

PROTOCOL

Of the first Session Joint Moldovan-Israeli Commission on Economic & Trade Cooperation

The first session of the Moldovan - Israeli Joint Commission on Economic and Trade Cooperation was held in Jerusalem on October 26th, 2004.

The session was held in accordance with Article 16 of the Agreement between the Government of the State of Israel and the Government of the Republic of Moldova on Trade and Economic Cooperation, signed on June 22nd 1997 (hereinafter referred to as: "the Commission").

The Moldovan part of the Commission was headed by Mr. Valerian CRISTEA, Deputy Prime Minister of the Republic of Moldova.

The Israeli part of the Commission was headed by Mr. Ehud OLMERT Vice Prime Minister and the Minister of Industry, Trade & Labor and Minister of Communications.

The list of the members of the Moldovan and Israeli delegations which participated in the work of the 1st meeting of the Commission is attached to this Protocol (Appendix 1 and 2).

The meeting of the Commission was held in an atmosphere of mutual understanding and business cooperation.

The parties have mentioned the positive influence of recent high leveled visits including:

The visit of the President of the State of Israel H.E. Moshe Katsav to Moldova in July 2003.

The visit of Minister of Transport Mr. Avigdor Liberman to Moldova in April 2003.

The visit of Minister of Agriculture and Rural Development Mr. Israel Katz in May 2004.

The parties noted the upcoming visit of the President of the Republic of Moldova Mr. Vladimir Voronin to Israel in November 2004.

The parties expressed their satisfaction in convening the first Session of the Economic Commission and noted the importance of strengthening their bilateral relations.

During the session the parties reviewed the state and prospects of the bilateral trade and economic cooperation.

During the session, the following topics were discussed:

- A) Over-view of the bi-lateral trade trends and figures.
- B) Presentation of Israel's economy and trade policy
- C) Presentation of Moldova's economy and trade policy
- D) Discussion on prospects of cooperation in the following fields:
 - 1) Agriculture and Agro-technology
 - 2) Telecommunication – mobile, fixed line, ISP's
 - 3) Transportation & Civil Aviation
 - 4) Project financing and insurance
 - 5) Human Capacity Programs – “Mashav” training programs
- E) Discussion on the status of the following economic agreements:
 - 1) Avoidance of Double Taxation
 - 2) Mutual Administrative Assistance in Customs Matters
 - 3) Standardization and Metrology
 - 4) Cooperation in the field of tourism
- F) Possible joint Moldovan – Israeli enterprise for aircraft maintenance in Chisinau International Airport
- G) Possible training of Moldovan staff in the field of Tourism.
- H) Economic Mission exchanges and possible visit of Vice Prime Minister Olmert to Moldova in 2005

The parties reviewed the current state of Israel-Moldova trade and economic cooperation and stressed the importance of making additional efforts in order to increase the volume of trade and business cooperation.

The parties discussed issues of cooperation between Moldovan and Israeli organizations aimed to further strengthen and expand cooperation in various spheres of the economy of both countries.

1. Trade and Economic Development

- 1.1 The parties agreed that the current trade volume between Israel and Moldova is small. In 2003 total import from Moldova to Israel reached 5.9 Million US\$, according to Israeli statistical data. Total exports from Israel to Moldova have reached 2.1 Million US\$. In the first nine months of 2004 import from Moldova to Israel have shown a substantial increase and totaled 7.6 Million US\$. Exports from Israel to Moldova have also increased compared to the parallel period last year and have totaled 2.6 Million US\$.
- 1.2 According to Moldovan statistical data, in 8 months of 2004 the exports from Moldova totaled 865,000 US dollars. Imports from Israel totaled 5,801,000 US dollars. The parties agreed to exchange information periodically concerning their bi lateral trade statistics.
- 1.3 The parties mentioned the factors that have influenced the mutual trade and possible ways of expanding the trade relations between the two countries.
- 1.4 According to the Moldovan data, the total amount of Israeli investments in the Moldovan economy amounted to 2.2 million US dollars as of January 1st, 2004.
- 1.5 The parties recognized that mutual investments and joint-ventures contribute to the realization of business potential and are of benefit to both countries.
- 1.6 The Moldovan side proposed to the Israeli side a set of investment projects in different fields of Moldovan economy to be examined by the business sector in Israel.
- 1.7 The parties recognized that mutual investments and joint-ventures contribute to the realization of business potential and are of benefit to both countries.
- 1.8 The parties confirmed the vital role of the Commission in promoting the economic relations between the two countries.
- 1.9 The parties agreed to exchange suggestions aimed to increase commodity turnover, diversification of commodity assortment, extension of export and import between two countries. Also, the parties agreed:
 - To encourage the interested enterprises of both countries to participate in international exhibitions and organize specialized exhibitions in the two countries, and grant them possible privileges on a mutual basis, in accordance with the national legislations of both countries.
 - To encourage the leading economic organizations of both countries

dealing in the promotion of foreign trade to explore possibilities to exchange of business delegations and to exchange business proposals.

- The Commission proposes to the leading economic entities of both countries to consider the possibility of establishing direct links in order to facilitate the flow of business information between them.

2. Customs Matters

The parties have noted that in the past year Moldova and Israel exchanged drafts and comments on the proposed Agreement Between The Government of the Republic of Moldova and the Government of the State of Israel on Mutual Administrative Assistance in Customs Matters, aimed to strengthen mutual assistance and cooperation between their respective customs administrations.

During the Commission's discussions, the sides agreed upon the final draft which will be submitted for approval in their relevant authorities as soon possible.

