

PROTOCOL
OF THE FOURTH MEETING OF THE JOINT KYRGYZ- SWISS COMMISSION ON
TRADE AND ECONOMIC COOPERATION

The fourth meeting of the Joint Kyrgyz - Swiss Commission on trade and economic cooperation (hereinafter "the Commission") established in accordance with Article 13 of the Agreement between the Kyrgyz Republic and the Swiss Confederation on trade and economic cooperation from 10 May 1997, was held in Bishkek on June 3, 2016.

The Commission was co-chaired by the Minister of finance of the Kyrgyz Republic – H.E. Adylbek Kasymaliev, and by H.E. Ambassador Livia Leu, Delegate of the Federal Council for trade agreements, Head of the bilateral economic relations department of the State Secretariat for Economic Affairs (SECO).

The list of members of both delegations is attached to this Protocol (Annexes 1 and 2).

According to the approved Agenda (Annex 3), the following topics were discussed during the session:

I. Economic situation and perspectives for the Kyrgyz Republic and Switzerland

Both parties exchanged information on the current situation and latest developments in economies of both the Kyrgyz Republic and Switzerland. The importance to further diversify the Kyrgyz economy, to reduce its vulnerability to negative tendencies of the World economy, to improve its investment climate and competitiveness to fully benefit from the accession to the Eurasian Economic Union was underlined. The Swiss Party informed about the recent developments including the appreciation of the Swiss Franc against the Euro, and the outlook for its economy and its relationship to the European Union and other countries.

II. Bilateral economic relations

The Parties confirmed the positive outcome of the official visit of the President of the Kyrgyz Republic H.E. Almazbek Atambaev to the Swiss Confederation in March 2015.

The Parties underlined the constructive cooperation in the constituency of the Bretton Woods institutions and the Global Environment Facility.

2.1. Trade

The Commission noted the importance of further developing and deepening bilateral trade and economic relations between the Kyrgyz Republic and the Swiss Confederation.

Despite statistics data of the two countries differ, the Parties concurred that the current volume of bilateral trade does not correspond to its potential and exchanged their views and opinions on possible measures that could contribute to increasing the volume of bilateral trade.

The Swiss Party underlined the importance of independent evaluation procedure of the quality of supplied goods and services for public procurement.

2.2. Investments

The Parties agreed that in order to further deepen economic relations between the two countries as well as to increase direct investment flows it is important to hold meetings between Kyrgyz and Swiss business circles. This could increase the volume of bilateral investments and enable to launch new investment projects.

The Swiss Party reiterated the importance of an adequate protection and enforcement of intellectual property rights.

The Kyrgyz Party informed about investment and cooperation opportunities in the field of transport and communications infrastructure (road, railway and air) as well as in the field of the registration (electronic identity cards and passports).

2.3 Banking sector

In view of the fruitful and long-standing cooperation between the National Bank of the Kyrgyz Republic, the Swiss National Bank and SECO, the Parties asserted the importance to continue to cooperate within the framework of the technical assistance aimed at strengthening banking supervision by the regulator through introduction of risk-based inspections of financial institutions as well as enhanced Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework.

The Swiss Party reiterated the importance to solve rapidly the case of the Kyrgyz Bank misusing the Swiss denomination for commercial purposes and referred to the legal basis in international and national law. The Swiss Party transmitted an Aide-mémoire on the protection of indications of source and geographical indications, outlining applicable international law, asking the Kyrgyz authorities to take measures to stop the misuse of Switzerland's name and national emblem. The Parties agreed to hold further consultations with participation of experts. They concurred that the consultations should be pursued with due urgency, with a view to solve the issue before the end of 2016.

2.4 Tax issues

The State Tax Service of the Government of the Kyrgyz Republic expressed its interest in strengthening cooperation with the tax authorities of the Swiss Confederation on tax administration issues.

The Swiss Party referred to the 2002 framework agreement between the Government of the Swiss Confederation and the Government of the Kyrgyz Republic on technical and financial cooperation and humanitarian aid, and stated the importance of applying the tax exemption provisions enclosed in this agreement and in the bilateral project agreements (incl. grants).

The Swiss Party reaffirmed its interest in revising the bilateral Double Taxation Agreement as proposed through the Note of the 11 February 2016 to the Embassy of the Kyrgyz Republic in Geneva (ref. 0.616.31). A copy of the Note has also been handed out to the Kyrgyz Party during the fourth meeting of the Commission. In particular, Switzerland would like to adapt the administrative cooperation provision of the 2001 Double Taxation Agreement to the current international standard.

Kyrgyz Party has agreed to discuss on this possibility to revise the Agreement after formal receipt of the proposal from the Swiss Party.

