS) located in Transnistria resumed the previous month, EUBAM proposed to MDCS a mechanism to achieve authorised surveillance and accountability control over the trade. The solution does not require changes to the Customs Code and it would provide MDCS with realistic levers to initiate legal steps against the DFS operators if the latter fail to comply with the requirements. Over one billion cigarettes were declared for DFS in the period July-November 2017.

FOSTERING CONTACTS WITH TRANSNISTRIAN BUSINESS COMMUNITY

Business community implicitly remains one of the main beneficiaries of EUBAM. It is acknowledged that many initiatives, elaborated by the Mission and/or partner services, have more odds for endorsement and implementation once their outcome becomes attractive for the business. In January, EUBAM met the *de facto* Chamber of Commerce and Industry of Transnistria. In February, a similar visit was paid to the Chamber of Commerce and Industry of the Republic of Moldova. The meeting aimed at seeking ways of bringing closer representatives of the two bodies and identifying areas of operational interaction between them. In July, EUBAM attended the Transnistrian International Economic Forum, organized in Tiraspol by the *de facto* Government of Transnistria, to learn about the current problems the business community faces and possible ways to solve them.

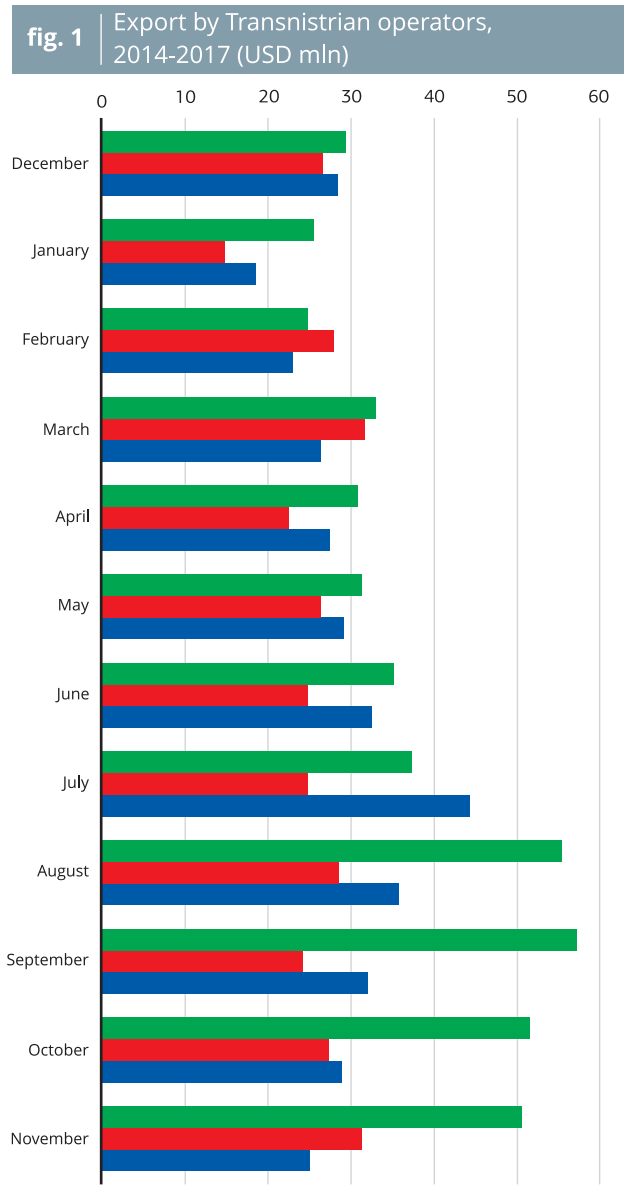
FACILITATING THE FREE TRADE WITH THE EU

The EU Delegation to Moldova has involved EUBAM in the monitoring of the progress achieved in Transnistria stemming from the DCFTA. Thereby, EUBAM attended and contributed to several discussions organized under the aegis of EU Delegation to Moldova in this regard. The Mission supported inter alia a comprehensive analysis of the changes in the Transnistrian customs import tariff applicable to the EU goods to effectively respond to the requirements of the DCFTA.



TRANSNISTRIA'S EXTERNAL TRADE

Both Transnistrian merchandise exports and imports ameliorated in December 2016 - November 2017 compared to the precedent twelve months. The value of goods exported by Transnistrian economic operators in December 2016 - November 2017 grew by \$152mln or 49%, accounting for \$460 mln (fig.1 below).

