

P r o t o c o l

**of the fourth Meeting of the
Joint Moldovan - Swiss Commission
on trade and economic cooperation**

The fourth Meeting of the Moldovan-Swiss Joint Commission on trade and economic cooperation was held on December 3rd, 2008 in Geneva, in accordance with Article 13 of the Agreement on Trade and Economic Cooperation between the Swiss Confederation and the Republic of Moldova, signed in Chisinau on 30 November 1995.

The Swiss delegation was headed by Mrs. Monika Ruhl Burzi, Ambassador and Federal Council Delegate for Trade Agreements, who hosted this event.

The Moldovan delegation was headed by Mr. Valeriu Ostalep, Deputy Minister of Foreign Affairs and European Integration.

The lists of the two delegations are attached to this Protocol.

The fourth meeting of the Joint Commission was held in a warm atmosphere of cordiality and mutual understanding, reflecting the desire and determination of both countries to find feasible and efficient solutions for further developing and diversifying the bilateral relations in different sectors of their economies.

Both Sides agreed that economic and trade ties would become an increasingly important part of the overall bilateral relationships and furthermore, the private sector in the two countries should play the leading role in this process.

Both Sides adopted the following agenda:

1. Presentation of the Economic Situation in the Republic of Moldova and Swiss Confederation.
2. Bilateral Trade and Economic Relations between the Republic of Moldova and the Swiss Confederation and Future Cooperation in the Following Areas:
 - 2.1. Trade and Economics Cooperation;
 - 2.2. Cooperation in the Industry Sector;
 - 2.3. Cooperation in the Agriculture, Sanitary, Veterinary and Food Safety Sectors;
 - 2.4. Cooperation in the IT-Sector and Communications;
 - 2.5. Cooperation in the Finance Sector;
 - 2.6. Technical Assistance;
3. Bilateral legal framework
4. Relations with the EU, CIS, WTO and CEFTA.
5. Date and Venue of the Next Meeting of the Joint Economic Commission.

1. Presentation of the Economic Situation in the Republic of Moldova and Swiss Confederation

Both Sides exchanged information on the current economic situation in the Republic of Moldova and in the Swiss Confederation, respectively.

The Moldovan Side gave an assessment of the current economic trends and highlighted the measures undertaken in order to strengthen the market economy. It also presented the main macroeconomic data, mentioning the factors that influenced the development of bilateral economic relations. It was reported, in particular, that during the first semester of 2008 the GDP reached 25,4 milliard lei, and experienced a real growth of 5,4% compared to the corresponding period of 2007. In 2008, compared with previous years, the main reason for the economic growth were the investments. During the first nine months of 2008, the investment flow into fixed capital increased by 9% and accounted about 9,6 billion million lei. The total foreign trade volume of the Republic of Moldova for the first nine month of the 2008 amounted to 4875,3 million U.S.D. showing a growth rate of 41,2% compared with the previous year.

Up to date 6357 companies with foreign capital, including 51 companies with the Swiss capital were registered and which operate successively on the territory of the Republic of Moldova.

The Swiss Side gave an overview of the economic situation in Swiss Confederation. In 2007, the Swiss economy continued to maintain solid pace of expansion for the fourth year in a row. Real GDP has grown by 3.3% over the whole year, after 3.4% in 2006. The booming Swiss exports of goods and services were benefiting from the buoyant world economy. After some years of reluctance to new investments, business investment picked up strongly during last year, whereas private consumption continued to remain a solid growth pillar. The unemployment rate fell steadily and amounted to 2.8% in 2007. In the year 2008 real GDP growth in Switzerland is expected to slow down to 1.9% in 2008. The unemployment rate in 2008 is expected to fall down to 2.5%.

