The letter therefore needs to be supplemented with the purpose being pursued by the parties, and, on the other hand, with the starting situation and any stated or potential reciprocal objections, even if these emerge at a later date. This method of interpretation is entirely consistent with the specific rules of Italian law (Articles 1362-1371 of the Italian Civil Code), as applied by the courts, according to which (w) recourse is made to an extra-textual interpretation when the letter-contract is incomplete and fails to execute the "common intent of the parties"; (x) among the methods taken into consideration, there is first and foremost the so-called logical interpretation, which includes the identification of the purpose of the contract; (y) although considered as being subsidiary, the assessment of past and subsequent behaviour falls within the interpreter's responsibilities when the text is unclear or incomplete; (z) an interpretation on the basis of good faith places importance, among other things, on the reciprocal trust between the parties and so on what one of the parties should have communicated to the other with a view to protecting their respective interests, and also in relation to the obligation of good faith in negotiations pursuant to Article 1337 of the Italian Civil Code. The rules relating to interpretation and good faith contained in the Unidroit Principles (in particular, Articles 1.7 and from 4.1 to 4.8), which are in all events a useful reference framework for applying and judging a contract of an international nature, also confirm what has been said.

This compensation is calculated in proportion to the amount from the settlement remaining unpaid, to which overdue interest has been added, as provided for in Article 1219, no. 3 of the Italian Civil Code, with effect from the due date and up until full payment of the balance. The Vienna Convention lays down a general rule, in Article 78, that the liability for payment of a sum is subject to interest for late payment, but it does not lay down the criteria for calculating this interest. International case law presents a wide range of possibilities in this respect, but amongst the criteria adopted in various judgements, the more appropriate appears to be that of the rates generally applied in international trade for the contractual currency. In concrete terms, since the contractual currency is the dollar and the parties are European, the applicable rate is the 3-month LIBOR on the dollar, increased by one percentage point, with effect from the due date not respected up until full payment has been made.

However, capitalization of interest is excluded, as from Respondent's arbitration answer, since this is not provided for in the Vienna Convention and does not appear to be in keeping with international trade usages. Revaluation is also included in the above mentioned rate.

Referring Principles:

- I.1.1 - Good faith and fair dealing in international trade
- IV.5.1 - Intentions of the parties
- IV.5.2 - Context-oriented interpretation
- VII.6 - Duty to pay interest
- VII.7 - Right to charge compound interest