

7. RECOMMENDATIONS

These recommendations were made after consideration of several factors. They were based on the recommendations made by the EU Phare consultants to the BCA and the National Border Police Service. Another set of recommendations drawn upon was that of Crown Agents under a contract to assist reform of the customs administration in Bulgaria. Finally, the goals the *Business Strategy of the Customs Administration of the Republic of Bulgaria* and the financial framework of *Detailed Financial Plan of the Budgetary and Human Resources Necessary for the Thorough Implementation of the Business Strategy of the Customs Administration of the Republic of Bulgaria* were born in mind. Although the list can easily be made longer, the recommendations in this paper keep focus on risk reduction in areas where the transport sector might engage in smuggling practices.

Inter-institutional and international collaboration

1. **Real time information exchange with the customs authorities of neighboring states.** An exchange of this kind would eliminate a variety of customs violations (See Chapters Four and Five). It would enable Bulgarian customs and border police authorities to compare the details of the vehicles crossing the border (details about the type, quantity, value and origin of the cargo) as they are registered at the border crossing stations of the two neighboring countries. It will also facilitate risk profiling, speed up document processing time at border crossings, and considerably improve the country's transport capabilities.

Currently, information exchange for excise goods (oil, cigarettes, spirits, etc.) exists with Greece. There are also a number of established information exchange practices at the border with Serbia and Montenegro. Other adjacent states have also been approached on this issue, but regular exchange has been achieved with none of them. Moreover, the existing exchange is non-electronic and the scope of information is limited. Pertinent inter-governmental agreements should be concluded between Bulgaria and neighboring states on the speedy implementation of information exchange programs.

This is especially relevant at the Bulgarian—Turkish border, which is to become European Union's border after 2007. Information exchange with Greece is of equal importance because of the bulk of Chinese imports which incur grave losses to the Bulgarian budget. Bulgaria could apply for the support of the European Commission for agreements with both Turkey and Greece.

2. **Improvement of the mechanisms for exchange of operational and specialized information** between the Customs Intelligence and Investigation Directorate and the various MoI agencies: the National Service for Combating Organized Crime, the National Border Police Service, and the Coordination, Information and

Analysis Service, as well as the General Tax Directorate at the Ministry of Finance. **A limited number of high-level officials** of these agencies should be **allowed mutual access** to their information systems. Thus, the customs or the tax administration would be able to get more substantial information on suspected offenders from MoI's automated information system, while MoI services could use the Bulgarian Integrated Customs Information System to follow suspect companies and persons. As a result, domestic organized crime and trans-border crime groups could be countered more effectively.

3. **Integration of the border and customs control information systems at border crossing points.** Currently, the Customs, the Border Police and the Road Taxes and Permits Directorate are engaged in the collection of numerous overlapping details of the border crossing vehicles. A border control database needs to be developed, so that vehicle details would only be registered once and would be accessible to all services operating at the border crossing stations. Processing time for trucks would thus also be considerably reduced. This will ease corruption pressure by drivers who regularly offer bribes to speed up the inspection procedure.
4. **Improvement of cooperation and greater efficiency of joint operations for uncovering smuggling channels** carried out by the Ministry of Finance and the MoI. Certain positive results have been achieved by joint BCA–MoI operations, but the overall efficiency is erratic. The relations between the two institutions lack in trust and openness, which often results in half-done jobs. Joint actions have never been more than sporadic and influenced by the current political situation. For a lasting effect to be achieved in the task of curbing smuggling and organized crime, joint operations should be based on mutual trust and well regulated cooperative relations.
5. **Increase the powers of the Bulgarian Navy to facilitate smuggling prevention.** Current legislation does not provide for any participation of the Navy in exposing or preventing smuggling. The Navy is not authorized to inspect or control suspicious vessels. The Navy, however, has at its disposal a significantly larger fleet and more surveillance equipment. Given these advantages, the Navy could play a more active part in anti-smuggling activities along Bulgaria's Black Sea border.

The MoI and the BCA should work out a set of instructions on their cooperation with the Navy. Particular programs for military personnel training should also be developed and experience in the sphere of combating trans-border crime and smuggling should be shared.

