

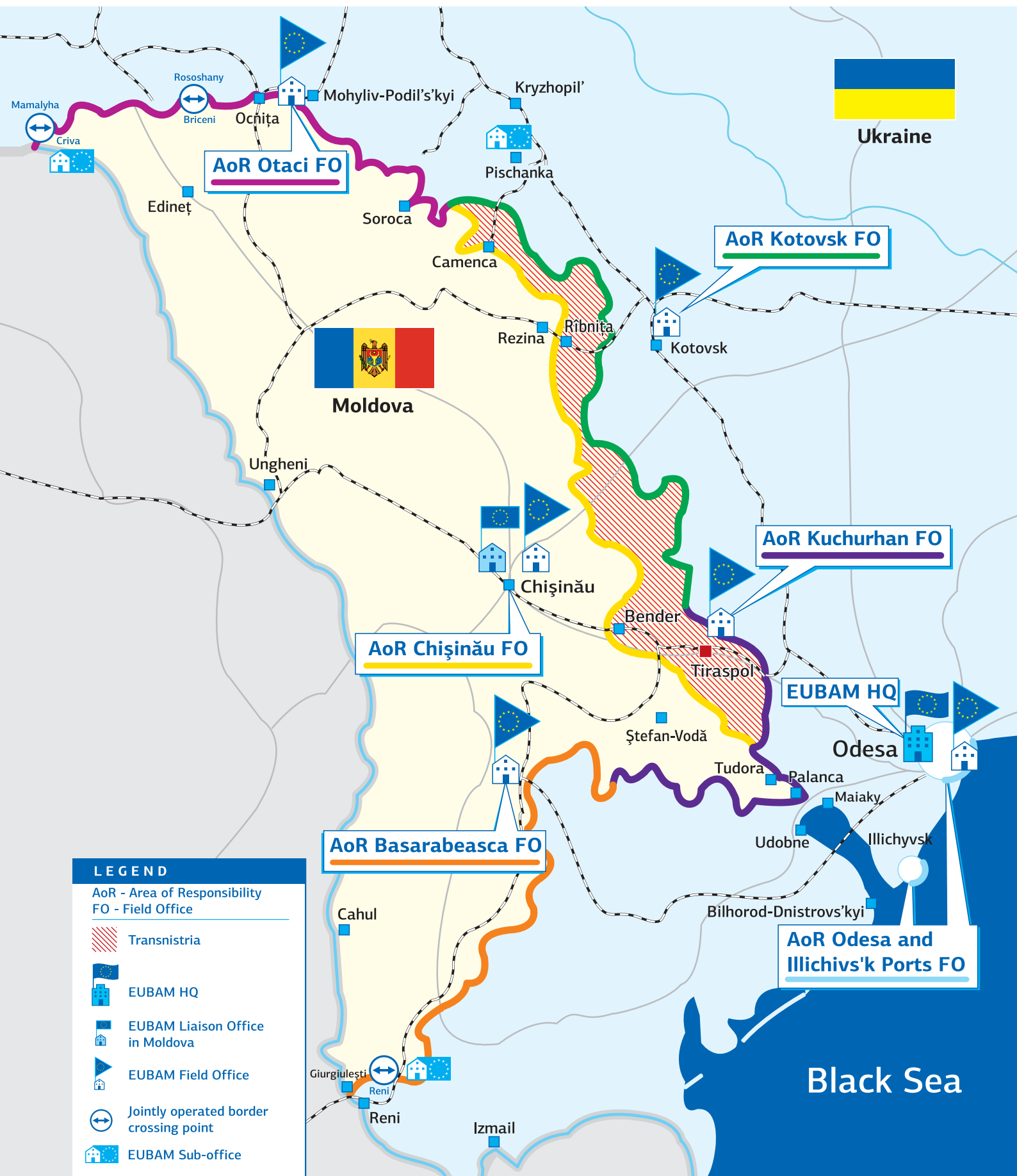
EUROPEAN UNION
BORDER ASSISTANCE MISSION
TO MOLDOVA AND UKRAINE



1 DECEMBER 2013
30 NOVEMBER 2014

ANNUAL REPORT

EUBAM Area of Operations



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FOREWORDS



The reporting year was fraught with uncertainties and difficulties both in the Republic of Moldova and in Ukraine. 2014 was also marked by a development of fundamental importance in the European agenda of EUBAM's partner countries: the signing by Chisinau and Kyiv of Association Agreements with the European Union.

In a fast evolving environment, EUBAM had to question itself and adjust priorities and programmes. As we did so, we relied on two assets: a well-established cooperation with border control, customs and other national services and our unique on-the-ground presence and expertise.

The diverse requirements of the Association Agendas and DCFTA led to a greater engagement in normative and operational areas of trade, border control and customs work. We also launched dedicated efforts, such as the Odesa port study, intended to act as catalysts for the overall strengthening of partner services. In response to new security concerns at the Transnistria segment of the border, the Mission increased its monitoring presence and reporting capability.

In its ninth year of operations, EUBAM moved determinedly towards the empowerment of partner services and sustainability. Partners took the lead on several activities in which they have achieved good levels of competency and the Mission limited itself to a supporting and advisory role. This freed time and resources for us to turn our attention towards new priorities. The growing number of initiatives by the European Union and other regional and international partners made it also imperative to strengthen inter-agency coordination. This promoted synergies and the optimal utilization of resources in the best interest of partner countries. The Mission intends to continue down this path.

As reflected in the report, 2014 saw most encouraging progress in cross border cooperation. The concern over security shared by both countries reinforced their mutual commitment both institutionally and on the ground.

EUBAM was a close partner in joint operations and in facilitating new agreements within the framework of the standards and obligations of the association process.

The political impasse over Transnistria affected EUBAM's capacity to make full use of its know-how through the confidence-building process. Some glimmer of hope transpired towards the end of the reporting year. At the same time, the Mission presence at the Transnistrian segment of the border was an effective tool to ensure that heightened security measures complied with EU standards. It also provided much needed information on developments to partner countries and the international community.

This report is meant most of all to inform about the activities of EUBAM and its partners during the past year. It should also contribute to the collective effort to define a common agenda for the future. More needs to be done in the fight against corruption and cross border crime; good intentions must increasingly be reflected in specific deeds and verifiable results. Rules and procedures should be further developed, particularly in the area of human resources management, and aligned with European standards. Equally important is their universal and consistent application. Greater stability of structures and personnel in the partner services would also facilitate continuity and readiness to commit. On Transnistria, the Mission will redouble its efforts to promote practical solutions to problems shared by the parties without prejudice to the unresolved political agenda. Open minds and a spirit of compromise on the part of all concerned would be of great assistance in this respect.

While considering what remains to be done, this is also an occasion to acknowledge the important progress that we have made together. The report bears witness to this progress.

Whatever achievement EUBAM managed over the past year would not have been possible without the hard work of our Moldovan and Ukrainian colleagues in circumstances that often were far from easy. As we renew our wholehearted commitment to the common agenda, I wish to express EUBAM's deep appreciation for their trust and dedication



Francesco Bastagli
Head of Mission

30 January 2015



The Border Police Department of the Ministry of Internal Affairs of the Republic of Moldova



It is impossible not to mention, as well, the progress made in European integration, in particular the implementation of the Moldova-EU Action Plan on Visa Liberalisation. As a result, since 28 April 2014, nationals of the Republic of Moldova cross the borders of EU member states without a visa. Moreover, the signature of the Moldova-EU Association Agreement has brought bilateral cooperation with our European partners to a new level.

2014 was remarkable for a number of important developments as the consolidation of our functional, structural and managerial systems marked the transition of the Border Police of the Republic of Moldova to a new path of strategic development. It is a pleasure to acknowledge that our progress in the field of compliance with European standards resulted from the professionalism of the Border Police and from our continuous cooperation with EUBAM. In this context, I would like to highlight EUBAM's significant contribution in the development and strengthening of our agency's capacities in fields of activity such as: risk analysis; mobile units; the application of technical assistance; anti-corruption; and border control and surveillance. And these constitute only a small part of the issues addressed within the joint meetings and working groups which function under the Mission's aegis.

Our continuous cooperation with the Mission has allowed us to make real progress in the development and implementation of Integrated Border Management in accordance with EU recommendations and best practice. In 2014, a National Strategy for Integrated Border Management for the years of 2015-2017 was elaborated and adopted. The implementation of the Strategy will strengthen the border security system and facilitate approximation with the European Integrated Border Management model.

Implementing best standards for ensuring the security of the state border of the Republic of Moldova has opened the way to developing cooperation with the border guard agencies of neighbouring states, as well as EU states. This, in turn, and with the direct participation of EUBAM, has made it possible to launch a discussion on joint efforts in more complex fields of activities.

Taking into account the whole set of joint events and activities, the Border Police would like to express its appreciation to EUBAM for its cooperation and to acknowledge the importance of EU member states' support, expertise and experience for the current and future activities of our agency. The Border Police of the Republic of Moldova is also counting on the further support of EUBAM in fulfilling the obligations undertaken by the Republic of Moldova in the context its European integration.



Dorin Purice

*Head of the Border Police Department
Ministry of Internal Affairs of the Republic of Moldova*

31 January 2015

The State Border Guard Service of Ukraine



The State Border Guard Service of Ukraine's collaboration with the European Union Border Assistance Mission to Moldova and Ukraine in 2014 was focussed on enhancing cooperation on the guarding of the Ukraine-Moldova border.

To prevent the illegal movement of goods, weapons and other forbidden materials across the border and counteract illegal migration we increased the number of joint border patrols and joint operations. This type of joint action qualitatively improves border security and reduces the scope for illegal activities.