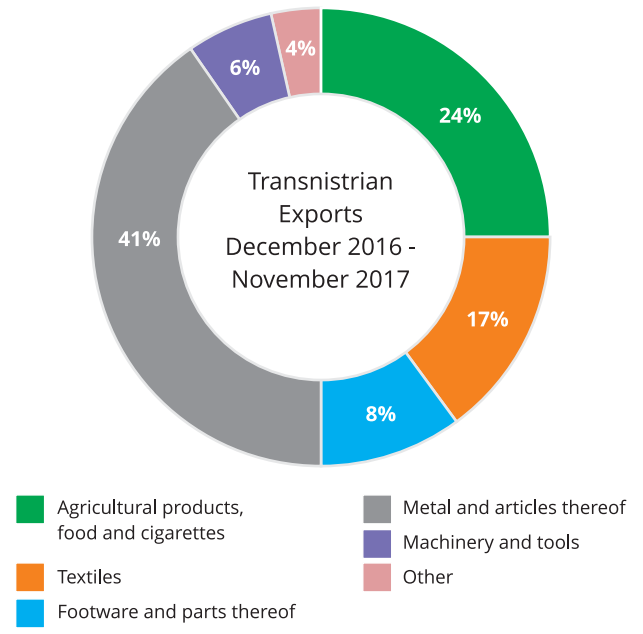


Source: Customs Service of the Republic of Moldova



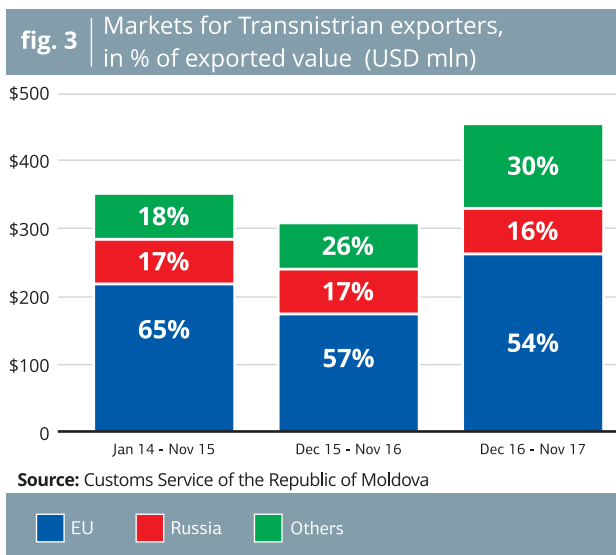
Metal products (41%), agricultural and food industry products (24%), textiles and clothes (17%), footwear (8%), machinery and tools (6%) prevailed in the pattern of Transnistrian commodity exports in the reporting period (fig.2 below).

fig. 2 | Categories of Transnistrian goods exported and their share by value

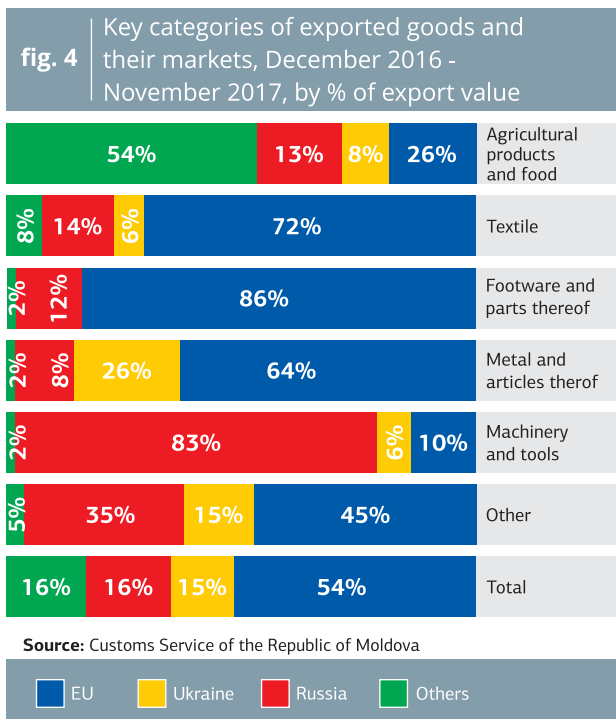


Source: Customs Service of the Republic of Moldova
*% including reported sales of Duty Free cigarettes

Both sales and resources markets for Transnistrian industrial sectors, including metallurgy, textile, agriculture and machinery are outside the region. Transnistria's external trade continued to demonstrate a solid reliance on the EU markets. During the reporting period, 54% of commodity exports and 40% of imports were traded with the EU member states. Transnistrian exports to the EU totaled \$249 mln (fig.3 below).