2. Bilateral Trade and Economic Relations between the Republic of Moldova and the Swiss Confederation and Future Cooperation in the Following Areas:

2.1. Trade and Economic Cooperation

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

Both Sides stated that the further development of economic and commercial ties, as well as the promotion of investments and trade between the Republic of Moldova and the Swiss Confederation constitute the shared objectives of the two Governments. They acknowledged that the current bilateral trade flows do not reflect the existing potential of both countries, stressing the need to increase the volume of bilateral trade. Consequently, both Sides reaffirmed their mutual interest to boost bilateral trade through additional entrepreneurial undertakings at a bilateral and multilateral level.

Furthermore, both Sides agreed to further encourage cooperation between the Chambers of Commerce and Industry, as well as other agencies, to present their products at local and international Fairs, to create possibilities and inform the business community about the

opportunities existing in their respective countries, especially in the sectors of machinery, electronics, chemical and wood processing industry, glassware.

Both Sides noted the importance of joint ventures, training courses, exchanging experience and business missions.

With the purpose to realize the objectives for reciprocal promotion of goods and services, the Moldovan side informed about the opportunity to encourage the Swiss businessmen to participate at the VIIIth national exhibition “Made in Moldova” (27-31 January 2009), inclusive at the different activities included in the exhibition program, at “round tables”, economic forums, seminars and presentations.

Also, for extending the trade and economic cooperation between the Republic of Moldova and the Swiss Confederation, both sides found out the importance for creating and settlement of some mechanisms of cooperation in the informational field, proposed by businessmen from both countries.

According to information presented by Moldovan Side, during the first nine months of the 2008 the trade volume between the Republic of Moldova and Swiss Confederation was 43,7 million U.S.D and increased by 31,5% compared to the previous year. Moldovan export of products to Switzerland was 24,4 millions U.S.D., 20,2% more compared to 2007. Import was 19,3 millions U.S.D., having increased by 49,2% compared to the previous year. In Switzerland's foreign trade statistics 2007 the turnover of bilateral trade with Moldova was roughly 32 million SFR. Import figures had a volume of 4 million SFR (+33%) and exports of 28 million SFR (+27%).

The Swiss side informed that Moldova is beneficiary to the Swiss Generalized System of Preferences (GSP). The GSP grants preferential treatment in the form of exemption or reduction from duty for industrial and agricultural products. The GSP-scheme includes rules of origin which the goods must comply with to qualify for GSP treatment. To satisfy the rules of origin the goods have to be either wholly produced in the beneficiary country or have undergone working or processing criteria laid down in the regulations. The Swiss side handed over the Swiss GSP-Regulation (in French) as well as a letter, that was sent at the end of last year to all diplomatic representations in Switzerland and explains how to proceed to qualify for GSP treatment.

The Two Sides agreed that favourable economic and political framework conditions for the business sector are of utmost importance to enhance cooperation between the two countries, in particular, trade of goods and services, as well as investments of the private sector in both countries, especially of small and medium-sized enterprises.

2.2. Cooperation in the Industry Sector

The Moldovan Side expressed its interest for enhancing the mutual cooperation in the field of industrial parks and scientific and technological parks and innovation incubators, namely, getting acquainted with the Swiss experience in this field.

2.3. Cooperation in the Agriculture, Sanitary, Veterinary and Food Safety Sectors.

The Moldovan Side informed about its interest in straightening the mutual cooperation between the Ministry of Agriculture and Alimentary Industry of the Republic of Moldova and Federal Office of Agriculture of the Swiss Confederation in order to grant assistance for learning from

Swiss experience and elaboration of the long term development politics in the agro industrial field.

The both Sides agreed to encourage the participation of the Moldovan and Swiss companies at exhibitions and fairs of agro alimentary field, organized on the territory of both countries, with the purpose to promote the national products on the market of the either Side.

Within the session the Sides agreed to encourage the cooperation between the experts in the fields of agriculture, sanitary, veterinary and food safety, the common participation in international projects, as well as performing the exchange of information regarding supporting and spreading of scientific researches, vegetal and animal anthologies.