We also carried out joint controls at Mamalyga-Criva, Kelmentsi-Larga, Reni-Giurgiulesti and Rossoshany-Briceni border crossing points. Additionally, we plan to apply joint control at the Mayaki-Palanca-Udobnoye border crossing point after its reconstruction.

Strengthening our joint efforts to improve border security threat analysis, carrying out thematic research and a high level of statistical information exchange are also important.

We appreciate the assistance the Mission provides and are grateful as well for its solidarity in solving current problems, counteracting cross border crime on the Ukrainian state border including: the fight against corruption; the transportation of weapons; the smuggling of tobacco products, and illegal migration.

Today the Mission's support is relevant for assisting our service to fulfil its tasks under the implementation plan for the second phase of the EU-Ukraine Visa Liberalisation Action Plan and the Association Agreement agenda.

We can confirm that the level of protection at the Transnistrian segment of the border has been raised, but we are not going to rest there. With the Mission's support, the State Border Guard Service of Ukraine will continue the process of strengthening security, while at the same time ensuring that legal movement across the border can proceed efficiently.



Viktor Nazarenko

Chairman of the State Border Guard Service of Ukraine

20 February 2015

The Customs Service of the Republic of Moldova



In 2014 we continued working on the certification of an ISO standard Quality Management System throughout the whole customs system of the Republic of Moldova. Together with the Mission we completed the work on a regulatory and legal framework for mobile units so that now mobile units can operate on a sound legal platform in accordance with European standards.

The assistance systematically rendered by the Mission experts at local, regional and central levels at all stages of the application of European standards is an important contribution to improving the institutional capacities of the Customs Service of the Republic of Moldova

The year 2014 was distinguished for the signature of the Association Agreement between the Republic of Moldova and the European Union which assigns to the Customs agency a very important role in implementing the Deep and Comprehensive Free Trade Area with EU (DCFTA).

The mid-term priorities of the Customs Service of the Republic of Moldova are focussed on fulfilling the obligations set out in the Association Agreement which has been in temporary force since 1 September 2014, so EUBAM assistance in implementing the provisions of the Agreement provisions is considered to be especially important. Of course, these provisions include trade facilitation through simplified clearance procedures, the provision of clear and transparent rules, the implementation of modern risk analysis methods as well as through existing international tools in the fields.

In 2014, we introduced electronic declaration for exports and are continuing to work on its full implementation for imports. This fully corresponds with the desire of foreign economic trade operators who prefer paperless declaration because it significantly reduces the time and cost related to foreign trade, and minimizes contact with Customs Authorities.

Last year, together with EUBAM we made a lot of effort to introduce other simplified clearance procedures. In particular, a legislative framework was adopted in line with European standards on Authorised Economic Operators. This mechanism enables business to apply for simplified procedures based on constructive interaction with the Customs Authorities and compliance with all the necessary requirements. In future, we expect to conclude agreements on mutual acknowledgement of AEOs with EU states, Ukraine and other states with which Moldova is developing its foreign trade.

Obviously, the professional development of our personnel is one of the most important elements in building up the service's potential. During recent years, joint efforts were made with the Mission to train our Training Centre instructors. We hope this will result in turning the Centre into a highly professional educational institution for training new and experienced customs officers of the Republic of Moldova.

The existing mechanisms for interaction with the law enforcement agencies of our partner services as well as those of EU member states and relevant international organisations provide an effective framework for cooperation to combat cross border crime. Taking into account the existing regional threats, the Mission's role in ensuring the Moldovan-Ukrainian border security is particularly important.

Much was done over the course of last year, and much remains to be done to implement the complex reform programme in the framework of the Association Agreement. We are confident that, with the support of EUBAM, we will achieve the highest results.



Tudor Balitchi

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

4 February 2015

The Customs Department of the State Fiscal Service of Ukraine



Cooperation with EUBAM also enabled us to receive information on the possible illegal movement across the customs border of Ukraine of excisable goods, drugs, weapons, psychotropic substances and their precursors. In 2014, two international joint border control operations - "Olvia" and "Hit" - were successfully carried out. Besides the detection of violations, the data generated by the operations will allow for an exchange of information which we will use in our future work and to facilitate the prevention of smuggling.

For Ukraine, 2014 was an extremely important, perhaps even historic, year in our country's development. Throughout this time, we knew we had the support of the European Union Border Assistance Mission to Moldova and Ukraine and we are grateful for their assistance.

The training and workshops delivered by EUBAM play an important role in raising the qualifications of customs personnel and increasing the application by the customs authorities of best European practice in customs clearance and the counteraction of violations.

The key event was the signature of the Ukraine-EU Association Agreement. For the Deep and Comprehensive Free Trade Area between Ukraine and the EU to be established, it is essential first to harmonize our national legislation with the EU standards: in particular with the provisions of the EU Customs Code; the single transit regime; trade facilitation conventions, regulations on intellectual property rights protection, and relief from customs duties. Therefore, with the support of EUBAM, we have engaged an EU consultant to work within our Ministry for the next year to provide assistance on joining the EU single transit system and the European Free Trade Association (EFTA).

EUBAM gave significant assistance to Ukrainian and Moldovan partner services in developing a draft proposal to upgrade the facilities at the Reni-Giurgiulesti border crossing point, and promoting it to the European Commission.

On a regular basis, EUBAM experts have delivered recommendations on matters related to certificates of origin, the protection of intellectual property rights, commodity classification, tariff quota regulation, etc.

The top priority for the Ministry in 2015 remains the fulfilment of the clauses of the Ukraine-EU Association Agreement relating to customs matters with the goal of simplifying customs procedures, improving the quality of service for businesses and individuals, and consequently enhancing Ukraine's attractiveness as an investment destination.

The State Fiscal Service of Ukraine has actively engaged with EUBAM on the implementation of the Integrated Border Management Concept and the EU Action Plan on Visa Liberalisation for Ukraine. A positive assessment of Ukraine's efforts by the European Commission in 2014 made it possible to move to the second phase of the implementation of the Visa Liberalisation Action Plan. Together, our Ministry and EUBAM conducted constructive consultations on developing conceptual approaches to, and practical implementation of, customs authority operation on the administrative line with the temporarily occupied Autonomous Republic of Crimea.

We are confident that our planned objectives and the existing potential for cooperation between the State Fiscal Service of Ukraine and EUBAM will be achieved in full measure in 2015.



Anatolii Makarenko

Deputy Head of the State Fiscal Service of Ukraine

3 February 2015

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 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.

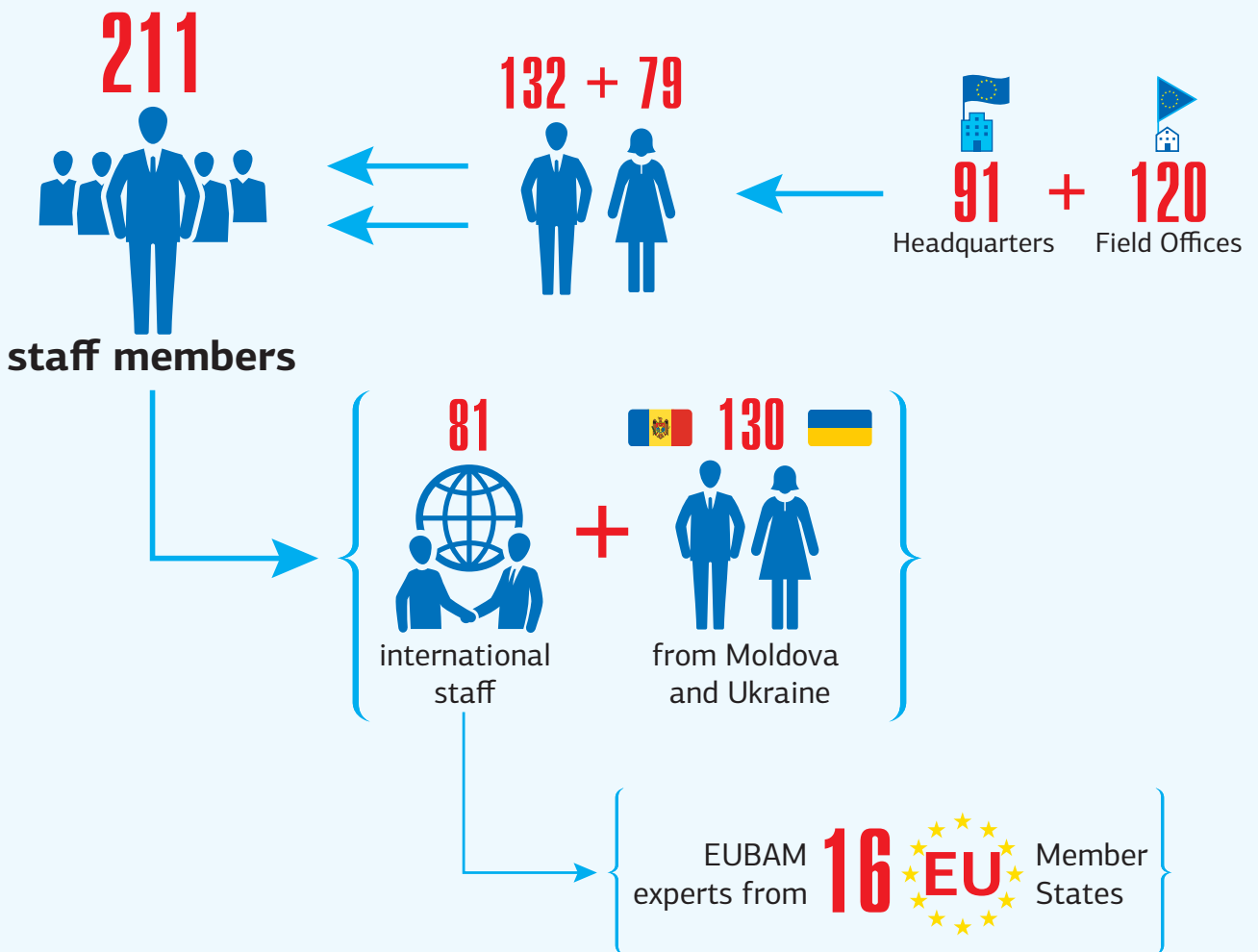
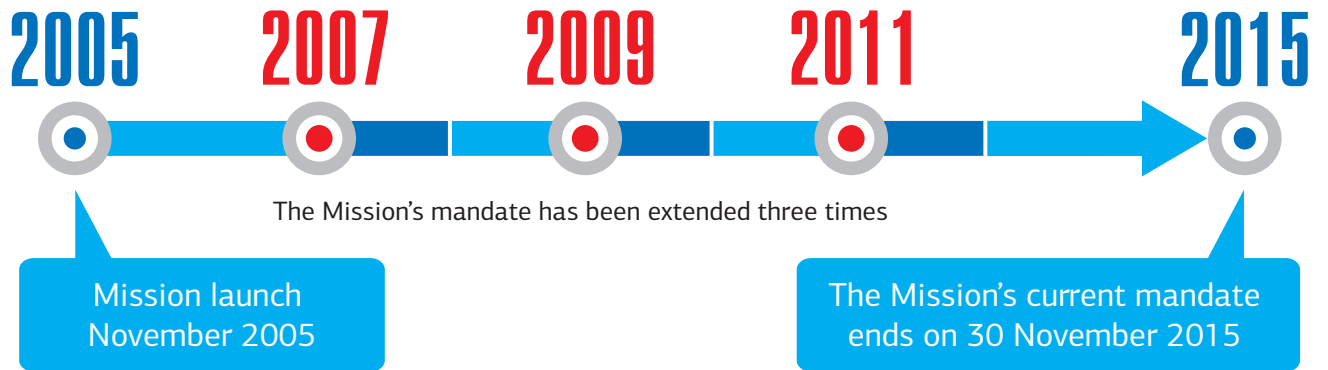
The Mission's aims are to:

