

AFFAIRE RELATIVE A CERTAINS
EMPRUNTS NORVÉGIENS *

(FRANCE c. NORVÈGE)

CASE OF CERTAIN NORWEGIAN
LOANS *

(FRANCE v. NORWAY)

* *Note du Greffe.* — Les renvois à un texte ayant fait l'objet d'une édition provisoire à l'usage de la Cour ont été remplacés par des renvois aux pages de la présente édition définitive.

* *Note by the Registry.*—Any references to a text which was issued in a provisional edition for the use of the Court have been replaced by references to the pages in the present definitive edition.

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SECTION A.—APPLICATION
INSTITUTING PROCEEDINGS

I.—THE FRENCH AMBASSADOR IN THE NETHERLANDS
TO THE REGISTRAR OF THE INTERNATIONAL
COURT OF JUSTICE

[Translation by the Registry]

The Hague, July 6th, 1955.

Sir,

I have the honour to send you herewith a letter from the Agent of the Government of the French Republic, transmitting to you on behalf of the French Government, in two copies, an Application instituting proceedings before the International Court of Justice and relating to a dispute with the Government of the Kingdom of Norway concerning the payment of various Norwegian loans issued in France.

I have the further honour to inform you that Professor Gros has been appointed Agent of the French Government in this case.

I have, etc.

(Signed) J. P. GARNIER.

II.—THE AGENT OF THE GOVERNMENT OF THE FRENCH
REPUBLIC TO THE REGISTRAR OF THE INTERNATIONAL
COURT OF JUSTICE

[Translation by the Registry]

Paris, July 5th, 1955.

Sir,

I have the honour to address to you, on behalf of the Government of the French Republic, an Application instituting proceedings before the International Court of Justice and relating to a dispute with the Government of the Kingdom of Norway concerning the payment of various Norwegian loans issued in France.

I have, etc.

(Signed) ANDRÉ GROS.

III.—APPLICATION INSTITUTING PROCEEDINGS ON BEHALF OF THE GOVERNMENT OF THE FRENCH REPUBLIC

[Translation by the Registry]

To the President

And Members of the International Court of Justice,

I, the undersigned, duly authorized by the Government of the French Republic, selecting as address for service the French Embassy at The Hague,

Having regard to Article 36, paragraph 2, of the Statute of the Court and to the acceptance of the compulsory jurisdiction of the International Court of Justice by the Kingdom of Norway on November 16th, 1946, and by the French Republic on March 1st, 1949;

Having regard to Article 40, paragraph 1, of the Statute of the Court,

Have the honour to address to you the following Application:

The Kingdom of Norway issued on the French market a certain number of international bonds, made payable in gold or including a gold clause, which are held by French nationals. Certain of the loans were floated directly by the Kingdom of Norway, others through the intermediary of State banks, the Mortgage Bank of the Kingdom of Norway and the Small Holding and Workers' Housing Bank, on various dates between 1885 and 1907.

Six loans floated directly by the Kingdom of Norway in 1896 (3% gold), 1900 (3½% gold), 1902 (3½% gold), 1903 (3% gold), 1904 (3½% gold), 1905 (3½% gold), are in the following terms:

"We, Our heirs and successors in the Government of Norway (in respect of the 3½% 1905, We, the Government of the Kingdom of Norway),

"Proclaim and declare by this original Bond that.... We have contracted in Our name and on behalf of Our Kingdom of Norway and under the immediate guarantee of the Norwegian Nation.... with the *Crédit Lyonnais* and the *Banque de Paris et des Pays-Bas* in Paris.... a loan of.... kroner (gold currency) = francs = pounds sterling."

The bonds of the 1896, 1900, 1902, 1903, 1904 and 1905 loans also conclude with the following words: "The bearer of this Bond [*Obligation partielle*] has a debt due of three hundred and sixty kroner in gold currency, or five hundred francs or nineteen pounds sixteen shillings and fivepence sterling...."

The formula appearing on the various loan bonds of the Mortgage Bank of the Kingdom of Norway, whose capital belongs to the State, states that the bonds are payable in gold currency; the

"We declare that we owe the bearer of this 3½ % (bank) Bond the amount of three hundred and sixty kroner, five hundred francs or four hundred and five Reichsmarks, one kilogram of fine gold calculated at 2,480 kroner or 2,790 Reichsmarks, or 3,444.44 francs."

Finally, the 1904 3½ % gold loan of the Small Holding and Workers' Housing Bank, whose capital belongs to the State, contains the following: "We declare that we owe the bearer of this 3½ % (bank) Bond, guaranteed by the Norwegian State, an amount in gold of three hundred and sixty kroner or five hundred francs or four hundred and five Reichsmarks, the kilogram of fine gold being calculated at 2,480 kroner or 2,790 Reichsmarks." The Bond also includes the following clause: "The Royal Ministry of Finance and Customs, acting on behalf of the Norwegian Government, guarantees, in accordance with paragraph 3 of the Loans on Small Holdings and Workers' Housing Act of June 9th, 1903, the payment of interest on this Bond issued by the Small Holding and Workers' Housing Bank, as well as its redemption at maturity in the manner specified in the Bond."