2.4. Cooperation in the IT-Sector and Communications

Both Sides stated the importance and advantage of consolidation of the bilateral relations in the field of information and communication technologies.

In this context the sides agreed on the following:

- examination of the possibilities for cooperation in the field of promotion of electronic governance, electronic services and use of information and communication technologies in diverse domains.

The Swiss side informed about the national eGovernment strategy that was adopted by the Federal Council in 2007. The goal of the strategy is to enable both businesses and the population to carry out important transactions with the authorities electronically. The Swiss side handed over the booklet "Switzerland's eGovernment strategy".

2.5. Cooperation in the Finance Sector

Both Sides informed each other on the current evolutions in finance sector

a) Budget field

The Moldovan side asked the Swiss Side to examine the possibilities for according financial support in order to create a special store in the state budget for covering the extra outlay in accordance with the growth of the energy resources prices on the world market – about 6,5 million euro yearly.

Also, the Moldovan side asked the responsible Swiss authorities to examine the possibility to offer financial support in elaboration and implementation of common projects on exoneration with Transnistrian region, modernization and development of the infrastructure – as far as possible (for the beginning 5 million euro).

b) Fiscal management

The Moldovan side proposed to intensify the bilateral cooperation in the following directions:

- exchange of experience and technical assistance in the IT sector;
- practical support and recommendations regarding counteracting the ghost companies phenomenon;
- taking acquainted with the risks evaluation practice in the field of fiscal audit and fiscal arrears (forced gathering of arrears);
- fiscal policy management;
- methodology for determination of the fiscal policy indicators;
- methodology for analyzing the tax income and other taxes;
- micro-macro shaping of the income tax and other taxes;

- examination of the possibilities to elaborate a unique normative act for settlement the fiscal relations, by finishing the systematization of the fiscal legislation in Fiscal Code and settlement of a reciprocal connection between the all titles of the Fiscal Code;
- settlement of the unique principles of taxation and of the unique procedures of fiscal administration that are on the base of the national fiscal system for every type of tax.

c) Financial checking and revision

Both Sides agreed to examine the possibility for organizing training courses regarding the system of Financial Public Check, as well as the implementation of the financial management and Check in public institutions.

The Moldovan side asked the counter part to examine the possibility to assist the experts of this field, to internal audit missions, realized in the public sector of the Republic of Moldova.

d) Internal audit

The Moldovan side expressed its interest in obtaining financial Swiss assistance for the process of elaboration and implementation of the push button informational system „Elections” (the cost being estimated to 0,9 million euro).

e) External finance and liabilities

The Moldovan side mentioned about its interest toward Swiss experience in the following fields:

- tools and practices for estimation and management of the foreign currency risks;
- international practice in implementation and administration of investment projects, financed from external sources;
- straightening the abilities for carrying out the management of internal and external liabilities.

The Swiss side took note of the interest of Moldovan authorities regarding the cooperation in the finance sector. The Swiss Side suggested to address the concrete requests directly to the Swiss Ministry of Finance, which is the competent authority.

2.6. Technical Assistance

The Moldovan Side mentioned that the Swiss assistance has a major importance for development of the public sector in Moldova.

In this context the both Sides decided to examine the possibilities to diversify the areas of assistance granted by the SDC and other relevant Swiss institutions.

Also, the Moldovan Side asked the Swiss responsible authorities to examine the possibilities for including Moldova in the first range of Swiss technical assistance programs, (as a priority country).

The Swiss Side informed about its assistance activities in Moldova. Regarding rural water supplies, the Swiss Side announced to support the initiative of the Ministry of Local Public Administration for the development of a national water plan, which would allow to assess the best solution for each settlement in the country, i.e. a decentralised approach to rural water supply. Regarding pediatric emergency care, the Swiss Side was pleased that the reorganization of these services is part of the newly adopted National Development Plan 2008 – 2011 and the Healthcare System Development Strategy 2008 - 2011. Together with the Ministry of Health The Swiss Side informed that Switzerland has started to implement a substantial support for this important initiative.