- work with the authorities in Moldova and Ukraine to harmonise their border control, and customs and trade standards and procedures with those in EU Member States;
- improve cross border cooperation between the border guard and customs agencies and with other law enforcement bodies, and facilitate international coordinated cooperation;
- assist its partners in preparing for the implementation of the requirements of the EU–Moldova and EU-Ukraine Association Agreements and the future establishment of a Deep and Comprehensive Free Trade Area (DCFTA);
- contribute to the peaceful settlement of the Transnistrian conflict through confidence-building measures and a monitoring presence at the Transnistrian segment of the Moldovan-Ukrainian border.

From December 2013 the International Organization for Migration is the Mission's implementing partner, providing administrative and logistical support.



EUBAM IN NUMBERS



THE ADVISORY BOARD



The Advisory Board is the governing body of EUBAM. It is chaired by the Head of the EU Delegation to Ukraine and is composed of representatives from the Ministry of Foreign Affairs and European Integration of the Republic of Moldova, the Ministry of Foreign Affairs of Ukraine, the Moldovan and Ukrainian customs and border authorities, the European External Action Service, the European Commission, the International Organization for Migration, and the Organization for Security and Cooperation in Europe (OSCE). Several institutions have observer status: the Ministries of Internal Affairs and Ministries of Justice of the Republic of Moldova and Ukraine, the Information and Security Service of Moldova, the Security Service of Ukraine, the General Prosecutor's Offices of both countries and UNDP.

The Advisory Board met twice in 2014 under the chairmanship of the Head of the EU Delegation to Ukraine, Ambassador Jan Tombinski. The first meeting took place in May in Odesa. The Board welcomed the appointment of Francesco Bastagli as Head of EUBAM and endorsed the annual report of EUBAM for the period of December 2012-November 2013.

At the second meeting in October in Chisinau, the Advisory Board positively assessed the assistance provided to the two governments in their preparations for the implementation of the Association Agreements and the EU requirements related to the Deep and Comprehensive Free Trade Area. It welcomed EUBAM's support to partner services in border control, visa liberalization, and strengthening institutional and operational capacities.

The Board encouraged the two Governments to provide soon to the European Union institutions their proposals concerning the extension of the Mission mandate beyond 2015.

REPUBLIC OF MOLDOVA

Progress towards common objectives in Moldova was generally good, reflecting the strong relations and trust existing between the Mission and its key partners. There was measurable improvement in a number of areas, but challenges remained. The Government's clear commitment towards European integration was reflected in the work of many of EUBAM's service counterparts who demonstrated a discernible determination to achieve the EU standards required to fulfil critical components of the EU-Moldova Association Agreement, and its Deep and Comprehensive Free Trade Area.

Considerable work remains to be done, notably in the field of customs, where most of the responsibility for meeting the targets set out under the Association Agreement will fall. Key aspects of customs legislative reform, and importantly implementation of these reforms, remain to be achieved. The unresolved conflict in Transnistria continues to present challenges for effective border management. Tackling corruption remains a key challenge. Corruption is present in Moldovan society, but its impact on the public services and in particular the customs, is especially challenging. The effective implementation of the Association Agreement will require a customs service that has the administrative capacity not only to collect the revenues due to the State, but also to support economic reform and trade facilitation.

2014 saw Moldova achieve its longstanding goal of visa liberalisation with the EU. Here is how EUBAM helped:

- assisting in aligning Moldova's legislation and procedures with those of the Schengen Area
- strengthening capacity to conform to the new regime through training
- helping develop strategies and policies on Integrated Border Management

Although visa liberalisation with the EU was achieved during the year, further work continued to bring controls in line with EU standards. Close cooperation with the Moldovan Border Police has gone a long way to achieve this.

As one of several actors involved in border management projects in Moldova, EUBAM has sought to maintain effective liaison with the many other donors in the field. To facilitate this, with the approval of both EU Delegations, the Mission planned to establish a liaison office; a move welcomed by Moldovan partners. The office will start functioning in December. During the year, the Mission maintained regular liaison with other donors and stakeholders. In particular, there was regular collaboration with OLAF (the European Anti-Fraud Office) and with USAID's BRITE project (Business Regulatory Investment and Trade Environment Program). This proved particularly effective in delivering enhanced support to the Moldovan Customs, with whom it was carefully coordinated.



COOPERATION WITH BORDER POLICE

Significant work was undertaken during the year to assist the Ministry of Interior and the Moldovan Border Police to develop the regulatory framework for controlling persons entering and leaving the country. The advice and recommendations related to primary and secondary legislation designed to align national law with EU standards, specifically those under the Schengen Agreement.

The areas covered included:

- the Contravention Code, where EUBAM proposed specific amendments to the law and a new order for its implementation that was subsequently introduced and adopted;
- the development of an instruction on 'Ban Entry'¹ which resulted in a new order being introduced that incorporated EUBAM advice;
- the provision of support for the drafting of a new order on recognised travel documents that effectively mirrors the EU list and those of member states;
- an evaluation of the Decree on Implementing the Law on State Border, where EUBAM identified sixteen articles of the Law requiring additional regulation for specified procedures, as well as duplications of these procedures in a number of other extant normative acts.

¹ A police measure to prohibit entry into and stay on the territory of the respective country

EUBAM provided assistance to the Border Police by making recommendations on the draft text of the National Strategy on Integrated Border Management and the 2015-17 Action Plan for implementation. The Action Plan benefits from EU budgetary support and was coordinated with the International Organization for Migration. Under the Action Plan, EUBAM assisted the Border Police by assessing:

- the functioning and development of first and second line checks;
- the functioning and structure of the National Coordination Centre managed by the Border Police;
- the functioning of the Border Police mobile units.

All these activities were conducted in close collaboration with responsible managers to ensure that solutions offered were feasible, acceptable, and in line with EU best practice.

With EUBAM'S support, the Border Police developed standard operational procedures for information analysis in border control. Under the order which was issued, the policy and methodology for the application of intelligence and risk analysis were elaborated.

Effective border management relies on a culture of integrity among the public servants involved in border management. The launch of the Border Police Staff Code of Conduct was supported by EUBAM through the printing of copies of the Code for distribution to all border police officers. With the Mission's advice and support posters were displayed at border crossing points, advising travellers of the behavioural standards they could expect and how to complain if they did not receive them. At a press event at Tudora to launch the Code, the EUBAM Head of Mission, together with the Head of the Border Police, underlined the importance of the event in giving a clear message to the public of the standards that they sought to achieve from their staff, and the public service culture that they wished to engender.

Following close cooperation between the Border Police Human Resources Management Department and EUBAM, a new system for personal performance evaluation was developed and approved for introduction during 2015. The new system is in accordance with the Moldova civil service regulation and incorporates EU and worldwide good practice.

Other cooperative activities with the Border Police are included in the section on Cross Border Cooperation.

COOPERATION WITH CUSTOMS

Fulfilling its obligations under Association Agreement and, in particular, the Deep and Comprehensive Free Trade Area (DCFTA) will be the major strategic goal for Moldova for the next years and will require a transformative reform programme. During the reporting year, EUBAM supported both the Customs Headquarters and the Ministry of Finance in matters of legislative reform, and the introduction and implementation of changes necessary to achieve EU norms and standards. EUBAM's contacts with DG TAXUD and its participation in the EU-Moldova Project Group on the implementation of the Strategic Framework for Customs Cooperation places it in a unique position to identify and support critical reform issues in the customs field that will be necessary under the Association Agreement to achieve alignment with the EU legal framework.