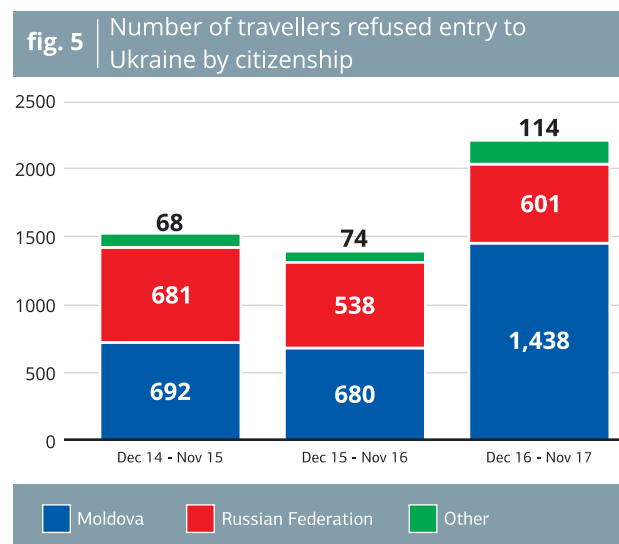
All Transnistrian key exporting industrial sectors saw upward trend and contributed to the growth by 49% of overall merchandize exports in the reporting period, while steel exports' ramp-up was the most notable. Sales and supplies disintermediation and overall support to the Transnistrian steelmaking industry invigorated manufacture and exports of metal products. Exports of steel products grew by over 150%. The EU (64%) and Ukraine (28%) became the main export markets for Transnistrian metal products and major suppliers of the steel scrap. Cereals yielded 38% of Transnistrian agricultural products exports, and were traded mostly to the EU, Ukraine and Far East countries. Transnistria nearly doubled exports of oil seeds, retaining demand at the EU and Ukraine's markets, while expanding its trade to Switzerland, Far and Middle East countries. The EU consumed 72% of Transnistrian textiles and 86% of footwear. The Russian Federation increased imports of Transnistrian textiles by 62%. Exports of machinery and tools to Russian Federation reached 83% (fig.4 below).



As of 30 November 2017, the total number of Transnistrian economic operators registered with Chisinau reached 1986. In 2017, Transnistrian exports continued to benefit from preferential treatment in the EU, since the scope of the DCFTA application extended to Transnistria pursuant to Decision 1/2015 of the EU-Moldova Association Council.

TRAVELLER TRENDS

Between December 2016 and November 2017, the number of travellers crossing the Transnistrian segment of Moldova-Ukraine border increased by 5% compared to the same period in 2015-2016. The number of border crossings made by Russian passport holders increased by 8%, compared to the same period of the previous year. Refusals of entry to Ukraine increased by 67%. Of these, Russian passport holders accounted for 28% of all travellers refused entry, compared to 42% in the preceding twelve months (fig.5 below).



EUBAM TODAY

The European Union Border Assistance Mission to Moldova and Ukraine (EUBAM) was launched in 2005 to promote border control, customs and trade norms and practices that meet European Union standards, and serve the needs of its two partner countries. It is an advisory, technical Mission headquartered in Odesa (Ukraine) with two country offices and six field offices in its area of operation. EUBAM activities promote economic development and enhance regional security. The Mission contributes to cross-border cooperation and confidence-building, and helps to improve efficiency, transparency and security along the Moldova-Ukraine border.

The Mission's aims are to:

- Support the development of Transnistria-related confidence-building measures and approximation of legislation and procedures in customs, trade, transport and trans-boundary management;
- Ensure full implementation of the Integrated Border Management at the Moldova-Ukraine border with a special attention to its Transnistrian segment; and
- Combat cross-border crime on the Moldova-Ukraine border, especially at the Transnistrian segment.

