

PROTOCOL
of the third session of the
Joint Moldovan-Israeli Commission
on Trade and Economic Cooperation

The third session of the Joint Moldovan-Israeli Commission on Trade and Economic Cooperation, (here in after referred as the "Commission") was held in Jerusalem on October 16, 2012.

The Moldovan Side of the Commission was headed by Mr. Vasile Bumacov, Minister of Agriculture and Food Industry, Chairman of the Moldovan Side of the Commission. The Israeli Side of the Commission was headed by Mr. Stas Misezhnikov, Minister of Tourism, and Chairman of the Israeli Side of the Commission.

The lists of the members of the Moldovan and Israeli delegations are attached to this Protocol.

The Sides noted that the main purpose of the third session of the Commission is to promote bilateral activities with the aim of enhancing and intensifying the mutual cooperation between the Republic of Moldova and the State of Israel.

During the session of the Commission, the Sides conducted a mutual exchange of information on the trade and economic situation in both countries and

discussed the prospects regarding the development of trade and economic cooperation.

The Sides adopted the following Agenda of the Commission:

1. Presentation of the economic situation in the Republic of Moldova and the State of Israel.

2. Overview of the bilateral trade between Moldova and Israel.

3. Prospects for cooperation in the following fields:

- The state of trade and economic relations
- Small and medium-sized enterprises;
- Energy;
- Water resources;
- Agriculture;
- Standardization and metrology;
- Telecommunications and information development;
- Tourism;
- Construction matters;
- Regional development;
- Environment;

4. Implementation of Agreements signed between the Sides.

5. Dates of the next session of the Moldovan-Israeli Joint Commission.

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1. Presentation of the economic situation in the Republic of Moldova and the State of Israel.

The Sides exchanged information on the current economic situation in the Republic of Moldova and, in the State of Israel.

2. Bilateral trade between the Republic of Moldova and Israel:

The Moldovan side noted that the total trade volume between the Republic of Moldova and the State of Israel is quite significant. In the period January-June 2012, compared to the same period of 2011, an increase in trade of goods of 335,2 % was recorded, amounting to 26,08 mil. USD, mainly resulting from a sharp increase in imports of goods from Israel. Hereby, the exports totaled 1,15 mil. USD increasing by 66.6%. Israel ranks 41st place among export partners of the Republic of Moldova, with a share of 0,11% in Moldova's total exports. The total value of goods imported in the Republic of Moldova from the State of Israel amounted to 24,9 mil. USD, increasing by 251,5% in comparison with the period of the previous year (January-June 2011). The State of Israel ranks 17th in terms of imports volume, with a share of 1,01% in Moldova's total imports.

The Israeli side noted that there has been significant change in the volume of trade between the states, primarily in the export of goods from Israel to Moldova that has risen from 4.6 mil. USD at the period of January-August 2011, to 22.1 mil. USD at the parallel period in 2012. The majority of goods that were exported from Israel to Moldova in 2011 were of Chemical goods and Paper products. The majority of goods imported from Moldova to Israel were Beverages, Light Metal products, and Glass products.

3. Prospects of cooperation in the following fields:

3.1 The state of trade and economic relations

The two Sides characterized the state of their bilateral economic relations as dynamically developing. However, the Sides agreed that the existing potential in trade and investments spheres is not fully realized.

The Sides agreed that further efforts are needed: enhancement of the economic relations between the two countries, especially in the fields of trade in goods and services and investments; substantial involvement of the private sector of both countries in the process of bilateral cooperation.

The Sides also agreed to regularly exchange information regarding legislation on trade and economy, export-import statistical data, and exhibitions and economic forums that take place in both countries.

The Sides emphasized the importance of mutual participation in fairs, exhibitions, professional seminars and conferences held in both countries as an effective instrument of realizing the trade potential. Thereupon, the Sides agreed to exchange information and assist in mutual participation in such events through the existing agreements on cooperation between specialized economic entities. The Israeli side invited the Moldovan companies to participate in HLS - the international exhibition and conference on homeland security technologies that will be held in Tel Aviv in November 2012, Eilat-Eilat – the International conference on the environmental topics that will take place in Eilat in November 2012, and WATEC – one of the biggest exhibitions on the water technologies that will take place in Tel Aviv in November 2013.

Aiming to increase the economic and trade activities between Israel and Moldova, the Israeli side noted that Israeli delegations participate in various exhibitions in Europe, for example, MWC in Spain, IBC in the Netherlands,

MEDICA in Germany, MILIPOL in France, ANUGA in Germany and many others. The Israeli side invites Moldovan companies to visit the Israeli pavilion during these exhibitions and to meet Israeli companies.

Both Sides stressed the importance of protection and equal treatment of investors in both countries, in accordance with the provisions of the 1997 bilateral Agreement for the promotion and mutual protection of investments.

The Moldovan Side expressed its interest in attracting foreign capital and is ready to facilitate negotiations between stake holders. The Ministry of Economy of the Republic of Moldova will provide the necessary support to all Israeli businessmen that will be interested in this matter.

