

## Letters to the Editor

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Uz wheat product State Stock Corporation  
Uzdon Foreign Trade Firm  
st Lahuti - 36  
700060 Tashkent  
Uzbekistan

16 October, 1998

Dear Sir,

Having seen the article "Dispute hits Uzbeki trade" in the September 1998 issue of *Trade Finance* magazine, we consider it necessary to make clear some items mentioned by your correspondent. The dispute between two independent companies Uzdon and Romak is a private dispute between trading companies and has nothing to do with the government of the republic, because neither the government, nor the National Bank for Foreign Activity of Uzbekistan gave any guarantees or undertakings to Romak.

For this reason we consider the reference to the government in the article to be an unfair and unwarranted attack. As it is noted in the article, the dispute between Romak and Uzdon is really complex and requires detailed analysis of all the points. This can be done only after the carrying out of certain due processes and judicial examination. Complex issues which the dispute has thrown up were not dealt with properly, or at all, by the arbitrators. Romak is claiming the payment from Uzdon despite the fact that they have delivered the grain towards the contract with Odil, and have not presented any documents to Uzdon, and have not checked the shipped volume of grain with Uzdon. We do not understand why a private dispute between two companies is shifted on to the whole state and has drawn a number of unfavourable implications. Is it the first dispute between two trading companies in the world's practice, which gives the right to damage the probity of the country? Taking into consideration all complexities of the dispute, Uzdon has instructed its lawyers to take whatever steps so that a new arbitration can be held. We hope that you completely understand us.

Yours faithfully,  
Bahtiyar Kadyrov, general manager, Uzdon

**Editorial note:** *Trade Finance* held back on publishing this letter in order to wait for the result of an appeal against the arbitration made by Uzdon in the London high court in November.

That appeal was subsequently rejected by the high court judge, the Honourable Justice Langley, who declared in his written judgement: "The reality of this dispute is that the arguments advanced by Uzdon both before the tribunal and before me are inconsistent with the agreements they entered into and the correspondence they wrote and received. The Award (by Gafta - the grain association in London) recognized that, and nothing put before me now on this application, made over 14 months after the Award was published affects the position. It would indeed be a substantial injustice to Romak if the Award were not allowed to stand. As I indicated at the end of the hearing the application by Uzdon is refused."

Full details of the history of the Uzdon - Romak case can be found in the September issue of *Trade Finance* (p13-15).

As *Trade Finance* goes to press we learn from Tashkent that there is a number of internal investigations taking place within the government and the ministry of foreign trade. We also learn that there have been a number of dismissals of key government figures including a first deputy prime minister with responsibility for various food supplies. It is not known if these developments have anything to do with the Romak-Uzdon dispute. *Trade Finance* will endeavour to keep readers informed of any further developments.