

# Contents

<b>Foreword</b> .....	19
<b>Introduction</b> .....	21
<b>Chapter One: The Iran-United States Claims Tribunal</b> .....	47
1.1 General .....	47
1.2 The Algiers Accords (1981) .....	49
1.3 Genesis of the Iran-U. S. Claims Tribunal .....	50
1.4 The Tribunal's Structure .....	52
1.5 The Tribunal's Jurisdiction .....	53
1.6 The Applicable Law .....	53
1.6.1 Disputes Arising out of Expropriation .....	56
1.6.1.1 International law .....	56
1.6.1.2 Treaty of Amity .....	56
1.6.2 Disputes Arising Out of Contractual Relation.....	58
1.6.2.1 General Principles of Law .....	58
1.6.2.1.1 Sources of the Tribunal's General Principles of Law .....	60
1.6.2.1.1.1 Comparative Municipal Law .....	60
1.6.2.1.1.2 Lex Mercatoria .....	62
1.6.2.1.1.3 Public International Law .....	64
1.6.3 Procedural Law of the Iran-U.S. Claims Tribunal .....	64
1.7 The Nature of the Tribunal.....	65
1.8 The Precedential Value of Tribunal Practice.....	67
1.9 Summary .....	73
<b>Chapter Two: The Principle of Compensation in Transnational Arbitration</b> .....	75
2.1 General .....	75
2.2 Cause of Action.....	77
2.2.1 Expropriation.....	78
2.2.2 Breach of International Law .....	79
2.2.3 Breach of Contract .....	80
2.3 Principle of Full Compensation.....	80
2.3.1 The Standard of Compensation in the Iran-U.S. Claims Tribunal.....	86
2.3.2 Different Compensation Standards in Lawful and Unlawful Expropriation.....	91
2.3.3 Creeping Expropriation; Lawful or Unlawful? .....	97
2.4 Unjust Enrichment as a Basis for Compensation .....	99
2.4.1 Prohibition of Double Recovery.....	104
2.5 Equitable Considerations.....	107
2.6 Summary .....	109
<b>Chapter Three: Limitations on Damage</b> .....	113
3.1 General .....	113

## 6 The Principle of Compensation in International Arbitration

3.2 Causation.....	114
3.2.1 Direct and Indirect Expropriation.....	118
3.2.1.1 Interference with Contract Rights .....	121
3.2.1.2 Taking Control Over the Property.....	124
3.2.1.3 Interference with Administrative Rights .....	126
3.2.1.4 Reforming Legislation Affecting the Property Rights .....	126
3.3 Foreseeability .....	127
3.4 Certainty .....	132
3.5 Duty to Mitigation.....	138
3.5.1 Reasonable Measures .....	140
3.5.2 Substitute Transaction.....	142
3.5.3 Anticipatory Breach .....	143
3.6 Summary .....	145
<b>Chapter Four: Category of Losses.....</b>	<b>149</b>
4.1 General .....	149
4.2 Damnum Emergens (suffered loss).....	150
4.2.1 Damage in Devaluation of the Currency.....	151
4.2.1.1 Currency of Damage .....	151
4.2.1.2 Date of Conversion.....	154
4.2.1.3 Rate of Conversion.....	156
4.2.2 Damage for Foreign Currency Exchange.....	158
4.2.3 Damage for Inflation .....	159
4.2.4 Adjudication Expenses.....	160
4.2.4.1 Legal Fees in the Practice of the Iran-U.S. Claims Tribunal... 161	
4.2.4.1.1 Reasonableness of the Costs of Arbitration.....	164
4.2.4.1.2 Cost Apportion .....	165
4.2.4.1.2.1 Parties' Degree of Success .....	166
4.2.4.1.2.2 The Parties' Conduct.....	167
4.3 Lucrum Cessans (Lost profit).....	169
4.3.1 Loss of Profit in Case of Contract Breach.....	170
4.3.1.1 Lost-Volume Damage to Seller.....	176
4.3.2 Loss of Profit in Expropriation.....	178
4.4 Summary .....	179
<b>Chapter Five: Valuation .....</b>	<b>181</b>
5.1 General .....	181
5.2 Method of Valuation; Fair Market Value.....	182
5.2.1 Valuation of Business Enterprise .....	185
5.2.1.1 Income-Based Methods.....	185
5.2.1.1.1 Going-Concern Value.....	186
5.2.1.1.1.1 The Effects of Market Circumstances .....	189
5.2.1.1.1.2 Eliminating the New-Business Rule.....	191
5.2.1.1.2 Discounted Cash Flow (DCF) .....	193
5.2.1.1.2.1 Discount Factor .....	196
5.2.1.1.2.2 Important Issues of Applying DCF Method.....	199
5.2.1.2 Asset-Based Method .....	203
5.2.1.2.1 Net Book Value (NBV).....	204

5.3 Valuation Date.....	206
5.4 Summary .....	209
<b>Chapter Six: Interest.....</b>	<b>213</b>
6.1 General .....	213
6.2 Right to Interest under Transnational Instruments .....	216
6.3 Interest in the Practice of the Iran-U.S. Claims Tribunal .....	218
6.3.1 Interest in the case of excused non-payment.....	222
6.4 Moratory (Delay) v. Compensatory Interest .....	223
6.5 Accrual Period in Tribunal Jurisprudence.....	225
6.6 Form of Interest: Simple or Compound .....	227
6.7 Interest Rate.....	231
6.7.1 An Attempt to Make the Interest Rate Uniform.....	233
6.7.2 The <i>McCullough</i> Method .....	234
6.7.3 The <i>Sylvania</i> Method .....	235
6.7.4 The Interest Rate in Inter-State Claims .....	236
6.7.5 Agreed Rate of Interest .....	238
6.8 Summary .....	239
<b>Conclusion.....</b>	<b>241</b>
<b>Bibliography .....</b>	<b>251</b>