Also, the Moldovan side emphasized the possibility of extending the cooperation in attracting and encouraging investment in the mentioned area, and proposed the followings:

- To promote the industrial parks creation projects in the regions of the Republic of Moldova in order to attract the Israeli economic entrepreneurs as investors / residents;
- To identify the means for the exchange of experience regarding the application of new industrial policy (for example: clusters creation).
- To facilitate the exchange of experience concerning the practices used to promote exports and attract investments, through seminars and training.

3.2. Small and medium-sized enterprises

The Sides agreed that the development of the small and medium-sized enterprises sector has an important role in the development of the economies of

both countries. In this sense the Sides decided that they may perform mutually agreed joint activities between them, including but not limited to:

- Sharing information on small and medium sized businesses programs and services that each party provides, including, but not limited to:
 - Capital Access (Loan Guarantees/Venture Capital and Microloan, etc.);
 - Technical Assistance (Counseling, Training, Trade Promotion, etc.);
 - Programs for Women Entrepreneurs/Business Owners;
 - Innovation;
 - Industrial design.
- Exchanging information between the parties on the following:
 - Policies and initiatives of the parties concerning the promotion and encouragement of small and medium sized businesses;
 - Financing and credit policies and programs concerning small and medium sized businesses;
 - Innovation programs designed for small and medium sized businesses;
 - Training programs including those aimed at raising the managerial skills of small and medium sized businesses owners and potential entrepreneurs;
 - Training programs for trainers of small and medium sized businesses;

- Investment opportunities in small and medium sized businesses, and business opportunities for small and medium sized businesses.
- Organizing of meetings between small and medium sized businesses from the parties to jointly assess cooperation opportunities.
- Performing of any activity between the parties relating to small and medium sized businesses.

3.3. Energy

Both sides attribute great importance to further developing their bilateral relation in the field of energy efficiency and conservation of energy resources.

In this context, the Moldovan Side mentioned its interest in benefiting from the Israeli experience in the energy field by attracting companies in construction projects of waste recycling and processing plants that use advance technologies and with the further getting of energy resources.

In this regard the Israeli side wish to notify the government of Moldova that 'Eilat-Eilat Renewable Energy Conference' will take place in Israel this year on November 27 -29 .

3.4. Water Resources

Both governments encourage the cooperation in the field of water management and water treatment and for that purpose will facilitate sharing information and encourage the private sector to engage respectively.

3.5. Agriculture

Both parties express their concern to the severe impact of drought on food security, agriculture and the economy at large.

In this context the parties held meetings and are examining activities to follow up on some joint technical cooperation in the agricultural sector.

The Sides exchanged information about their agricultural sector and confirmed their mutual interest in strengthening bilateral cooperation in this field.

In order to update the existing legal framework the Ministry of Agriculture and Food Industry of the Republic of Moldova proposed to examine the possibility of signing an additional Protocol to the bilateral intergovernmental Agreement in the field of agriculture, signed in Jerusalem, April 26, 1999.

The Sides will endeavor to work out the topics and the details of the suggested additional Protocol through an exchange of drafts between both sides, following the third session of the Joint Moldovan-Israeli commission on Trade and Economic Cooperation.

The Sides decided to make every effort in order to encourage launching joint projects in such sectors as: water resources development and irrigation, greenhouses, poultry and organic agriculture with special reference to the involvement of the private sector of both countries.

Also, the Sides agreed to enhance further cooperation in order to implement the project on establishment of a Laboratory destined for determining pesticide residues in plants, soil and vegetable products, as well as, to identify potential partners for implementation of the above mentioned project.

3.6. Standardization, Metrology and Conformity Assessment

The Moldovan Side reported on the institutional changes had taken place since 2007 and had resulted in the liquidation of the Service of Standardization and Metrology and the taking over of its functions by the Ministry of Economy and the National Institute of Standardization and Metrology. Both Sides noted that, among others, as a result of such changes the implementation of the Agreement signed in 2007 between the Government of the Republic of Moldova and Government of the State of Israel on cooperation in the field of standardization, metrology and conformity assessment, had yet to be completed. In this context, both Sides agreed that further actions to implement and to expand the provisions of this Agreement are required.

With this in mind, and taking into account the above mentioned essential institutional changes, the Sides decided on the followings:

- to establish direct contacts between the Ministry of Economy of the Republic of Moldova and the Ministry of Industry, Trade and Labor of the State of Israel, responsible for quality infrastructure in the economy.
- to encourage the exchange of information regarding the legal and institutional framework in the field of quality infrastructure;
- to examine the opportunity to create a Joint Working Group in the field of standardization, metrology, conformity assessment and accreditation. The mentioned Group shall identify the activities and commune projects capable of contributing to the enhancement of the cooperation in this field.