3. Bilateral legal framework

The Moldovan Side informed about the finishing of all internal legal procedures for the initiating of negotiations on the new Agreement on trade and economic cooperation between the Government of the Republic of Moldova and the Government of the Swiss Confederation.

The Swiss Side was interested to learn more about Moldova's reasons for a new agreement and the added-value of a possible new agreement. It informed the Moldovan Side that the internal procedures for the conclusion of a new agreement take several months.

4. Relations with the EU, CIS, WTO and CEFTA.

The Moldovan Side informed that the first semester of 2008 was full of important events which gave a qualitative impulse to the RM-EU relations, having the goal for decreasing some problems of social class in the Republic of Moldova.

The entry into force of the Agreements for visas regime facilities and readmitting, contributed meaningfully to defense against the illegal migration and to the simplification of the procedures for receiving visas in Schengen space, fact that increase the flexibility for circulation of the Moldovan citizens.

Other event which straightened the cooperation between Moldova and EU is the participation of the two parties to mobility partnership. This partnership represents a continuation of the Agreements for visas regime facilities and readmitting, in this way being distinguished indirectly the illegal migration problem whom is facing Moldova, as well as the discommode created to the EU countries.

Also, the Moldovan Side informed that a positive aspect of the RM-EU relations is the continuous increase of the bilateral trade. So, in the first semester of 2008 the export volume to EU was 466,2 million USD, having increased by 132% compared with the same period of the previous year. Regarding the structure of import volume, the Moldovan Side informed that it was 1234,2 million USD, and increased by 140,7% compared with the previous year.

Regarding the cooperation within the CIS, the Moldovan Side mentioned that it's still active, but there are already registered falls at the trade level. So, in the first 6 month of the 2008 the amount of exported goods to CIS countries was 346,2 million USD, and increased by 122,4% compared to the previous year, the import was up to 972,7 million USD and increased by 139,1% compared with the same period of 2007.

The Moldovan Side mentioned that in accordance with the commitments assumed by Moldova within the WTO regarding the guarantee of the informational and legal framework transparency, the responsible authority elaborate and sends recurrently notifications on approved amendments in national legislation.

Also, with the view for assuring a balanced competition on the sugar market, was launched the procedure for renegotiating the customs duty on sugar with the WTO member states.

The Moldovan Side mentioned that after the adhesion of Ukraine to WTO, it was elaborated the draft of the Protocol on exclusion of some goods from free trade regime, and were launched negotiations in this sense, in accordance with the WTO provisions.

Regarding the cooperation within CEFTA, the Moldovan Side informed that recently was approved the Decision of the CEFTA Joint Committee regarding the nominal members of the CEFTA Secretariat and was coordinated with the CEFTA members. In this context, the information and names of the involved members was sent through diplomatic channels to all members for approval.

Concomitantly, with the view to realize those assumed within the previous CEFTA Assemblies, the Ministry of Agriculture and Alimentary Industry, the Ministry of Economy and Trade and with the support of the Ministry of Foreign Affairs and European Integration was held the Assembly of the CEFTA Subcommittee on agriculture, sanitary and phytosanitary measures, on the period 24-25 April 2008.

The Swiss Side gave an overview of Switzerland's relations to the EU and its positions within the WTO. Both Sides agreed on the necessity to continue discussions between the relevant institutions on the possibilities of signing a visa facilitation agreement between both countries which would contribute to the development of the economic relations between two states and would facilitate the contacts between the business communities.

5. Date and Venue of the Next Meeting of the Joint Economic Commission.

Both Sides agreed to hold the next meeting of the Moldovan-Swiss Joint Commission in Moldova, on a date, to be agreed upon by direct contacts and/or through diplomatic channels.

Approved and signed on December 3rd, 2008, in Geneva, in two originals in English.

For the
Moldovan Delegation

For the
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