

ANNEX 2ARBITRATION PROCEDURES

1. In the event of a dispute under this Agreement which the Parties are unable to resolve within 90 days of the date of the initial request for consultations or such other period of time as may be mutually agreed upon, either Party may initiate an arbitration proceeding, pursuant to Article 5, paragraph 7 of this Agreement. Such proceedings shall be subject to the procedures set out in this Annex.
2. Within 60 days after receipt of a request for arbitration through diplomatic channels, an arbitral panel shall be constituted by each Party appointing one member to the arbitral panel. The two members shall then select a national of a third party country who, upon approval by the Parties, shall be appointed the Chairman of the arbitral panel. The Chairman shall be appointed within 60 days from the date of appointment of the other two members of the arbitral panel.
3. If, within the periods specified in paragraph 2 of this Annex, the necessary appointments have not been made, either Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Party or is otherwise prevented from discharging the said function, the Vice President shall be invited to make the necessary appointments. If the Vice President is a national of either Party or is prevented from discharging the said function, the Member of the International Court of Justice next in seniority, who is not a national of either Party, shall be invited to make the necessary appointments.
4. The arbitral panel shall determine its own procedures. The arbitral panel shall reach its decision by a majority of votes. Such decision shall be binding on both Parties. Unless otherwise agreed, the decision of the arbitral panel shall be rendered within 180 days of the appointment of the Chairman in accordance with paragraphs 2 or 3 of this Annex.
5. Each Party shall bear the costs of its own member of the panel and of its representation in the arbitral proceedings; the costs related to the Chairman and any remaining costs shall be borne equally by the Parties. The arbitral panel may, however, in its decision direct that a higher proportion of costs shall be borne by either of the Parties, and this award shall be binding on both Parties.
6. The Parties shall implement the panel decision. If either Party cannot agree on the manner for resolution of the dispute, it will notify the other Party within 30 days of the rendering of the panel decision. The non-complying Party may propose compensation or other remedial action to the other Party and to the panel. If the other Party cannot agree to such proposed compensation or other remedial action within 60 days after the rendering of the panel decision, it may propose to the panel the suspension or withdrawal of equivalent benefits under this Agreement. Such suspension or withdrawal shall take effect 30 days after it is proposed, unless the panel disapproves such action; in the latter event, the panel shall make a ruling binding on the Parties respecting suspension or withdrawal of equivalent benefits.