6. **Speeding up the launch of the *Operational Center for Sea Sovereignty*.** The idea promoted by the Navy should become priority not only to the Ministry of Defense, but also to other public authorities that will be served by the Operational Center, such as the MoI, the Ministry of Finance, and the Ministry of Transport and Communications. Support from the European Union should be sought since the Center will protect the Union's borders in the near future.
7. **Inclusion of customs officers and fishing experts from the Ministry of Transport and Communications in the patrol boat crews of the Border Police.**

Efforts to this effect have been taken but are not routine. At present, NBPS patrol boats are staffed with experts trained to uncover smuggling of hazardous devices and drugs. Customs and ministry of transport experts will contribute to a more efficient control by patrol boats.

Border security

8. **Coastal border crossing stations at the ports should be strictly demarcated zones.** At ports like Varna East it is now hard to distinguish between the trade infrastructure and the border crossing facilities. All port employees or those doing business at Varna East have access without any passport or customs control. Only newly arrived ships are declared to be “border area” until it has cleared inspection by port and border authorities. A ship is generally considered to have countless convenient hiding places and a few-hour-long inspection by the NBPS and the customs could not be as comprehensive as to preclude smuggling. Thus, unchecked access to docked ships poses the risk of importing/exporting drugs, arms and other goods. The zones around the ships to be constantly watched by the NBPS should be strictly demarcated.
9. **Improving border control at sea ports and airports.** No strictly defined responsibilities exist regarding the protection of sea and airports. Private security companies and NBPS officers work simultaneously at ports, while airports are also guarded by Security Police units. These problems should be most urgently addressed at sea ports. Port entrances are not guarded by the NBPS and its officers can rarely be seen even within the ports. Security companies and the border police do not have any guiding rules for cooperation. There are two approaches to tackling this problem:
 - a. Preserving the current pattern which lacks clear border control zones. In this case, certain amendments to the *Law on Private Security* should be made. The law should set forth stricter requirements to private companies working in proximity to border crossings at sea and airports. They should be obliged to apply full control over the inflow and outflow of passengers and vehicles as well as hire only highly qualified security staff at the border crossing zones.
 - b. Transferring all airport and seaport security responsibilities to the NBPS. Only then can the border police take over the functions of private security actors and implement border control in a way similar to that at land border crossings.
10. **Enhancing port security.** The Port Administration Agency at the Ministry of Transport and Communications should take measures to enhance port security. Investments should be made into electronic surveillance and security systems. The ports of Varna and Bourgas are in greatest need of such devices since the port areas are significant. The rules regulating port control and access should be improved. Beside the lack of surveillance equipment and the miles-long fences, the berths and the terminals at all ports are poorly lighted. Such equipment should be purchased at international airports, as well. The twelve-kilometer fence at Sofia airport is without any lighting and is not equipped with either surveillance cameras or sensors.

11. **Implementing control measures.** As excise taxes on cigarettes, alcohol and oil products will increase to reach EU levels, having duty-free shops operate as they do at the moment would only encourage the mechanisms for evading excise and other taxes. Since no radical solution of this problem on a policy level is possible, it should be tackled by certain technical measures that can be applied jointly by the BCA and the General Tax Directorate. Frequent inspections—as done traditionally—are based on the level of risk and on random sampling. A new IT-based approach would be the introduction of real time online control. The sale of any single item at duty-free outlets should be immediately registered by the BCA. Thus, one of the most frequent frauds at duty-free shops—numerous fictitious sales within a short time—could be prevented.