In the area of legislative reform, EUBAM contributed to a review of additions and amendments to the existing Customs Code on the transit of goods, aimed at improving compliance and conformity with European standards.





On rules of origin, assistance was provided to the Customs to ensure smooth parallel application of the different rules under the preferential trade regimes with the EU such as the Autonomous Trade preferences, due to end in 2015, and the DCFTA, which was applied from September 2014. Effective application of the rules of origin allows traders from the states covered by these regimes to benefit from the preferential tariffs to which they are entitled while at the same time avoiding fraud. The support involved advice on the elaboration of legislative instruments, and the provision of explanatory and guidance notes. Particular attention was paid to: regulations and guidance on the issuance of EUR.1 certificates; approval of exporters' status; and amending the Customs Code and the Law on Customs Tariff. Additionally, advice was provided on the application of certain provisions in the Origin Protocol of the DCFTA related to the importation of goods from the EU.

On valuation issues, EUBAM assisted in the elaboration of a customs order on the final determination of customs value, which is an important tool for the implementation of the provisions under the Law on Customs Tariff aimed at both improved trade facilitation and collection of appropriate duties.

Reflecting Moldova's commitment to align with World Trade Organization and EU standards related to customs fees and charges, EUBAM advised the Ministry of Finance regarding the conditions and limitations of customs fees and charges that are required under the DCFTA.

Assistance was provided in the elaboration of a decree on the implementation of provisions related to Authorised Economic Operators (AEO). The decree regulates the operation of these trade facilitation measures, and provides practical guidance on how to achieve effective control and enhance cooperation between customs and compliant traders. In support of the development of the AEO concept, EUBAM produced a detailed study paper on mutual recognition between Moldova and Ukraine. This is currently being considered by the respective Customs Administrations.

A new decree on customs inward processing procedures was elaborated with EUBAM assistance that brought regulation in line with the Revised Kyoto Convention and the EU acquis.

EUBAM worked with the Moldovan Customs authorities on the development and application of customs control through mobile customs units. This included amending the Customs Code and support to operationalise the mobile customs units on the ground. The legal framework and the operational and management systems for these units are now completed, and EUBAM will continue to assist with their practical deployment.

Following an Integrity Risk Assessment Report completed in 2011 Moldovan Customs' administrative reform has been a focus of EUBAM cooperation and attention. This identified a number of areas for reform, particularly in human resource management. The signing of the Association Agreement has brought these outstanding issues into sharp focus because the Agreement not only sets high integrity standards, but requires that implementing agencies have sufficient administrative capacity to meet those standards. The main tool for working towards this goal is the EU Customs Blueprints. Accordingly, during the course of the year, a new Customs Service Law was drafted with close, dedicated EUBAM support. This was sent to the Cabinet of Ministers for consideration and introduction into parliamentary procedures. Regrettably, it was not considered by parliament due to the summer recess and the following election. To make further progress, it is important that the draft law achieves parliamentary approval in the near future.

Customs made progress in amending the current legislation to align with EU legislation, but the long-outstanding and important matter of drafting a new customs code remains to be addressed.

Other cooperative activities with the customs are included in the section on Cross Border Cooperation.

UKRAINE

EUBAM's planned activity with its partners in Ukraine was heavily affected by the difficult institutional and security environment. The Ukrainian State Border Guard Service, long a close partner of EUBAM, shouldered considerable responsibilities in Crimea and the east of the country, as well as along the common border with Moldova. Understandably, their ability to engage with EUBAM was reduced.

As a result of the change of Government, the Customs were moved from the Ministry for Revenues and Duties and absorbed into the State Fiscal Service. There were a number of changes amongst senior and middle level personnel. Furthermore, the signing of the EU-Ukraine Association Agreement and its Deep and Comprehensive Free Trade Area required a significant refocus to plan and accommodate the considerable reforms necessary to fulfil the obligations in the Agreements. As with Moldova, a significant change management programme will be required within Customs. EUBAM quickly established good cooperation with the new management, and has identified, at a strategic level, a number of areas for specific cooperation to enable the Customs to deliver their reform objectives.

The political and security situation also affected EUBAM's positioning within the framework of donor support. With the change of Government, Ukraine's path towards European integration was resumed. This, coupled with the variety of critical challenges facing Ukraine, brought forth a number of new assistance responses, in particular from the EU. A great deal of activities were put into the planning stage and should be brought to fruition in 2015. This will require very close cooperation amongst existing and new actors such as the newly established European Union Assistance Mission (EUAM). EUBAM moved quickly to established relations with this new Mission. The prompt dialogue with EUAM and the recognition of our mutual interests and the need to establish effective synergies, will serve as a model for cooperation with other projects and stakeholders.

COOPERATION WITH BORDER GUARDS

Given the Border Guard's constrained possibilities to achieve significant progress across the range of issues originally planned for 2014, EUBAM concentrated mostly on assisting the Service with security issues. Fruitful engagement continued at Field Office level and in collaboration with other partners. The limitations on engagement with the Border Guard did not allow for formal activities on visa liberalisation but, as usual, it was mainstreamed in much of the Mission's activities.

The Mission has consistently encouraged partner services to move towards the 'One Stop Shop' concept which would speed up processing times by requiring only a single stop at the border for all administrative procedures. The Mission assisted both the Ukrainian Border Guard and Customs in identifying an effective technological scheme to implement the 'One Stop Shop' concept at Platonove border crossing point. Whilst the scheme has yet to be implemented, it is the view of EUBAM and Ukrainian partner services that its design could be used as a model for other border crossing points, leading to enhanced cooperation between the control agencies and the eventual realisation of the 'One Stop Shop'.

In relation to 'Refusal of Entry', EUBAM made proposals for recording details in passports. This was accepted and the law was amended and implemented. This means that national and international border guards at border crossing points and airports will now be alerted that a traveller has been issued a 'Refusal of Entry'. However, the recommendation to apply the same recording system as EU states was not implemented.

At the request of the EU Delegation in Kyiv, the Mission gave its expert opinion on the progress and achievements of the Border Guard Service. An evaluation was provided to the EU Assessment Mission to Ukraine on the fulfilment of the second phase benchmarks under the Action Plan for Visa Liberalisation (Block 2 Illegal Migration). EUBAM's also provided an assessment as to whether progress under the EU-funded 'Support for Border Management Sector Policy' project was sufficient to release further funding.

Other cooperative activities with the State Border Guard Service are included in the section on Cross Border Cooperation.



COOPERATION WITH CUSTOMS

Despite the pressures of reorganisation within Ukrainian Customs, EUBAM was able to engage quite regularly at senior management level to identify and explore the areas for collaboration and assistance.

With the liquidation of the Ministry of Revenue and Duties and the inclusion of Customs within the newly-created State Fiscal Service, an issue of potential and critical loss of customs functional responsibilities was identified. EUBAM prepared a comprehensive evaluation for the Deputy Minister of Revenue and Duties. This highlighted inconsistencies between the proposed functional tasks and the new structure, and specified the risks to Ukraine's ability to fulfil its international obligations under the Revised Kyoto Convention and the EU acquis.

Later in the year, during a meeting with a senior management representative, particular areas requiring technical assistance were identified by Customs. Customs was also aware that meeting the obligations of the

EU-Ukraine Association Agreement and, in particular, the Deep and Comprehensive Free Trade Area would demand significant change for the customs to build the necessary administrative capacity. It was agreed that the first step would be to develop a strategic development plan reflecting the four chapters of the EU Customs Blueprints related to: management and organisation; human resource management; ethics, and training. This will commence in 2015.

EUBAM's proposal to carry out a review of Odesa and Illichevsk ports was gladly accepted by the Customs and other control authorities. A deep evaluation was conducted on control procedures and processes applied to goods imported and in transit through the ports. The report provided: process mapping of clearance control procedures; a gap and needs analysis under six strategic reform areas; and a time release study of the declaration process. Twenty-nine key recommendations were made. Whilst this was not the first study of the port operation, it was considered unique due to its comprehensive nature, and the fact that business groups were fully consulted and their views and opinions encouraged and considered.



The Customs and other authorities gave considerable assistance to the review, and accepted the final report and its recommendations. Many of the recommendations have broader implications for customs and other control activity across the breadth of Ukraine's borders. Furthermore, many of the findings underscore the need for the strategic reforms which are currently under consideration. Reflecting the importance of the report, it is intended to launch it in Kyiv early in 2015 with a media event involving Customs and other control representatives, and trade representatives, together with the EU Delegation and EUBAM.



EUBAM provided support in a number of technical areas related to customs legislation and the implementation of procedures in line with the EU acquis. A practical example of this is EUBAM's recommendations on how to address the problem of the illegal importation of fruit and vegetables into Ukraine at Mogilev-Podolsky Border Crossing Point. Subsequently, changes were introduced which should substantially reduce revenue loss.

Recommendations were made for amendments to the Customs Code to enable customs to apply more realistic journey times to goods entering into a transit regime for eventual export. Such changes were deemed particularly relevant to goods entering through Odesa ports and transiting to Moldova, including Transnistria, where there are high risks of diversion.

On rules of origin, EUBAM assisted the State Fiscal Service to ensure smooth parallel application of the different rules under the preferential trade regimes with the EU such as the Autonomous Trade Preferences introduced in 2014, but due to expire at the end of 2015; the General System of Preferences, and the Deep and Comprehensive Free Trade Area. The support involved advice on the elaboration of the legislative instruments and the provision of explanatory and guidance notes. Particular attention was paid to regulations and guidance on the issuance of EUR.1 certificates and approval of exporters' status for preferential origin purposes.

