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PCA PRESS RELEASE

ARBITRATION BETWEEN THE REPUBLIC OF CROATIA AND THE REPUBLIC OF SLOVENIA

THE HAGUE, 5 AUGUST 2015

Republic of Croatia notifies its intention to terminate the Arbitration Agreement – Judge Ronny Abraham resigns from the Arbitral Tribunal

By letter of 31 July 2015, the Republic of Croatia informed the Arbitral Tribunal that Croatia "cannot further continue the process [of the present arbitration] in good faith". Accordingly, Croatia stated that, "[i]n accordance with the relevant provisions of the Vienna Convention on the Law of Treaties," it "informed the other Signatory to the Agreement of its intention to terminate" the Arbitration Agreement between the Government of the Republic of Croatia and the Government of the Republic of Slovenia signed on 4 November 2009, noting that "as of the date of the notification it ceased to apply the Arbitration Agreement".

On 3 August 2015, Judge Abraham resigned from the Tribunal. Judge Abraham informed the Tribunal that he had agreed to his appointment in the hope that this "would help restore confidence between the Parties and the Arbitral Tribunal and to allow the process to continue normally, with the consent of both Parties." Having realized that "the current situation cannot meet that expectation," Judge Abraham considered that it was "no longer appropriate" for him to serve as arbitrator in the present proceedings.

Pursuant to the Arbitration Agreement, it now falls to the Government of the Republic of Slovenia to appoint an arbitrator to replace Judge Abraham as member of the Tribunal. Article 2, paragraphs 2 and 3, of the Arbitration Agreement provides:

(2) Each Party shall appoint a further member of the Arbitral Tribunal within fifteen days after the appointments referred to in paragraph 1 have been finalised. In case that no appointment has been made within this delay, the respective member shall be appointed by the President of the Arbitral Tribunal.

(3) If, whether before or after the proceedings have begun, a vacancy should occur on account of the death, incapacity or resignation of a member, it shall be filled in accordance with the procedure prescribed for the original appointment.

Slovenia has also been invited to present its observations on the letter dated 31 July 2015 from the Republic of Croatia.

Further information about the proceedings is available on the PCA Case Repository (<u>http://www.pcacases.com</u>).

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