2.5. Tourism

The Kyrgyz Party expressed its interest in cooperation with Switzerland in the field of tourism for:

- exchanges and information sharing between government tourism authorities in the following areas: tourism statistics, informational and advertising materials on tourism potential of the two countries and other relevant information;

- exchanges of students, professionals and teachers of higher educational institutions in the field of "tourism", employees of tourism organizations and institutions;

- organization of a Business forum for familiarization of Swiss businessmen with investment opportunities in the tourism sector of the Kyrgyz Republic.

The Swiss Party informed about a possible technical assistance program/project in the area of tourism development in the Kyrgyz Republic (with a scoping study envisaged by SECO for mid-2016).

The Swiss Party will transmit the request about information exchange to Swiss Tourism.

2.6. Mining industry, geology and mineral resources

The Kyrgyz Party offered the Swiss Party to take part in tenders and auctions for user rights of the Kyrgyz Republic subsoils.

III. Development cooperation, finances and cooperation in the social sphere

3.1. Development cooperation

Referring to the 2002 framework agreement on technical and financial cooperation and humanitarian aid, the Memorandum of understanding between the Ministry of Foreign Affairs of the Kyrgyz Republic and the Ministry of Foreign Affairs of the Swiss Confederation and the on-going Swiss cooperation program for Kyrgyzstan, both Parties expressed satisfaction with their collaboration and results achieved. While

preparing a new 4-year cooperation program for 2017-2020, the Swiss Party informed that it intends to continue to provide support to the Kyrgyz Republic on national and regional integrated water resources use, on infrastructure (mainly urban water supply), on public sector reform, on health sector reform and on private sector development.

3.2. Finances, audit, accounting and financial reporting

3.2.1. Finances

The Kyrgyz Party noted with great interest the intention of the Swiss Party to support the second phase of the Multi-Donors Trust Fund for capacity building in Public Finance Management and thus, to contribute to further reforming the Kyrgyz Public Finance Management system by improving and institutionalizing program budgeting into the Kyrgyz budgetary practice – annual budget process.

The Kyrgyz Party expressed its appreciation for the continuous support provided to the Kyrgyz Government in financial programming. This instrument enables the authorities to take informed economic and policy decisions as well as to formulate a medium-term budgetary framework for the programs and projects implemented by the line ministries. Parties also acknowledged the fact that the Kyrgyz Government made considerable progress in introducing and applying the financial programming tool into macroeconomic forecasting and planning practices thanks to Swiss support.

3.2.2. Audit, accounting and financial reporting

The Public Service on Regulation and Supervision of Financial Market of the Government of the Kyrgyz Republic thanks the Swiss Government (SECO) for its support of the “Kyrgyz Audit and Accounting Reporting Enhancing Project”, TA project which will be implemented by the World Bank Center of Financial Reporting Reforms.

In the meantime, the Kyrgyz Party (the Public Service on Regulation and Supervision of Financial Market of the Government of the Kyrgyz Republic) expresses its interest in development of cooperation:

- with the relevant organizations/institutions of the Swiss Confederation on the issues of accounting and financial reporting, including SECO;
- with the Swiss Federal service for audit supervision of Switzerland (Federal Audit Oversight Authority - FAOA), which is a member of the International Forum of Independent Audit Regulators (IFIAR) on control of audit quality issues, in particular:
 - state control over the audit activity;
 - legal regulation of auditing;
 - licensing procedures for all auditors and audit firms, as well as procedures of carrying out the mandatory audit.

3.3. Social development

In order to establish cooperation in new areas of the social sphere, the Kyrgyz Party proposed to the Swiss Party to consider the possibility of participating in:

- development of social services to socially vulnerable categories of citizens (methodology of costs of social services, the creation of rehabilitation centers etc.);
- teaching of the staff of the Centre of medical and social expertise and rehabilitation of disabled people;
- construction of rehabilitation centers for children who are in difficult situations;
- providing technical and financial support for equipment, organization of informative campaigns, trainings, education and exchange of experience for the staff of the Centre "Helpline for Children";
- building rehabilitation and diagnostic facility with the thermal baths and a swimming pool;
- assisting in development of an typical design of building for medical - social expert commissions (MSEC) constructed on the basis of available facility standards, premises / buildings of MSEC for compliance with the sanitary standards and accessibility for people with disabilities (the cost of design and estimate documentation and technical passports amounts about 2 -3 thousand USD).

The Swiss Party took note of these proposals to establish new areas of cooperation but reminded of its intention to continue to work in the priority areas mentioned under 3.1.

IV. Next meeting of the Joint Kyrgyz - Swiss Commission on trade and economic cooperation

The Parties agreed to hold the fifth session of the Commission in Switzerland, the date of which will be defined through diplomatic channels.

This Protocol is completed in Bishkek (Kyrgyz Republic) on June 3, 2016, in two copies in Russian and English. In the case of divergences, the English text shall prevail.