The Mission provided practical and technical advisory assistance on customs valuation and the management of tariff quotas in line with the relevant EU and international practice.

The system of Authorised Economic Operators (AEO) is a critical trade facilitation measure. Besides providing advice to the State Fiscal Service on conducting preliminary audits prior to granting AEO status, EUBAM produced a study paper on the potential for mutual recognition between Ukraine and Moldova of nationally authorised operators. This is currently being considered by the Customs Administrations.

Agreement was reached during the year for EUBAM to provide, jointly with TAXUD, technical assistance to enable Ukraine to develop and introduce the New Computerised Transit System, which will be an important component under DCFTA.

Other cooperative activities with the Customs are included in the section on cross border cooperation.

Protecting Intellectual Property

When Moldova and Ukraine signed Deep and Comprehensive Trade Agreements in 2014 as part of their Association Agreements with the EU, one of the obligations they undertook was to bring protection of Intellectual Property Rights (IPR) into line with EU norms and standards. Here is how EUBAM has helped:

Moldova

- assisting to align IPR legislation with the EU acquis, including the new EU regulation on IPR customs enforcement
- bringing together rights holders and customs officers at seminars on the detection of counterfeits
- raising awareness on counterfeiting and piracy amongst university students

Ukraine

- advising the State Fiscal Service of Ukraine on existing legal gaps
- together with DG TAXUD presenting the new EU regulation on IPR customs enforcement
- putting forward solutions for simplifying and streamlining customs procedures
- with EUBAM's support, Ukraine Customs joined the World Customs Organization Interface Public Members, a global anti-counterfeiting tool

CROSS BORDER COOPERATION



A major focus of the Mission's work is helping partners to collaborate on cross border-related issues. Reflecting the Mission's mandate and Action Plan, the breadth of cooperation was broad. Important progress was achieved during the course of the reporting year.

BORDER DEMARCATION

EUBAM remained closely involved in supporting and monitoring the work of the Joint Ukrainian-Moldovan Commission on Border Demarcation (JUMCBD). The Commission has been working on the demarcation process for some years with a view to finalising a bilateral agreement. Significant progress was made in the physical demarcation of the boundary, and by the year's end only 3.73 kilometres remained to be demarcated. Principally, this relates to 3.2 kilometres in the central (Transnistrian) segment, where agreement was sought from Transnistrian representatives to finalise the physical demarcation. This need not delay the finalisation of the bilateral agreement, however, as the mapping part of the demarcation process has been successfully completed.

In the southern segment, close to Giurgiulesti port, five hundred metres remain, but agreement on demarcation should be finalised in 2015. Finally, in the north, approval for the state border line on the dam of the Dniestrovsk Hydro Power Station is still pending due to legal issues. Assuming all outstanding work can be finalised, the demarcation should be accomplished towards the end of 2015, opening the way for a bilateral agreement on the demarcation of the border to be signed.

FIGHTING INTERNATIONAL CRIME

EUBAM's system of Working Groups and Task Forces have been a key mechanism for engaging with our Ukrainian and Moldovan partners as well as wider stakeholders on particular issues related to cross border crime that require a collaborative approach. This systematic and focused concept has proved successful. It has encouraged partners to share intelligence and develop integrated methods for dealing with a common problem and has also facilitated contacts with their counterparts in EU member states and other countries, as well as the broader business community. EUBAM believes that the sound foundations developed through this system will prove to be sustainable upon completion of the Mission's mandate.

The Mission has three Working Groups: WG1 on Trafficking of Human Beings and Illegal Migration; WG2 on Customs Offences, and WG3 on Intellectual Property Rights and four Task Forces on Tobacco, Arms, Vehicles and Drugs.

Task Force Tobacco was particularly active during the year. Through the auspices of the Task Force, operational control and the application of risk profiling was enhanced along the mutual border. Twelve international criminal investigations were supported by EUBAM involving a total of 1.5 billion cigarettes. One notable success was the seizure of a consignment of 12.4 million cigarettes smuggled into Romania that had originated in Moldova. This achievement was the result of timely exchange of information between national and international enforcement agencies.

EUBAM organised events and meetings that brought partners together with EU enforcement agencies and cigarette manufacturers. Common issues were identified enabling more effective cooperation and better risk profiling, and details of particular investigations were shared.

In Ukraine southern region, the introduction of electronic locks with GPS-GSM navigation function for commercial consignments was seen as a very positive improvement to enhance supply chain security. However, the issue of criminalising the smuggling of certain goods and providing customs with investigatory and enforcement powers are still matters where EUBAM believes progress should be made to enhance the effectiveness of controls against smuggling of tobacco and other goods.

The Task Force and Working Group on countering the smuggling of drugs and other customs goods organised several collaborative events to engage our partners with other enforcement authorities in the region, and to engender an intelligence-led approach. This resulted in improvements in profiling and exchange of information which should contribute to the sustainability of partner's ability to sustain such events in the future. Support was provided to an EU project focused on the smuggling of diamorphine across the region to Western Europe, by facilitating the exchange of information, knowledge and expertise. In Ukraine, enforcement authorities were introduced to the principal international express delivery companies with a view to their signing Memoranda of Understanding with them allowing for improved collaboration and better opportunities to detect drug smuggling through these channels. EUBAM also facilitated cooperation between the Moldovan Border Police and French Customs in relation to an investigation into trafficking of psychotropic substances from Moldova to France. This resulted in the identification of the principals involved and their supply routes and distribution systems.

Task Force Vehicles supported on-going investigations, assisting partners to identify current trends on stolen vehicles, strategic and analytical issues, as well as forging contacts with authorities in EU member states. Complementing this activity, EUBAM produced a training manual on the detection of stolen vehicles.

PAIES

The Pre-Arrival Information Exchange System (PAIES) was introduced on the Moldova-Ukraine border in April 2008 with EUBAM support. It facilitates more effective control over the movement of commercial cargoes. PAIES quickly showed concrete results in preventing customs fraud. In 2013 the Mission brought together our partner services and border management officials and experts from Belarus and EU to share their experience of PAIES. The proven success of PAIES has led to its replication on the Belarus-Ukraine border through the EU-funded project, PRINEX. The new information exchange system will become operational in 2015.



On issues related to illegal migration, important cooperation was developed between Polish authorities and Ukrainian and Moldovan partners, which focused on criminal investigations linked to international organised crime. Also, in collaboration with offices of the International Organization for Migration and law enforcement agencies, a report was prepared and circulated to partners and stakeholders on 'Irregular Migration and Trafficking in Human Beings at the Ukraine-Moldova State Border'. Based upon a 2013 analysis, the report recorded improvements in the legislative base, and border and migration management systems in the framework of changes related to visa liberalisation in both Moldova and Ukraine. The report also noted that enhanced control along the joint border had led to a decrease of illegal migration and trafficking. EUBAM delivered several practical seminars on best practice in prevention and combatting trafficking in human beings to build up partners' skills and knowledge.

Through Working Group 3, the Mission promoted enforcement and improved regulation for protecting Intellectual Property Rights. Partners were updated on the new EU legal framework, and training was provided in both countries. EUBAM supported amendments to Moldova's Customs Code and customs internal regulations.

In cooperation with the Moldovan Agency for the Regulation of Nuclear and Radiological Activities, practical exercises were run for the Border Guard/Police and Customs of both countries. Participants were introduced to the procedures for transporting radioactive substances, and informed about European and international legislation. Additionally, following EUBAM intervention, members of Task Force Arms were accepted to participate in an international field training exercise at the Polish-Ukraine border. An important part of the methodology in arranging this and other exercises is ensuring partners are equipped and confident to carry out this work for themselves in the future.

COMMON BORDER SECURITY ASSESSMENT REPORT

The Common Border Security Assessment Report (CBSAR) has been a significant and successful EUBAM collaborative activity with its Moldovan and Ukraine customs and border guard/police partners. Through systematic analysis, it provides a monthly, bi-annual and annual assessment of the security situation along the entire common border. Its assessments are used by partners to inform their tactical, operational and strategic decisions. During 2014, the information produced from the CBSARs was a platform for enhanced cooperation between the partners and supported the planning for the joint border control operation 'Olvia' as well as twenty-two joint assistance exercises implemented at the local level.

In line with EUBAM's policy to increasingly transfer responsibilities to its partners, it was agreed that, henceforth, the monthly CSBARs would be completed in virtual mode with minimal EUBAM involvement.

PRE-ARRIVAL INFORMATION EXCHANGE SYSTEM

The Pre-arrival Information Exchange System (PAIES) has, like the CBSAR, been a long-standing and successful EUBAM product. The system enables the two Customs Services to exercise more effective control and risk assessment on commercial cargoes. An advantage of the PAIES system is that it allows a 'virtual presence' at the Transnistrian segment of the border, increasing transparency and allowing effective control of goods imported by economic operators through this segment.

To ensure the proper functioning and application of the system, EUBAM made visits during the year to selected border crossing points together with representatives from the central level of both Customs Services. These visits proved valuable in identifying and addressing the



problems experienced locally, and in raising awareness of the system, including the benefits of improved control and the facilitation of legitimate traffic.

Following these visits, EUBAM held trilateral meetings with its partners to evaluate the findings and agree on solutions to identified technical problems. Overall, it was agreed that the system was functioning well and helping to counter customs fraud. It was decided that as the Customs Services have assumed increased responsibility for PAIES, EUBAM would reduce its involvement to assisting, when necessary, with maintenance and enhancement of technical functionality.