OUR PARTNERS: IOM



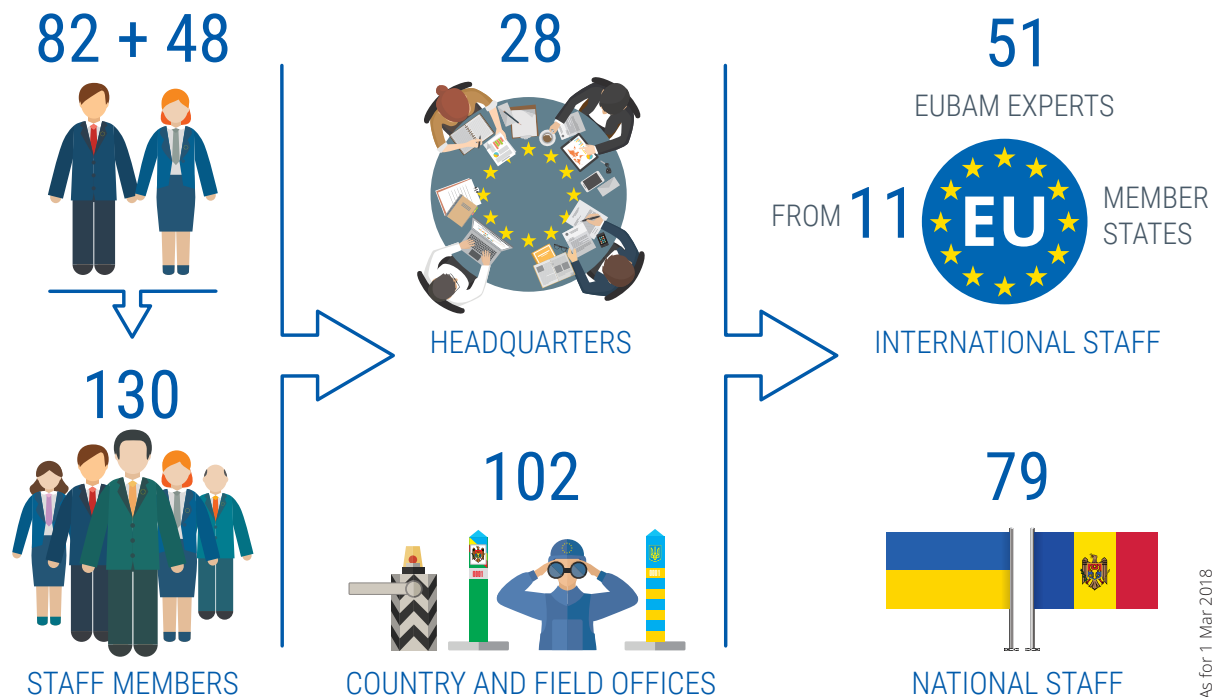
International Organization for Migration (IOM) is EUBAM's implementing partner. Since 2013, they have been responsible for all administrative functions within the Mission, including human resources, finance, procurement, security and logistics tasks.

