

# ROMAK S.A.

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Mr. Ronald Kennedy  
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THE NATIONAL BANK FOR FOREIGN  
ECONOMIC ACTIVITY OF UZBEKISTAN  
Akhunbavaev Street 23  
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N/Réf. MS/dp

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Genève, le January 14, 1998

Dear Mr. Kennedy:

I am writing in response to your letter to the editor of The Wall Street Journal Europe, published on December 16, 1997. Your assertion that "Romak prefers publicity to legality," is simply ridiculous and, in fact, quite ironic. As you well know, Romak bent over backwards for over a year in keeping this scandal out of the press while trying to find a resolution which would allow the Government of Uzbekistan to save face. It was only after months of fruitless negotiations, during which the Uzbeks showed clearly their bad faith, that we were left no other alternative but to take the case to arbitration. The publicity this case has generated recently is caused simply by Uzbekistan's failure to honour an international arbitration ruling, ordering them to pay Romak for the goods received, despite being legally bound to do so having signed the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Your attempts to distance the Uzbek government from this matter are directly contradicted by the facts. Romak's contract was with Uzdon and payment was guaranteed by Uzdon's parent, Uzkhleboprodukt. Uzdon's charter is signed by the director of Uzkhleboprodukt and states clearly that the former is an integral part of the latter. Uzkhleboprodukt was established by a decree of the President of Uzbekistan as the "privatised" Grain Ministry of the same name. It's charter states clearly that the government retains majority ownership and that the company is directly responsible to the Council of Ministers under the supervision of the Prime Minister of Uzbekistan. In fact, Romak's business was even discussed and agreed in advance with the Office of the Prime Minister, who then put forth Uzdon as the state entity with whom the contract was to be signed.

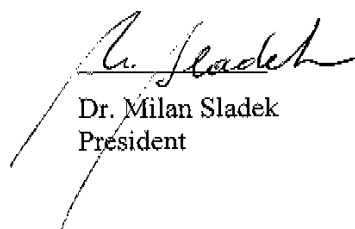
Furthermore, contrary to what you claim in your letter, the New York Convention does not assign the execution of any arbitration award to the competent authorities of the country of the defendant. In fact, no additional steps should be necessary to "execute" the award as it should simply be paid without having to resort to further legal action.

Your letter can only be viewed as yet another deceptive attempt to cover up the fraud which has taken place and distract attention from those responsible. I might add that The National Bank of Uzbekistan is directly implicated in this scandal by having accepted non-original shipping documentation to offset the loan to Odil, and by failing to investigate the truth when presented with proper documentation by Credit Suisse First Boston in January 1997.

May I suggest you redirect your efforts toward helping the Government of Uzbekistan understand the gravity of this situation and convincing them that neither the problem nor the obligation to pay will simply go away by the Uzbek's pretending they don't exist. Their stance seems even more incomprehensible in light of the government's aggressive efforts to attract foreign investment to the country. We are anguished to see the severe and unnecessary damage the Government of Uzbekistan is doing to the country's international reputation, by so blatantly denying their obligations.

Romak has proceeded properly and legally for over a year now in attempting to obtain payment, including resorting to arbitration in London as was stipulated in the contract. Romak's objective is not to generate publicity in this matter, quite the opposite. Our objective is simply to be paid for the goods we have delivered in good faith to Uzbekistan, for which the Government of Uzbekistan is legally and morally bound to pay.

**ROMAK S.A.**



Dr. Milan Sladek  
President