Risk analysis

12. **Thorough investigation of the airport and seaport concession applicants.** The Ministry of Transport and Communications should request the cooperation and opinion of the NSCOC, the BCA, the National Security Service and the National Intelligence Service who should investigate whether concession applicants are related to any smuggling channels before the concession agreements are actually signed. Before all, such investigations should be made into the businesses of Chinese, Turkish and Russian companies since the probability of smuggling goods from these countries is substantial.
13. **The Ministry of Transport and Communications should provide information to the BCA and the Mol on the licensed international carriers.** Companies that would engage in smuggling cargo, often also lack licenses for transportation activities. The NBPS and the BCA, however, do not possess information on who is an authorized carrier, since it is the transport ministry who issues the authorizations. The Ministry could only benefit from it, too, by applying stricter control on carriers. It will also serve the NBPS and the BCA to accomplish risk profiling of transport companies.
14. **One-stop service.** All inspections of trucks should be made at one point. Currently, truck drivers, particularly foreign, are serviced and make payments at various booths which increases processing delays. State fee payment at the border (mostly road tolls, and where applicable phytosanitary and veterinary fees) should be collected only by the BCA. Such a reform will be in harmony with EU practice and will shorten the waiting and truck-inspection time. As a result, the chances of bribe-offering will drop, as most of the bribes are generally given to officers from the Road Administration. Quicker services will ease the corruption pressure applied by drivers. On 3 June 2004, the Council of Ministers adopted a set of measures aimed at facilitating border crossing. The measures envisage the introduction of one-stop-shop service, but without any deadlines. The government should identify target dates for these measures to be implemented.
15. **Phytosanitary and veterinary control should be a follow-up control** and should be carried out outside the border-crossing zone. Temporary stations could be placed at the border crossing point only when absolutely necessary or during epidemics. If the two services are relocated, border crossing time and corruption attempts by drivers will be significantly reduced.

16. **Provision of preliminary information on arriving cargo.** Such practice has been adopted by a limited number of companies working mainly with the Port of Varna authorities. Other sea, river and railway freight transport companies could supply this information in advance. This might be done through legal amendments to the *Law on Customs* setting forth requirements that all carriers should send a customs manifest before the goods enter the country. An effective first step would be to sign bilateral agreements with the largest Bulgarian carriers which transfer a significant part of the overall import, i.e. firms like: Navigation Maritime Bulgare, Bulgarian River Shipping Co., Bulgarian State Railways, and Bulgarian Air.

Human resource management

17. **Introduction of high-risk work environment payments to BCA officers.** Many customs officers work in risky conditions, in particular those who work at the border crossing stations or with the Crown Agents mobile teams and the Customs Intelligence and Investigation Directorate. However, their remuneration, unlike that of police officers, does not in any way correspond to the level of risk. Customs officers should be remunerated in accordance with the risks they take at work.

A new system linking remuneration to risk would allow for a more general interpretation of the latter term. For instance, corruption pressure could be defined as a kind of risk that could also be measured. This would ensure that customs and Mol services securing the state border would receive substantial financial compensation for the high-risk tasks they perform.

18. **Improvement of the incentives system of the BCA.** In view of the current legislative framework and the BCA's financial resources, smuggling could be most effectively and quickly curbed, if the system of incentives for uncovering customs frauds is changed. The various systems used so far have various shortcomings. Up to 2000–2001, for instance, each report drawn against an offender was awarded. Thus, reports were drawn with poor evidence and were motivated only by the desire for reward which led to many being repealed in court. In 2002, the system was changed so that incentives are given only after the court has confirmed the legality of the report. This, however, detracts from the motivation of customs officers, since court appeals can be delayed for years.

A system that prevents groundless reports against offenders but still motivates officers should be designed. The award systems should be flexible and should take into account experience from the last fifteen years as well as most recent developments. For instance, customs officers could receive part of the award straight after they have issued a report for a violation. In case the court ruling confirms the violation, the rest of the amount will be paid out to them. However, if the report is repealed, the part of the award already given should be deducted from the officer's salary in due time.

Additional internal mechanisms for performance rating could also be introduced. The officers whose reports are less frequently repealed at court could receive a higher-percentage award. The various proposals for performance indicator systems could be tested within pilot projects at the different border crossing points to evaluate their impact.

19. **Changing the remuneration structure at the BCA.** Without a clearly defined policy for continuous raises of the basic salary, none of the financial incentives would have any effect. If this step is not taken, the customs administration would continue to be vulnerable to corruption. This would be a policy decision and would need to be justified by sound economic reasons. A possible approach is to raise significantly the average salary of the customs administration (before all other branches of state administration) at the time of Bulgaria's expected accession to the European Union in 2007. Currently, the most popular proposal is the salary of Bulgarian customs officers to reach 50% of the salary at Greek customs. This would establish clear prospects for loyal customs officers, with additional anti-corruption motivation coming from expected stable career development.