Common Border Security

EUBAM has consistently sought to bring the partner services of both countries together to work on a common security assessment of the joint border. This led to compatible standards and joint planning of actions to combat illegal activities. Together, the Mission and the partner services produce a monthly Common Border Security Assessment Report (CSBAR). The CSBAR mechanism:

- acts as an early warning system through the timely identification of trends and risks
- allows better information flow on cross border crime
- supports joint border joint analysis and risk assessment in line with EU standards
- facilitates the planning of joint border control operations

To ensure sustainability, partner services are taking over full responsibility for the process with decreasing EUBAM technical support.

EXTERNAL COORDINATION MEETINGS

Soon after it commenced its work, EUBAM established a format of coordination meetings, where partners from Customs and Border Guard/Police could air and discuss issues of common interest. These meetings were held on a monthly basis throughout the year hosted by partners and EUBAM on a rotating basis. They remain an important and core component of EUBAM engagement, engendering enhanced levels of cooperation and trust through discussions on practical and operational issues, as well as being a platform for exchanging information on planned changes within their respective organisations. A consistent agenda item remains the Common Border Security Assessment Report. The level of representation at the meetings allows decisions to be made on the basis of the results and trends identified in the reports.

JOINT BORDER CONTROL OPERATIONS



During 2014, EUBAM was involved in two border control operations which were spread over several phases.

The 'Olvia' joint operation, which EUBAM organised, focused on the joint border, and involved national partner services supported by international partners and certain EU member states' control authorities. Resulting from the operation, partners reported seizures valued at € 1.2 million including 16.1 million cigarettes, over forty thousand litres of alcohol, twenty-five vehicles, and some weapons, as well as commercial quantities of psychotropic substances. Thirty-five people were detained or sanctioned, of whom eleven were irregular migrants. The operation also helped strengthen professional and personal ties between responsible officials in the two countries, clarifying and improving collaboration procedures and deepening mutual trust.

Results from Operation 'Olvia'

- € 1.2 million worth of seizures
- 16.1 million cigarettes
- 40,000 litres of alcohol
- 25 stolen vehicles
- commercial quantities of psychotropic substances
- 35 people detained/sanctioned

This was the twelfth border control operation that EUBAM has conducted with its partners, and in many ways marked a culmination in their development and ability to reach planned objectives and achieve expected results. This operation demonstrated the effectiveness of the partners' operational mechanisms and techniques. In presenting the results of the operation to the External Coordination Meeting in November, EUBAM praised this achievement and reflected upon the significant advances that had been made since the inception of joint border control operations. It was therefore agreed that the next operation would be managed and run by the partners, with EUBAM providing support to the operational planning, but essentially in an observer role.

A second joint border control operation in which EUBAM participated during the year was the Danube River Forum (DARIF). This operation was conducted by law enforcement agencies from ten EU member states from the Danube region, with representatives from Moldovan Border Police and the Ukraine State Border Guard Service. It was supported by EUROPOL and FRONTEX. The operation was conducted in three separate phases during the year. EUBAM provided support to its partners in their preparation for each phase and their participatory activities. The operation resulted in detections of contraband and illegal immigration, breaches of the labour code and violations of water transportation rules. Most importantly, it allowed all the involved agencies to work out effective cooperation mechanisms.

INTEGRATED BORDER MANAGEMENT

The Mission was active in supporting partner services to achieve greater integration of border controls between partner services.

Whilst the joint or shared operation at the Briceni-Rososhani Border Crossing Point continued to operate successfully, demonstrating the benefits of a shared operation, it was disappointing that, despite significant endeavours on all sides, agreement has yet to be reached on a new bilateral agreement on shared operation. It is hoped that, during the coming year, the barriers to a new agreement will be overcome, allowing the concept to be rolled out along the whole border.

Under the Eastern Partnership Integrated Border Management Flagship Initiative, EUBAM supported and advised its partners in developing joint projects for submission to DG DEVCO for possible funding. These included the proposal for enhanced facilities at Guirgiulesti-Reni Border Crossing Point, and the development of contact points for information exchange between Moldovan and Ukrainian authorities. EUBAM provided support in elaborating proposals for the negotiations between Moldovan and Ukrainian partners



ANTI-CORRUPTION

At the request of Moldova, EUBAM evaluated the 1993 bilateral agreement on rail traffic and related legislative acts. The goal was to allow Ukraine's railway company to run its Chernivtsi-Kyiv service through Moldovan territory without stops or checks by the Moldovan Border Police.

EUBAM's advice and recommendations were accepted and an amending protocol was signed. The route started operating in summer 2014.

Pervasive corruption is widely recognised as an impediment to progress and development in both countries, and EUBAM's partner services are not immune to its influence. When effectively implemented, much of EUBAM's advice on EU best practice does also have a major beneficial impact on the struggle against corruption. At the same time, EUBAM continued to provide focused support on addressing corruption and raising integrity.



in drafting the necessary protocol. The establishment of contact points will support the exchange of information between the two countries in line with the EU-Association agendas for each country, as well as their respective Visa Liberalisation Action Plans.

The Moldovan Border Police and the Ukrainian State Border Guard Service implemented joint patrolling along the northern and southern segments of the common border during 2014. EUBAM Field Offices monitored compliance with the 2011 Agreement on Joint Patrolling by participating in selected joint patrols. At partners' request, EUBAM provided advice on developing procedures and practices.

In November, the Heads of the Moldovan Border Police and the Ukraine State Border Guard Service signed an agreement on the implementation of statistical and analytical information exchange.¹ Each service praised the smooth running of the system, which enables statistical, operational and analytical data to be exchanged at central and regional levels. The agreement, established with EUBAM support, provides for a bilateral information exchange in a format similar to that already used by both services within the Frontex Eastern Borders Risk Analysis Network.

¹ This replaced the Operational Information Exchange Protocol dating from 2006.

The 'Model Border Crossing Point' project involves two border crossing points (BCPs); one in the north and one in the south of the joint border between Moldova and Ukraine. They each carry out an annual survey which provides data about the public's perception and experience about the levels of corruption and quality of service provided at these BCPs. Throughout the year, EUBAM Field Office staff continued to monitor and advise on anti-corruption measures. EUBAM considers that this project should be replicated at all other BCPs with the partners taking greater ownership, and EUBAM assuming a supporting role.

EUBAM directly provided and facilitated resources from EU member states for partners to carry out training on topics related to prevention, detection and investigation of corruption, as well as professional integrity testing. Importantly, EUBAM facilitated the development of contacts between partners and agencies from EU member states involved in fighting corruption. These connections should provide appropriate resources and support to our partners in their future work.

Following publication last year of an Anti-corruption Training Curriculum developed in a collaborative project between EUBAM, partner services, OSCE and agencies from EU member states, events were held to train trainers to deliver it. In Ukraine, the curriculum is now embedded into the Customs education system, whilst the Border Guard are introducing it as a distance learning package.

TRAINING

The main focus for the Mission's training activities is on ensuring sustainable educational structures are in place within our partner services once EUBAM completes its mandate. In practice this means focusing on curricula and training national trainers. Wherever possible, the Mission collaborates with other donors such as the OSCE. On-the-job training continues to support advisory activities in the Mission's Field Offices. Otherwise the Mission will only undertake training:

- where it meets a clearly identified gap
- to meet new priorities for our partner services such as fulfilling the requirements of the AA/DCFTAs and responding to new security challenges
- to support specific operational needs such as enabling interagency cooperation on mobile units
- to help partner services to introduce new systems or to get the most out of new equipment

Border professionals trained by EUBAM



Trafficking in Human Beings | 105

Anti-corruption | 172

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Risk Analysis | 108

Arms | 158

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Other | 70

Public Relations | 50

Dog Handling | 27

Data Protection | 14

The formula for success of the 'Training for the Trainers' in the field of Leadership and Management was the interaction between the participant and EUBAM facilitator. We had the courage to experiment and to take the innovative strategies we learned at the course and to apply them in our professional activity. Both the training and the manual that accompanied it are now inspiring our Customs Service trainers in the organisation and management of the training process.

*Ana Toderas, Head of Professional Development Division
Customs Service of the Republic of Moldova*

The "Tools for Effective Management" course showed me a new vision of leadership; a vision not based on military principles where orders are executed without question. The course helped me develop the range of my leadership style, becoming a more flexible leader and a stronger mentor. I now see the ability to mentor as being one of the most important qualities of leadership because it creates a more open relation with the team you lead. It also creates a virtuous circle of dialogue and feedback and this is the basis of effective management.

*Valentin Fiodorov, Deputy Head of the Border Police Department
Ministry of Interior of the Republic of Moldova*

TRANSNISTRIA

Issues related to the Transnistrian conflict have been an important element of EUBAM's activity since its inception. Through engagement with its partner services, the Mission facilitates the resolution of cross border problems and confidence building measures. It supports Customs and Border Police/Border Guard to improve their cooperation and enhance their capacity in line with European standards and best practice.

With the crisis in Ukraine during 2014, tensions related to Transnistria also heightened. This affected the passage of goods and people across the border with Ukraine. The signing by both Moldova and Ukraine of their respective Association Agreements with the EU, which introduces Deep and Comprehensive Free Trade Areas, has also raised concerns in Tiraspol about its possible future isolation.

Against the backdrop of the security situation in Ukraine, EUBAM had an important role to play as an independent observer and trusted partner. The Mission increased the number of its experts at the Transnistrian segment of the border. At the same time, efforts were stepped up to improve dialogue with customs representatives from Odesa, Chisinau and Tiraspol, with a view to ensuring compliance and facilitating movement of people and goods across the Transnistrian segment. In its advisory capacity, the Mission contributed to the fulfillment of the DCFTA requirements by Moldova, without prejudice to the Transnistria negotiation process or the future territorial settlements of the Republic of Moldova.