A Royal decree dated September 27th, 1931, suspended the convertibility of notes issued by the Bank of Norway and since that date the service of the loans referred to above has been effected on the basis of the nominal amount of the coupons or of the repaid bonds by payment in Norwegian kroner only. The French holders of Norwegian gold bonds, represented by the National Association of French Security Holders [*l'Association nationale des porteurs français de valeurs mobilières*], requested the resumption of the service of the loans on the basis of the nominal amount in gold, in accordance with the substance of the debt assumed by Norway and in execution of the provisions of the contract under which the bonds were issued in respect of each loan. The war of 1939 interrupted the discussions which were subsequently resumed, but without success; the Mortgage Bank of the Kingdom of Norway, in particular, refused to refer the question, as proposed by the National Association of French Security Holders, to the Court of Arbitration established by the International Chamber of Commerce.

The Government of the French Republic, noting that the Norwegian authorities took no action in pursuance of the proposals made by the French holders of Norwegian gold bonds, directly seized the Royal Government of Norway in the course of negotiations at Oslo in May, 1953. By this intervention on behalf of its nationals, the Government of the French Republic brought the question on the plane of diplomatic negotiations and the Royal Government of Norway agreed to the opening of conversations between experts of the two countries concerning the point in dispute. Conversations between the experts were pursued at Oslo on August 19th and 20th, 1953, but led to no result. The Government of the French Republic took up the question again in May, 1954, in the

course of commercial negotiations with the Royal Government at Oslo, and proposed that the dispute should be settled by arbitration ; the Royal Government did not accept this proposal.

Consequently a legal dispute exists between the two Governments. The Royal Government considers that it is discharging the debt contracted by it by paying Norwegian kroner for the service of the coupons and the repayment of the bonds on the basis of the nominal amount in Norwegian kroner ; the Government of the French Republic does not accept this view and considers that, since the bond certificate expressly provides for payment on the basis of the gold value of the amount of the bonds, the principal stipulation of the loans must be respected. Moreover, the Royal Government has recognized the existence of a dispute between the two States by accepting the intervention of the French Republic on behalf of its nationals.

The principle of the validity of the gold clause in international payments has been recognized by international jurisprudence, in particular by the two Judgments of July 12th, 1929, of the Permanent Court of International Justice (Series A. 20/21, case concerning the payment of various Serbian Loans issued in France ; case concerning the payment in gold of Brazilian Federal Loans contracted in France). As has already been pointed out above, the bonds are not ambiguous, the substance of the debt contracted, both directly by the Kingdom of Norway and on its behalf by banks which are directly subject to its authority, has been fixed in gold value. The interpretation of the contract of the various loans contracted in gold by the Royal Government of Norway cannot lead to the destruction of the principal stipulation and of the very name by which these loans are designated.

Having vainly resorted to diplomatic negotiations in respect of the point at issue between the two Governments, the Government of the French Republic has decided to bring its dispute with the Government of the Kingdom of Norway to the International Court of Justice.

Accordingly, and subject to the subsequent presentation to the Court of a Memorial, Counter-Memorial and, in general, of any evidence or argument,

MAY IT PLEASE THE COURT :

To take note that for the purpose of all notifications and communications relating to the present case, the Agent of the Government of the French Republic selects for his address for service the French Embassy at The Hague ;

To notify the present Application, in accordance with Article 40, paragraph 2, of the Statute of the Court, to the Government of the Kingdom of Norway ;

To adjudge and declare, whether the Government of the Kingdom of Norway appears or not, and after such time-limits as the Court

may fix in the absence of an agreement between the Parties :

That the international loans issued by the Kingdom of Norway in 1896 (3% gold), 1900 (3½ % gold), 1902 (3½ % gold), 1903 (3% gold), 1904 (3½ % gold), 1905 (3½ % gold), the international loans issued by the Mortgage Bank of the Kingdom of Norway, 3½ % gold 1885-1898, 1902, 1905, 1907, 1909 and 4% gold 1900, the international loan issued by the Small Holding and Workers' Housing Bank, 3½ % gold in 1904, stipulate in gold the amount of the borrower's obligation for the service of coupons and the redemption of bonds:

And that the borrower can only discharge the substance of his debt by the payment of the gold value of the coupons on the date of payment and of the gold value of the redeemed bonds on the date of repayment.

The Hague, July 6th, 1955.

The Agent of the Government of
the French Republic,
(Signed) ANDRÉ GROS.