Annex 5

Agreement on Arbitration

The Federation of Bosnia and Herzegovina and the Republika Srpska agree to honor the following obligations as set forth in the Agreed Basic Principles adopted at Geneva on September 8, 1995, by the Republic of Bosnia and Herzegovina, the Republic of Croatia, and the Federal Republic of Yugoslavia, the latter representing also the Republika Srpska:

Paragraph 2.4. “*The two entities will enter into reciprocal commitments. . .(c) to engage in binding arbitration to resolve disputes between them.*“

Paragraph 3. “*The entities have agreed in principle to the following:… 3.5 The design and implementation of a system of arbitration for the solution of disputes between the two entities.*“

For the Federation of Bosnia and Herzegovina

For the Republika Srpska