The parties expressed their hope that the Agreement will be signed during the expected visit of the President of Moldova Mr. Voronin to Israel in November 2004.

3. Project Financing and Insurance

3.1 The parties overviewed the factors that have influenced the development of the banking and financial sector in Moldova and in Israel and examined the potential of banking and financial cooperation.

3.2 The parties agreed to maintain the exchange of information and to encourage the financial institutions in both countries to explore ways of establishing commercial relations between them.

4. Standardization, Certification and Metrology

The parties have discussed the cooperation in the fields of standardization, certification and metrology and the draft agreement proposed by the Republic of Moldova on Cooperation in the fields of standardization, metrology and conformity assessment, submitted in March 2004.

5. Agrotechnology and Agriculture

- 5.1 The parties overviewed the current situation of the agriculture and agro technology in both countries.
- 5.2 The Moldovan party confirmed its interest in promoting cooperation in agriculture, agrotechnology joint agricultural research and training.
- 5.3 The parties discussed ways to combine Israeli products and knowledge in different areas of the Moldovan agriculture: poultry, food and fruit processing, packing facilities, fertilizers, greenhouses, veterinarian services, fish farming, etc.
- 5.4 The parties agreed on the support of the Ministry of Agricultural Policy of Moldova and the Ministry of Agriculture of Israel in promoting joint projects with the cooperation of USAID and other international aid agencies in the fields of poultry, dairy sector, irrigation and agro-training programs. The parties agreed that such bilateral technical cooperation activities, including training, would require a joint effort to identify suitable international funding resources.
- 5.5 The parties exchanged information concerning the current situation in the sphere of agriculture in their countries.
- 5.6 The parties discussed ways to apply Israeli technologies in the agroindustrial complex of Moldova including: organic farming, poultry; food processing; packing; hothouse farming; veterinary science; fish rearing and growing and more.

6. Telecommunication

- 6.1 The Israeli party noted the worldwide success of Israeli products and know how in the field of Information Technology. Major Israeli IT companies are active in Eastern and Central Europe, and wish to expand their activity in a Moldova in a manner, which demonstrates their long-term commitment to the local market.
- 6.2 Both parties exchanged information regarding projects realized by Israeli companies in Moldova, so far.
- 6.3 The parties examined the possibilities for future expansion of activities in the fields of telecommunications and IT, including modern telecommunications equipment, the modernization of communications networks, and the use of modern technology of satellite communications.
- 6.4 The parties agreed to recommend to Moldovan and Israeli telecommunication companies to explore possibilities for cooperation. The parties also agreed:
 - to encourage enterprises and companies to take part in events and venues, which occur, in both countries as a mean to distribute to respective

companies relevant information on existing business potential.

- to cooperate and exchange views on regulatory issues with the common interest on further liberalization of both telecom markets, based on the experience and knowledge accumulated by both Sides.
- 6.5 The parties have agreed to exchange delegations in the fields of telecommunications and IT and to support high-tech events of both countries.
- 6.6 The parties overviewed the current situation and a prospective of the telecommunication market and cooperation outlook in the field of telecommunications in both countries: cellular, television and satellite communication, telephone lines, Internet and broadband, computer hardware and software, etc.
- 6.7 The parties marked the opportunities of effective usage of some Israeli technologies in the telecommunications sector of Moldova. In particular in Mol Telecom and the local mobile operators. The Usage of the Internet is widely spreading in Moldova and offer new possibilities for business cooperation.
- 6.8 The parties will encourage the exchange of information regarding prospects of cooperation development in the fields of telecommunications and the realization of joint projects, including governmental projects in the IT field.
- 6.9 The parties confirmed their interest in encouraging enterprises and companies to participate in events which occur in both countries and to distribute to interested companies relevant information about such events.

7. Cooperation in Transport

- 7.1 The Commission noted the visit of the former Minister of Transport, Avigdor Lieberman, in July 2003, in which was signed an Agreement between the State of Israel and the Republic of Moldova regarding technical cooperation in the road construction sector. The agreement was ratified and came into effect in February 2004.

The Agreement includes the following clauses:

- Technical cooperation in the planning and development of road networks, road management and operation, quality monitoring and provision, road traffic safety, road environmental impact assessment.
- Collaboration in the exchange of information technology, consultation services, and specialist training.
- Establishment of a joint committee composed of delegates from the Ministries of Transport of Israel and Moldova, responsible for coordination of activities according to the Agreement, meeting, as necessary, alternately between Jerusalem and Chisinau.

7.2 The Ministry of Transport of Israel has expressed an interest to advance cooperation between Israel and Moldova in the field of transport.

The Moldovan side expressed its interest to promote cooperation on a commercial basis in several aviation projects.

8. Development of Legislative Base

The following Agreements are in process of negotiation and were reviewed in the framework of the Commission:

- Mutual Administrative Assistance in Customs Matters
- Cooperation in the fields of standardization, metrology and conformity assessment.
- Agreement on Cooperation in the field of tourism
- The parties agreed to commence negotiations regarding the Convention on the Avoidance of Double Taxation and Fiscal Evasion with Respect to Taxes on Income and on Capital.
- The parties agreed that they would endeavour to expedite the negotiations necessary to conclude the above mentioned agreements.

9. Terms of the next session of the Commission

The parties agreed that the next session of the Joint Commission would be held in Chisinau, on a date which will be coordinated through diplomatic channels

Signed in two copies in English on October 26, 2004 in Jerusalem.

For the Moldovan part



For the Israeli part