3.7. Telecommunications and Information Technologies

In order to develop mutual cooperation in the field of telecommunications and information between the Republic of Moldova and the State of Israel, the Sides agreed as following:

- To exchange information concerning mutual telecommunication markets, in particular on the following issues: cellular, television and satellite communication, telephone lines, Internet and broadband.
- To examine the possibilities for cooperation in the telecommunication spheres, including modern telecommunication equipment, the modernization of communications networks, and the use of modern technology of satellite communications.
- To discuss ways to encourage the reduction of the mutual mobile roaming tariffs.

The Sides agree to inform each other on the current legislation and evolutions regarding the postal field in both countries.

Both Sides express their desire to develop mutual cooperation between their countries in this field, and agree to establish direct contacts between institutions responsible for the regulation and operation of the postal field.

3.8. Transport and aviation

The Moldovan Side has submitted to the Israeli side the draft Protocol for amending the Agreement between the Government of the Republic of Moldova

and the Government of the State of Israel on air transport. The Israeli side will examine the proposed document and inform the Moldovan Side on its position.

3.9. Tourism

Both Sides exchanged the basic statistics and information about the tourism sector in the two countries.

In order to strengthen the development of this field, the both Sides agreed on the following:

- facilitating the access of the economic agents from the tourism industry of the Republic of Moldova and of the State of Israel at tourism fairs and exhibitions in both countries, according to the laws and regulations of each Side;
- identify the possibilities of attracting Israeli investments in the tourism industry of the Republic of Moldova;
- participation of the representatives of the central public authorities and economic agents from the tourism industry at the round tables, conferences and seminars organized in both countries, including through scholarships, in training courses organized by the Ministry of Foreign Affairs Center for International Cooperation (MASHAV). subject to funds availability.
- exchange of experience between public institutions and economic agents that work in the field of tourism, in order to create public-private partnerships.
- acknowledging with the Israeli experience in tourism field through visits to State of Israel of Moldovan experts from tourism industry.

In the spirit of the Agreement of Cooperation in the Field of Tourism signed between the Parties on 22 November, 2004, it is understood that the above is

subject to available budgets, and that each Party will cover its own expenses unless otherwise agreed between the Parties.

3.10. Construction

Both Sides agreed to take the following actions in the mentioned areas:

- Exchange of experience regarding spatial planning and urbanism, as well as mutual assistance in completion and modification of legislative and normative framework in this field;
- Exchange of information and experience in providing housing for socially vulnerable segments, on how to attract financial resources for social housing construction, including how to promote policies in this area;
- Exchange of information on renovating apartment buildings and forms of financial support for housing refurbishment;
- Cooperation on energy efficiency in housing field;
- Exchange of information in the field of housing management, maintenance and operation;

3.11. Regional development

The Sides mentioned about the importance to enhance the mutual cooperation in this field and agreed on the followings:

- Exchange of experience in the field of functioning of the institutions and bodies for the implementation of regional development policies;
- Determination of measures geared to collaboration between Ministries with the aim of finding potential joint projects and programs that could be supported by mutual agreement of the parties concerned;
- Exchange of experience in the development of technical capabilities in elaboration and implementation of projects, through advice and participation of

Israeli and Moldovan practitioners in training programs at local and regional level;

- Share of information in developing, promoting and implementing regional development policies for achieving a balance of economic regions;

3.12. Environment

Pursuant to the signing in May 2012 of an Agreement on Cooperation in the Field of Environmental Protection between them, the Sides decided to intensify their mutual cooperation in this field by:

Mutual exchange of information and experience regarding environmental protection policy, including in the areas of water, air and soil pollution prevention, waste management, environmental education and investment in environmental activities.

Examination of possibilities regarding the organization of training programs for Moldovan experts in specialized institutions of Israel.

4. Implementation of Agreements signed between the Sides

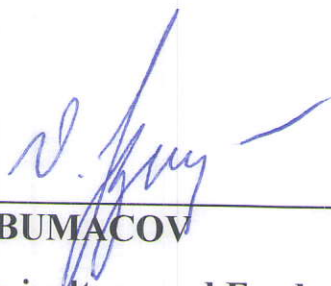
Pursuant to the signing during the third session of the Agreement Between the Government of the State of Israel and the Government of the Republic of Moldova regarding the Temporary Employment of Workers from the Republic of Moldova in Specific Sectors in the State of Israel and the Implementation Protocol to this Agreement for the construction sector, both sides expressed their desire to conclude their internal legal procedures for the entry into force of the Agreement and Implementation Protocol as soon as possible in order to begin with the implementation of the Agreement.

5. Next meeting of the Joint Commission

The Sides agreed to hold the next meeting of Joint Moldovan-Israeli Commission in the Republic of Moldova, at a date to be agreed upon through diplomatic channels.

Done in Jerusalem on October 16, 2012, in two originals both in English language.

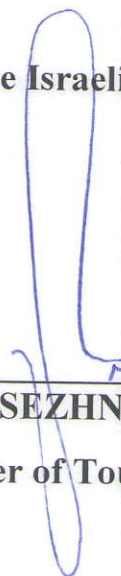
For the Moldovan Side



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