MONITORING AND SECURITY

In response to the deteriorating security situation, the State Border Guard Service of Ukraine and other state authorities increased defence and control measures on the border with Moldova, with the Transnistrian segment subjected to particular attention.

Check points were established on the main roads leading to border crossing points and trenches were dug at green border locations deemed vulnerable to smuggling and illegal border crossing. The plan consisted of digging approximately 120 km of trenches in specific areas along the Transnistrian segment. By the end of 2014 approximately 53 kilometres had been completed.

New control measures included an increased number of second line checks, particularly for Russian passport-holders. The number of such persons refused entry into Ukraine increased accordingly.

The movement of people across the border was soon affected with overall traffic across that segment decreasing by 34% compared with the previous year.



EUBAM responded to the heightened tensions by temporarily redeploying its experts from other locations to provide a greater presence at the Transnistrian segment of the border. Subsequently, the EU Delegation in Kyiv supported an increase of staff including fifteen experts with additional national support staff as of 1 December, using contingency funding.

With additional resources in place, EUBAM was better able to monitor activities along the segment, and to provide a broader range of technical advice to partner services engaged in border control activities. This included the correct procedures for second line checks, and the detection of concealed weapons and ammunition through physical examination of goods and means of transport. This later helped the Ukraine authorities detect ammunition and explosive devices in unattended baggage from Transnistria, which were likely aimed at destabilising activities.

The movement of goods was also affected. In autumn, the State Fiscal Service of Ukraine initiated tightening of controls by introducing new requirements, first on the transit of excisable products and then on non-excisable goods destined for Transnistria. These requirements included the need for importers to prove their registration in Chisinau and for excisable goods being imported to bear Moldovan excise stamps. Goods were also subject to extensive checks and analysis. The transit of excisable goods to Transnistria was disrupted and declined to zero.

EUBAM analysed the customs practices and provided recommendations to the State Fiscal Service of Ukraine with a view to ensuring compliance with the relevant domestic legislation and international conventions on the free transit of goods. Later, a four-way interaction with Odesa, Chisinau, Tiraspol Customs and the Ministry Foreign Affairs of Ukraine enabled the Mission to use its good offices to defuse some of the difficulties at the border. However, the issue of the transit of excisable goods to Transnistria remained unsolved.

Over the year, EUBAM's role as an independent observer enabled its experts to put objective security information into the public domain. This helped to counter different reports and allegations which were also circulating in the public space. Briefings, presentations and reports were provided to local authorities and international community.

CONFIDENCE-BUILDING MEASURES

In July, the Moldovan Parliament adopted a resolution on the territorial reintegration of the country, welcoming the growing role of the EU in the settlement of the Transnistrian conflict and expressing support for confidence-building measures to be taken by EUBAM.

EUBAM's ability to contribute effectively to confidence-building measures between the parties to the conflict was inhibited during the year due to the prevailing political impasse. However, following a meeting between the Head of EUBAM and the Transnistrian Political Representative, the Mission agreed to resume its participation in the '5 + 2' working groups and expert customs meetings with Tiraspol Customs and this offered opportunities to explore some concrete initiatives for cooperation.

These EUBAM initiatives initiated a process of dialogue, and offered the prospect for engaging more effectively in the near future with a four way interaction between the Kyiv, Chisinau, Tiraspol customs and EUBAM. Cooperative engagement might offer the prospect of reopening international transport corridors across Transnistria, thereby avoiding the duplication of clearances and detours around the territory. EUBAM considers that the introduction of the proposed measures would enable Moldova to fulfil certain minimum conditions under the Deep and Comprehensive Free Trade Area, whilst providing reasonable space to Tiraspol in the area of economic governance without prejudice to territorial settlements.



TRENDS IN TRANISTRIAN EXTERNAL TRADE

EUBAM experts monitored and provided advice to Moldovan Customs on clearance procedures for goods entering and leaving Transnistria, ensuring that international obligations, including on rules of origin were respected. Following an EUBAM recommendation, a Moldovan Governmental Decree cancelled the customs procedures fees, ecological tax and excise taxes for Transnistrian operators. This removed the burden of double taxation, and had a positive impact on the political climate.

Transnistrian companies continue to benefit from the same preferential tariff as Moldovan companies for exports to the EU and other markets providing they cooperate with the legitimate authorities. The number of Transnistrian economic operators registered with Chisinau grew by 33% to 1277.

The total value of goods exported to EU grew by €58.6 mn. The share of EU market for Transnistrian exports increased by 10%, accounting for two-thirds of the overall market.

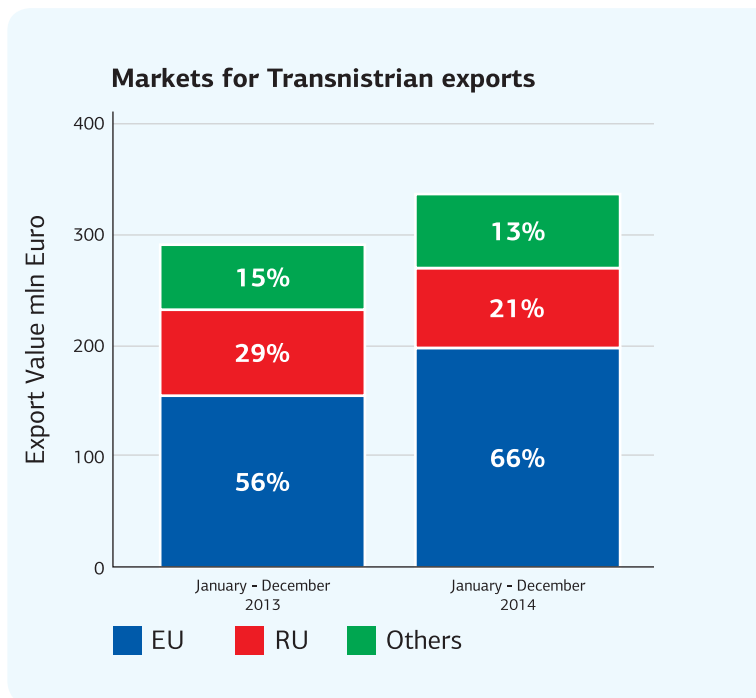


Fig 1 - Value of exported goods, monthly 2014 vs 2013 (MDL)

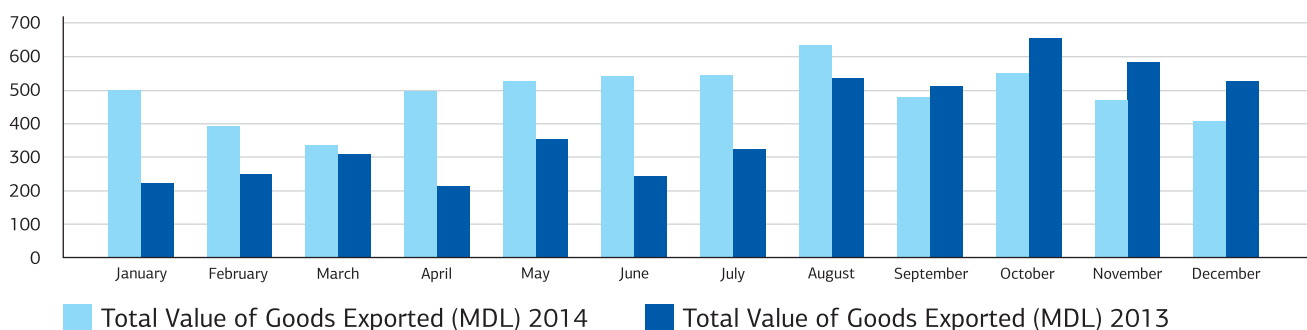
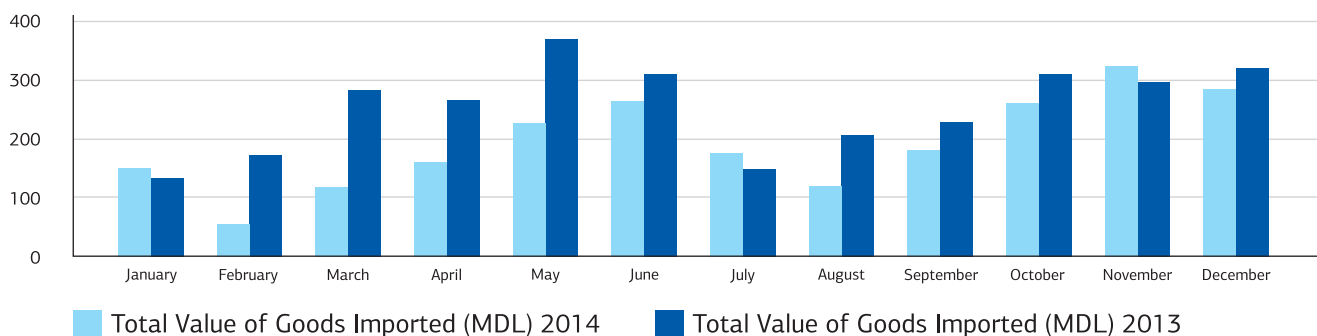


Fig 2 - Value of imported goods, monthly 2014 vs 2013 (MDL)



EVOLVING APPROACHES TO MANDATE IMPLEMENTATION

EUBAM's mandate was agreed in a Memorandum of Understanding signed in 2005 between the European Commission and the Governments of the Republic of Moldova and Ukraine, and has since remained unchanged. In summary, the mandate provides for EUBAM to assist the respective Governments in border, customs and fiscal matters; to promote exchange of information and cooperation between the two countries in customs and border control activities; and to contribute to a settlement of the Transnistrian conflict by strengthening border management and promoting confidence-building measures.

