

FROM: FTC "UZDON"
TO: JACQUES COVO, ACIArb
CONCERNING: LETTERS FROM 25.03.1997. AND 2.04.1997.
LETTER N Uz - 1/2-06-197
DATE: 7.04.1997.

EXHIBIT No. 18
ORIGINAL

DEAR SIRSI!

FOREIGN TRADE COMPANY "UZDON" STUDIED THOROUGHLY YOUR CLAIM PRESENTED TO OUR COMPANY ON THE MATTER OF LOADING 40.600 TONNS OF WHEAT TO THE CORPORATION "UZKHLEBOPRODUKT" AND HAVE TO DECLINE THEM ON THE FOLLOWING BASES:

1. INSPITE OF THE FACT THAT THERE ARE TO NAMBERS AND DATES, CONSIDERATION OF NON REGULATED FACTS OF ISSUE IS REFERRED TO THE RULE N 125 G.A.F.T.A., HOWEVER AT THE SAME TIME WE ASK YOU TO PAY ATTENTION TO THAT FACT THAT THE CONTRACT WAS SIGNED ON THE TERRITORY OF UZBEKISTAN AND ITS FULFILMENT SHALL BE REGULATED BY THE REPUBLICAN LEGISLATION, ID EST BEFORE COMING IN TO FORCE, THE PARTIES SHALL OBSERVE SOME FARMALITIES, THE FULFILMENT OF WHICH OCCURED IMPOSSIBLE BECAUSE OF THE SO COLLED "FORCE - MAJOR" CIRCUMSTANCES IN THE FACT THAT THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN COULDN'T GIVE A QUOTE FOR BUYING THE CERTAIN AMOUNT OF WHEAT FROM THE "ROMAK S.A."

IT BECOME IMPOISBLE FOR THIS REASON TO OBSERVE A NAMBER OF OBLIGATORY PROCEDURES AFTER THE SIGNING OF CONTRACT (THE MINISTRY FOR FOREIGN ECONOMIC RELATIONS, NATIONAL BANK , CASTOMS COMETY) WITHOUT WHICH THE CONTRACT IS NOT VALID WITH ALL THE RESULTING CONSEQUENCES ACCORDING TO THE REPUBLICAN LEGISLATION (PARAGRAPH 7 QUADRAPARTY AGREEMENT 10.07.96. WHICH EMBODED THIS TERM).

2. A REFERENCE IS MADE TO THE ARBITRARY RULES OF G.A.F.T.A. N125 IN THE PART OF ARBITRARY DISPATES IN THE CONTRACT FTC "UZDON" WITH "ROMAK S.A.", BUT THERE IS NO REFERENCE TO THE DELIVERY ON QUALITY, THE TERMS,PAYMENTS ARE REALIZED NAMBER OF CONTRACTS POINTED AND IN THESE RULES.

BESIDES, THE REPUBLIC OF UZBEKISTAN IS NOT A MAMBER OF G.A.F.T.A.AS IT WAS POINTED AND BY YOU.

3.THE CIRCUMSTANCES GIVEN ABOVE DON'T REJECT THE DELIVEREY OF THE WHEAT BY THE FIRM "ROMAK S.A.".BUT AS YOU CONFUS YOURSELF, THE DELIVERY WAS REALIZED IN ACCORDANCE WITH THE INSTRUCTIONS, GOT FROM GAC "UZKHLEBOPRODUKT" AND NOT FROM FTC "UZDON" AND THIS TESTIFIES THE FACT THAT IS CERTIFIED BY THE FAX OF THE FIRM "ROMAK S.A.", 24.07.96. WHICH INFORMS THAT THE DELIVERY OF WHEAT IS REALIZED IN TO THE BILL OF THE CONTRACT N6-2/005 2.10.95. BETWEEN THE FIRM "ODIL" AND GAC "UZKHLEBOPRODUKT".

4. FTC "UZDON" INFORMED THE FIRM "ROMAK S.A." IN ITS LETTER WRITTEN ON THE 27.02.97.THAT: FTC "UZDON" REFUSES TO PAY ON THE FOLLOWING REASONS:TAKING IN TO CONSIDERATION THE FACT THAT FTC "UZDON" HAS NO WORKING FINENCE OF ITS OWN AND ACTS ACCORDING TO THE ORDER OF GAC "UZKHLEBOPRODUKT" WHIHC IS THE GUARANTOR, THE PAYER AND TAKER 40.581,579 TONNS KAZAKHSTAN WHEAT, LOADED BY THE FIRM "ROMAK S.A.". WE ASK YOU TO READDRES THE ACCOUNT AND DOCUMENTARY PRESENTATION OF BANK CREDIT SUISSE NT - 68404A22, N - T683904A22, N-T 683877A22 FOR GENERAL SUM 13.022.922.22 USD GAC "UZKHLEBOPRODUKT" FOR PAYMENT TO BENEFICIARY.

5. THATS WHY, WE THINK THAT THE PRESENTATION OF THE SUIT REQUIREMENTS TO FTC "UZDON" ARE NOT LEGAL BECAUSE THE DELIVERY OF WHEAT OF GAC "UZKHLEBOPRODUKT" WAS REALIZED LEGALLY AND FACTIC WITHOUT US. AT THE SOME TIME REALIZING THAT THE FIRM "ROMAK S.A." MUST GET MONEY FOR THE WHEAT DELIVERED, WE CONSIDER THE SINGLE POSSIBLE WAY TO SETTLE THE PROBLEM IS THE ARBITRARY COURT PROCEEDING UNDERTAKEN BY GAC "UZKHLEBOPRODUKT".

WITH BEST REGARDS
LOYER OF FTC "UZDON".
TULAGANOV RUSTAM.R