**Kyrgyz Co-Chair of
the joint Kyrgyz-Swiss Commission on
trade and economic cooperation**



Adylbek Kasymaliev

**Swiss Co-Chair of
the joint Kyrgyz-Swiss Commission on
trade and economic cooperation**



Livia Leu

Annex 1

The members of the Kyrgyz part of the 4th meeting of the Joint Intergovernmental Kyrgyz – Swiss Commission on Trade and Economic Cooperation

Kasymaliev Adylbek Aleshovich	Minister of finance of the Kyrgyz Republic – chairman of the Kyrgyz part of the Commission;
Suyumbaeva Paiza Usenbaevna	State-secretary of the Ministry of health of the Kyrgyz Republic;
Sazbakov Almaz Zamirbekovich	Deputy minister of economy of the Kyrgyz Republic;
Mamyrkaliev Ernek Altymyshevich	Acting state-secretary of the Ministry of transport and communications of the Kyrgyz Republic;
Esenkulov Nurmamat Jokenovich	Deputy minister of education and science of the Kyrgyz Republic;
Jamankulov Azamat Kaparovich	Deputy minister – director of Tourism Department under the Ministry of culture, information and tourism of the Kyrgyz Republic;
Jekshenov Bakyt Jekshenovich	state-secretary of the Ministry of labour and social development of the Kyrgyz Republic;
Nurbek Jenish	Deputy chairman of the National Bank of the Kyrgyz Republic;
Aidaralieva Rasym Sharshkeevna	Deputy chairman of the State tax service under the Government of the Kyrgyz Republic;
Tologonov Daniyar Omursadykovich	Deputy director of the Second political department of the Ministry of external affairs of the Kyrgyz Republic;
Sultanalieva Gulzhamal Tilenbaevna	Member of Executive board of the State service for regulation and supervision of financial market under the Government of the Kyrgyz Republic;
Murzaev Kubat Sadyrbekovich	Head of the division of the public investment and technical assistance of the Ministry of finance of the Kyrgyz Republic;
Tolongutov Baigabyl Moldoshevich	Director of the Center of the state regulation and environmental security under the State agency for environmental protection and forestry under the Government of the Kyrgyz Republic;
Abduldaev Talant Tynychbekovich	Director of the State enterprise "Infocom" at the State registration service under the Government of the Kyrgyz Republic;

**Tyumenbaeva
Dilyara Emilevna**

**Head of department of investment and foreign affairs of the
State agency of geology and mineral resources under the
Government of the Kyrgyz Republic;**

**Turgunbaeva
Asel Abdyrakmanovna**

**Head of department of international cooperation of the
Ministry of economy of the Kyrgyz Republic;**

**Omurova
Bermet Namirovna**

**Chief specialist of the department of international cooperation
of the State agency for environmental protection and forestry
under the Government of the Kyrgyz Republic;**

**Kudaiberdieva
Aizada Berdibekovna**

**Chief specialist of department of international cooperation of
the Ministry of economy of the Kyrgyz Republic - executive
secretary of the Commission.**

**4th Session of the Joint Commission
on Trade and Economic Cooperation
between Switzerland and Kirghizstan
Bishkek, June 3, 2016**

Swiss Delegation

Livia LEU	Co-Chair of the Joint Commission on Trade and Economic Cooperation between Switzerland and Azerbaijan, Ambassador, Delegate of the Federal Council for Trade Agreements, Head of Bilateral Economic Relations, State Secretariat for Economic Affairs, Bern
René HOLENSTEIN	Ambassador in in the Kyrgyz Republic
Andréa SCHMID	Country Officer for Turkey, the Caucasus, Central Asia, UK and Ireland, State Secretariat for Economic Affairs, Bern
Danielle MEUWLY	Deputy Director of Cooperation, Embassy of Switzerland in the Kyrgyz Republic
Damir BISEMBIN	Program Officer, Embassy of Switzerland in the Kyrgyz Republic

Private sector

Oliver BERTSCHINGER	Regional Director Europe & Africa, Member of the International Executive Board, Switzerland Global Enterprise, Zurich
Michael KÜHN	Senior Consultant Russia + CIS, Switzerland Global Enterprise, Zurich
Artur CZERNIEJEWSKI	Country Managing Director, ABB Ltd, Almaty



Annex 3

4rd session of the Kyrgyz-Swiss Mixed economic and trade com- mission

(Bichkek, 3 June 2016)

Agenda

1. Economic situation and perspectives

1.1. of the Kyrgyz Republic

1.2. of Switzerland

2. Bilateral economic relations

2.1. Trade

2.2. Investments

2.3. Development cooperation

2.4. Private sector

2.5. Other

3. Cooperation in the multilateral area

3.1. WTO

3.2. Bretton Woods Institutions

4. Regional economic relations

4.1. of the Kyrgyz Republic

4.2. of Switzerland

5. Varia