Under the mandate, assistance is not meant to be limited to the Moldova–Ukraine border. However, EUBAM's presence there provides a unique opportunity. Through its Field Offices, the Mission monitors activities on the ground and identifies issues that may require systemic reforms to achieve alignment with EU standards and practice. Such reforms have implications for organisational structures and management, and legal changes to align with the EU *acquis* usually require amendment to primary law and sub-legal acts. EUBAM's grassroots presence at the border helps the Mission to sharpen its impact at the central and strategic levels in both countries.

Several recent developments in the region have led EUBAM to question itself and adjust priorities and programmes. Such developments range from the signing by Moldova and Ukraine of Association Agreements with the European Union to heightened security concerns in the border region as a consequence of the conflict in Ukraine.

The Association Agreements place significant responsibilities upon both countries. The specific commitments of EUBAM partner services deriving from the national Association Agendas and forthcoming DCFTA obligations have been identified. EUBAM has already begun to contribute with practical advice on approximation of legislation and on implementation. This work will deepen and intensify in the coming year.

In support of the ongoing cooperation with the partners and its developing priorities in relation to Association Agendas, EUBAM also intends to single out individual issues with far-reaching implications for border control, trade and customs activities. Such issues are to be tackled as catalysts for change beyond their specific ambit. They will be reviewed in depth together with national counterparts and specific, actionable recommendations will be set out for implementation by the services concerned with the support of EUBAM and other international agencies. The example of the Odesa port review might be extended to Giurgiulesti port in Moldova. Other topics are under consideration to counter cross border crime, for instance in relation to the major challenge of tobacco smuggling.

EUBAM's vision firmly places ownership of legislation and implementation with its sovereign partners. This implies EUBAM must remain mindful of its partners' financial and resource capacity and determination to meet their responsibilities internationally and to their national constituencies. In this regard, EUBAM will deliver advice so that partners can gradually operate independently:

- targeted, cost-effective control measures against illegal trade;
- streamlined administrative procedures for the conduct of legal trade;
- full and appropriate State revenue collection of customs and excise dues;
- systems and practices that are both fully accountable and well communicated to the public.



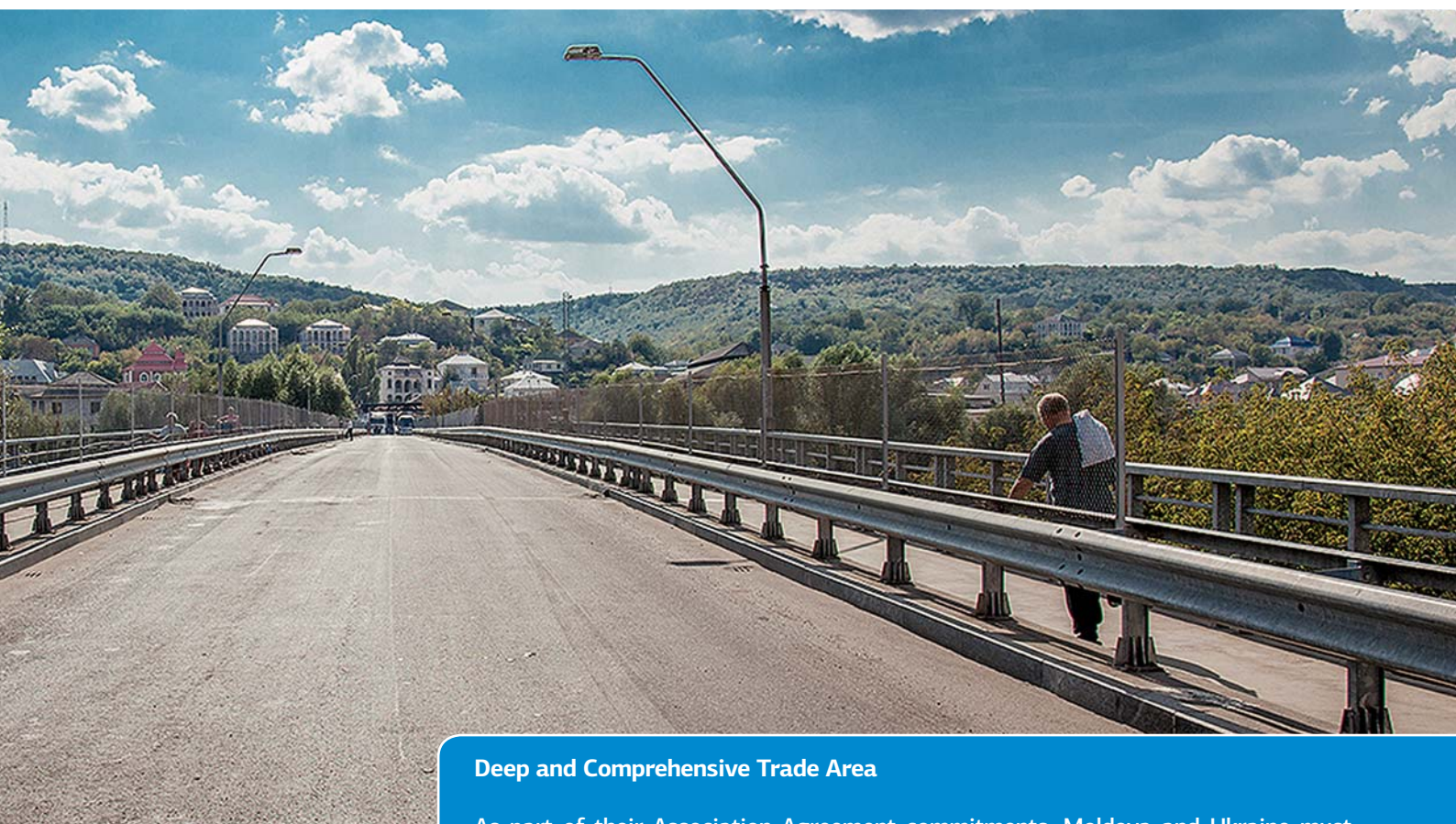
EUBAM's confidence-building contribution to the Transnistria settlement process depends on the commitment and readiness to compromise of all parties concerned. The Mission makes its technical expertise available either under the "5+2" umbrella or in any other viable format. The monitoring, security-support and deterrence dimensions of the engagement at the Transnistria segment of the border are likely to require continuous attention.

In terms of work procedures, a growing presence of bilateral and multilateral initiatives in both countries will require a renewed commitment to exchange of information, coordination and cooperation. EUBAM is already working with partners such as Frontex, OLAF and EUAM. Instances of potential overlap with other programmes were addressed either by withdrawing from activities, such as central-level risk analysis, or through agreement on a complementary approach to address partners' needs. As the number of programmes may grow further, however, effective coordination would benefit from a more centralized EU leadership.

As reflected in the report, during the year the Mission has handed over to partners the lead on well-established activities. EUBAM's role was limited to that of facilitator and advisor. Similarly, the training agenda was reduced to focus on new technologies or procedures required under the Association Agreements, and on building the capacities of training institutions in partner countries. These measures made it possible to redeploy personnel and resources towards the new emerging needs and expectations of partner services. This trend will continue in the year ahead.

Assuming that the EUBAM mandate will be extended beyond its current term, in the coming year the Mission should plan for its next work cycle. EUBAM's action plan should be simpler, shorter and identify verifiable results to be achieved within agreed deadlines. Whenever possible, it would include quantified baseline indicators to measure progress. Contrary to current practice, the plan would be drawn on a geographical basis, identifying desired results for each host country and for Transnistria. This would make it possible to define objectives according to the different needs and capacities of the partners.

The plan would be agreed upon in advance with the national counterparts so that they could commit themselves to the achievement of specific results within suitable timelines.



Deep and Comprehensive Trade Area

As part of their Association Agreement commitments, Moldova and Ukraine must harmonise rules, norms and standards in a number of trade-related areas with those of the EU. Here are examples of how EUBAM helped during the reporting period:

- reviewing legislative amendments to Customs Codes
- elaborating legislative instruments and the provision of explanatory guidance notes on Rules of Origin
- developing comprehensive recommendations to facilitate the process of agreement on mutual recognition of Authorised Economic Operators

COOPERATION WITH INTERNATIONAL PARTNERS

Logo	Organization	Cooperation in the field of
	FRONTEX	Irregular migration/ trafficking in human beings
	International organization for Migration/MIGRECO Project	Risk analysis
	European Anti-Fraud office	Cigarette smuggling
	European Commission's Taxation and Customs Union Directorate	Approximation of legislation to eu standards/ precursors trafficking prevention
	Council of Europe Pompidou Group	Drug trafficking prevention and investigations
	EUROPOL	Cigarette smuggling/task force arms/trafficking in human beings/illegal migration
	INTERPOL	Stolen vehicles/organized crime
	Southeast European Law Enforcement Center	Drugs/ stolen vehicles/ customs fraud/ illegal migration/ trafficking in human beings/arms trafficking
	Central Asian Regional Information and Coordination Centre	Drug trafficking
	United Nations Office on Drugs and Crime	Drug trafficking
	International Narcotics Control Board	Precursors trafficking prevention
	Cigarette producers: PM, BAT, JTI and IT	Cigarette smuggling prevention
	International Association of Auto Theft Investigators	Stolen vehicles
	World Customs Organization Regional Intelligence Liaison Officers	Implementation of joint border control operations
	World Customs Organization	Intellectual property rights/ Implementation in MD and UA interface public members platform for informational exchange on counterfeit and piracy
	International Trademark Association	Intellectual property rights
	Federation of the European sporting Goods Industry	Intellectual property rights
	REACT The Anti-Counterfeiting Network	Intellectual property rights
	World Anti-Doping Agency	Organized crime

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International Organization for Migration is the implementing partner