EUBAM IN NUMBERS

The Mission's mandate has been extended five times

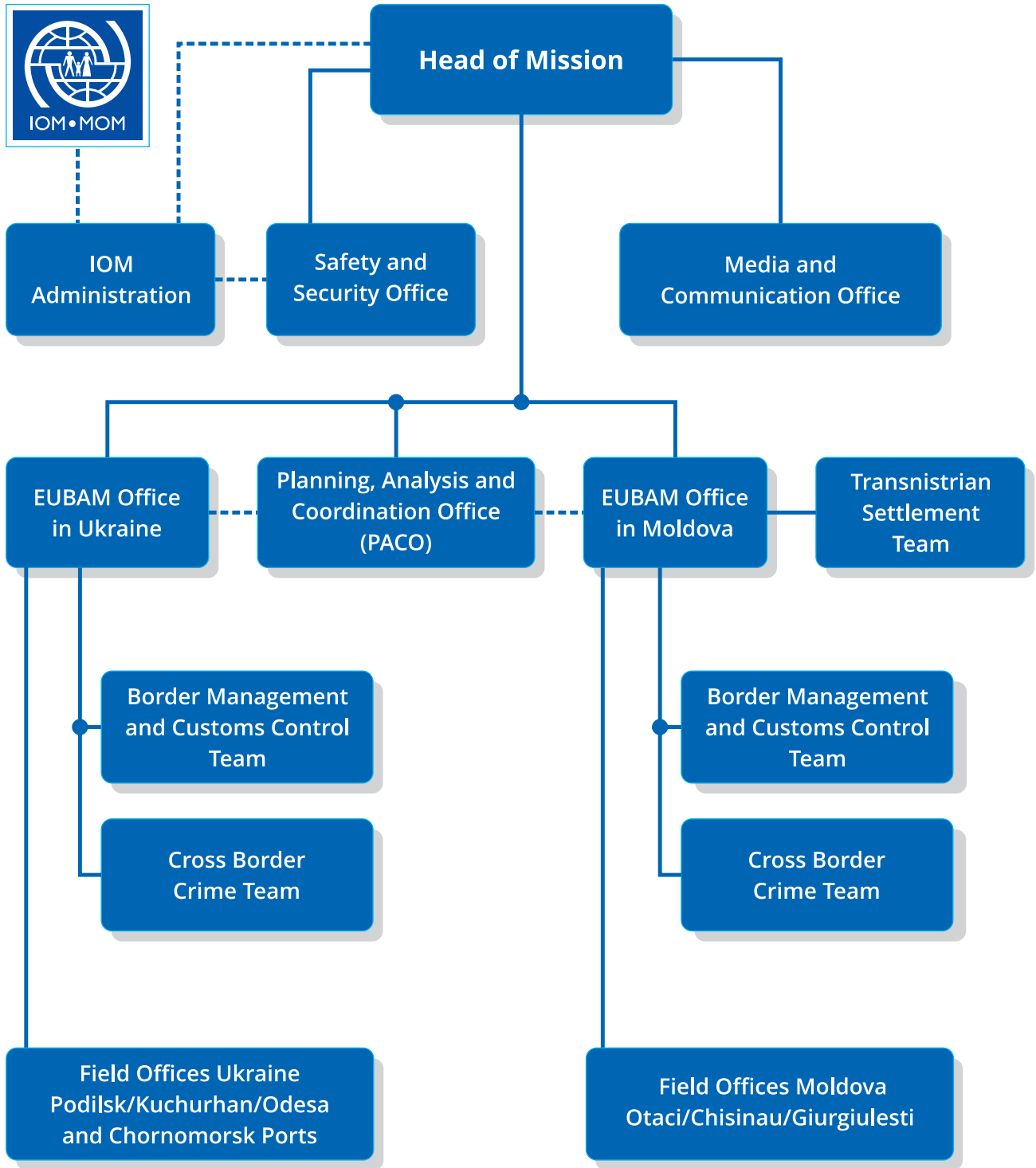


The Mission's mandate is valid until 30 November 2020



EUBAM indicative budget for December 2017 - November 2020 is 15 mln €.

EUBAM'S STRUCTURE



ANNEX I: EUBAM 12 ACTION PLAN

Specific objective 1	To support the development of Transnistria-related confidence-building measures and approximation of legislation and procedures in customs, trade, transport and trans-boundary management.
Output 1.1	Customs and trade related legislation and procedures on both sides of the Dniester River approximated.
Activities	
1.1.1	Advise on the approximation of customs duties, VAT and excise between Chisinau and Tiraspol.
1.1.2	Advise on the approximation of regulations and procedures on customs valuation and the alignment of regulations on fees and charges to the provisions of Articles VII and VIII of General Agreement on Tariffs and Trade (GATT) between Chisinau and Tiraspol.
1.1.3	Advise Transnistria on the implementation of Articles 2, 4-6 of the World Trade Organisation's Technical Barriers to Trade Agreement.
1.1.4	Advise Transnistria on the implementation of the World Trade Organisation's Intellectual Property Rights (IPR) protection standards and market surveillance.
1.1.5	Advise Chisinau and Tiraspol in improving the customs framework and further simplification of formalities in trade in goods.
Output 1.2	Co-operation among responsible authorities on the enforcement of customs and trade legislation and procedures on both sides of the Dniester River enhanced.
Activities	
1.2.1	Arrange joint anti-smuggling operations between Chisinau and Tiraspol customs structures.
1.2.2	Seek agreement and develop an automated exchange of customs data and information on registration of juridical persons involved in trans-boundary and international trade.
1.2.3	Profile and analyse Transnistrian external trade activity, including on the implementation of the single customs regime (i.e. 2005 Moldova-Ukraine Joint Declaration).
1.2.4	Verify clearance of goods imported or exported by Transnistrian economic operators is performed in a transparent and non-discriminatory manner.
Output 1.3	Sanitary, phytosanitary and veterinary practices on both sides of the Dniester River aligned with international standards to mitigate human, animal or plant health risks in trade.
Activities	
1.3.1	Promote co-operation between Chisinau and Tiraspol to uphold regional consumer safety.
Output 1.4	Practical solutions for the fully-fledged resumption of passenger and freight traffic across Transnistria adopted by the responsible authorities.
Activities	
1.4.1	Develop and sustain transport related confidence-building measures in co-operation with the OSCE.
1.4.2	Contribute to defusing disruption of passenger and freight services across the administrative boundary line and transit, import and export of cargo overseas by road and rail through Transnistria, in cooperation with the OSCE.
Output 1.5	Trans-boundary crisis management co-operation improved.
Activities	
1.5.1	Encourage establishment of contact points and information exchange mechanisms to respond to any type of incidents (flooding, serious incidents in either bank of the Dniester River, etc.) that may affect the movement of people and goods across Transnistria.
Specific objective 2	Full implementation of the Integrated Border Management at the Moldova-Ukraine border with a special attention to its Transnistrian segment.
Output 2.1	Joint control at border crossing points and automated exchange of border crossing data established.
Activities	
2.1.1	Ensure the implementation plan of the partner services to establish jointly operated border crossing points along the entire Moldovan-Ukrainian border.
2.1.2	Confirm the full implementation of the automated exchange of border crossing data on persons and vehicles crossing the Moldovan-Ukrainian border including the Transnistrian segment.
Output 2.2	Efficiency of border and customs controls increased through inter-agency co-operation at the regional and local levels.

