In the light of these observations, the following broad principles should be applied to the computation and award of interest in international arbitral jurisprudence:

- The creditor whose claim is admitted should be fully compensated for the loss that he has suffered by reason of being deprived of money owed to him as from the date when such money was due to be paid to him in law and until actual payment is made.

- It is immaterial whether that compensation is characterised as interest or damages or labelled otherwise.

- Where parties have explicitly agreed an interest, their agreement should be honoured. The question of default interest ought ideally to be covered by explicit contractual provisions.

- The issue of interest compensation is as important as the main claim for damages or payment of principal and should be given the same attention both by counsel and tribunals.

- A claimant should be at liberty to claim loss of actual profit (in lieu of compensation for actual loss), but clearly the standard of proof required to support such a claim must be high.

- Similarly, a claimant should be at liberty to prove his actual loss, which normally will be equivalent to his actual cost of substitute financing. Inherent in this proposition is a recognition of the fact that the financing costs of certain debtors are higher than those of others, and claims must be kept within acceptable limits by application of the doctrine of foreseeability.

- If the substitute financing has been effected by arrangements providing for compound interest, such actual interest paid by the claimant should be awarded.

- A claimant in any event must claim interest on some basis (at least a ‘fair’ borrowing rate in the relevant currency) in order to enable a tribunal to award it.

- There must be a rational link between interest and the relevant currency.

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28 No precise elaboration can be made in this context of the entire subsidiary network of detailed rules which will be required with respect, inter alia, to the proper dates for the commencement of interest accrual and in dubio rates applicable with respect to different currencies.

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Referring Principles:

- VII.6 - Duty to pay interest
- VII.7 - Right to charge compound interest