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Uzbek Co. Takes Action In Wheat Case It Sought To Avoid

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LONDON (Dow Jones)--In a new twist to a dispute over **Uzbekistan** payment for a Swiss trading house's grain delivery, an Uzbek company has gone to arbitration to try to collect funds owed to the Swiss house Romak SA.

Uzdon, the trading arm of **Uzbekistan**'s privatized state grain authority, Uzkhleboprodukt, is taking another Uzbek company, Odil, to a local arbitration court to recover \$11 million, an Uzdon representative told Dow Jones Monday.

Uzdon previously said it had no role in collecting the funds and its move to arbitration was seized upon by Romak as an acknowledgement of Uzdon's responsibility to see that payment is made to Romak.

The amount sought in arbitration matches the sum Uzdon was ordered to pay Romak by an arbitration court of the London-based Grain and Feed Trade Association in August.

'We have filed a suit through an arbitration court in Tashkent,' said senior specialist Victor Osipov at Uzdon. Osipov didn't say whether the suit is an acknowledgement that Uzdon is responsible for the debt.

But a spokesman for Romak said the move indicates just such a concession. He said Uzdon has thus far not made the payment and has instead told the Swiss company that its dispute is with Odil.

'This new development is an acknowledgement by the Uzbeks that the Uzdon and Odil transaction is separate from the Romak business although it seems to be a damage limitation exercise,' the spokesman said.

'It is a matter between Uzdon and Odil and has nothing to do with Romak, just as the Gafta arbitration court ruled in the summer,' he added.

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Uzbek Co./Wheat Case -2: Romak Investigating Legal Options

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The case revolves around Romak's shipment of 40,850 metric tons of Kazakstan milling wheat delivered to Uzdon in July and August of 1996.

Romak maintained its shipment was arranged in a contract between itself and Uzdon. Uzbek officials, however, have said Romak was delivering the grain on behalf of Odil, which had already been paid.

Romak are currently investigating several legal possibilities for retrieving the money from Uzdon, but wouldn't provide details.

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