Activities	
2.2.1	Ensure on the full implementation of One-Stop-Shop (OSS) concept including on the implementation of data sharing mechanisms at Border Crossing Points for clearance purposes.
2.2.2	Draft assessment and proposal regarding intelligence led border management on Moldova-Ukraine border segment. Support inter-agency mobile groups based on intelligence-led activities in close co-operation with Frontex.
Output 2.3	Cross-border processes aligned with the Association Agreements, VLAPs and Integrated Border Management provisions.
Activities	
2.3.1	Evaluate border and customs systems at all road, rail, air and sea Border Crossing Points and Customs Posts within EUBAM's area of operations jointly with partner services.
2.3.2	Monitor the implementation of the EU Visa post-Liberalisation Action Plans benchmarks in both Moldova and Ukraine in the following areas: border management, migration management, combatting cross-border organised crime and freedom of movement of citizens of both countries, upon the request of the EU and/or partner services.
2.3.3	Review all Border Crossing Points along the Moldova-Ukraine border with a view to optimizing their status.
2.3.4	Support the finalisation of the border demarcation process on the Moldova-Ukraine border. Upon request of the partner services, advise on the technical aspects outstanding for the full demarcation of the common border.
Specific objective 3	Greater effectiveness of efforts to combat cross-border crime on the Moldova-Ukraine border, especially at the Transnistrian segment.
Output 3.1	The transparency in fighting cross border crime of the common border and adjacent ports of entry in fighting cross-border crime increased.
Activities	
3.1.1	Assist in the prevention, detection and investigation of cross-border crime.
3.1.2	Develop the assessment, prevention, detection and investigation capabilities of partner services on the illegal trafficking of arms, ammunition, radiological and nuclear materials.
Output 3.2	Joint assessment of threats to border security by the border services and other law enforcement agencies in Moldova and Ukraine developed.
Activities	
3.2.1	Develop updated assessment of risk analysis, intelligence and data-flow management of the partner services on the concerned border segments, and ensure implementation of assessment.
3.2.2	Develop and ensure implementation of the partner services' joint risk and threat assessments on cross-border crime.
3.2.3	Ensure a sustainable alert mechanism at tactical and operational levels for prompt response border-related crime threats.
Output 3.3	Increased operational co-operation between Ukraine and Moldova in preventing smuggling of goods, including in tobacco products, arms, ammunition and nuclear materials.
Activities	
3.3.1	Develop updated assessment of information exchange between Moldova and Ukraine on preventing and combating smuggling of goods, including in tobacco products, arms and ammunition, explosives and nuclear materials.
3.3.2	Ensure the planning, conduct and evaluation of joint border control operations with the partner services and in co-operation with Frontex, European Anti-Fraud Office (OLAF) and South European Law Enforcement Centre (SELEC).
3.3.3	Ensure the implementation of border and customs control measures in Moldova and Ukraine with particular attention to the Transnistrian segment of the common border.
Output 3.4	Better inter-agency coordination in the detection, investigation and enforcement of cross-border crime.
Activities	
3.4.1	Enhance harmonised measures and joint efforts to improve enforcement procedures to prevent and combat cross-border crime.

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