



Immediate/Fax

No. 3(7)/2014-P&D

Government of Pakistan

Cabinet Secretariat

Aviation Division

Islamabad, the 19th August, 2014.

To: The Chairman,
Transparency International,
Karachi.

Subject: - **ALLEGATION AGAINST SA TO PM'S CORRUPTION AND CORRUPT PRACTICES IN CAA & PIAC.**

Dear Sir,

With reference to your correspondence of 2nd August, 2014 addressed to Mr. Javed Aslam, Secretary to the Prime Minister on the above subject, it is intimated that in the design of Multan International Airport there were only two boarding bridges for the movement of the passengers. However, later it was realized that these were insufficient keeping in view the domestic and international flights for South Punjab which originates and culminates at Multan. The Multan Chamber of Commerce & Industry also requested Secretary Aviation / Chairman, PIAC to extend two more boarding bridges at Multan International Airport as the existing ones are insufficient to cater for the passenger load. Moreover, various international airlines have requested for permission for additional flights at this airport. Therefore, the Board of Directors of CAA being competent forum for granting such approval, in its 149th meeting approved two additional bridges and a glass partition for movement of passengers from domestic to international lounges. The procurement of bridges will be done as per PPRA Rules. Therefore, the same is not the cause of delay of the Project as this work can be undertaken if the airport is functional. In fact, at the moment airport is ready except for one item i.e. furniture. No violation of PPRA Rules has been made for the procurement of the same as alleged. After competition and transparent bidding process, only lowest bidder will be awarded the contract.

2. It is pertinent to mention here that the entire laid down process of procuring equipment or item is time consuming, however, there is no deliberate delay in the tendering process. However, the airport can only be made operational, if the problem of approach road, power supply and sewerage leakage are resolved. All these three are stuck-up due land issues for which hectic efforts are being made.

3. Existing airport at Islamabad is likely to be utilized for two more years, therefore, keeping in view the passengers congestion & other operational limitations, a partial expansion has been envisaged for the time being. The said work has been awarded to M/s NLC as a deposit work by CAA. M/s NLC however, may award the sub-contract to any firm which is deemed appropriate in the interest of quality and expeditious completion of the work.

4. With regard to the appointment of Mr. Shahnawaz Rehman, Managing Director, PIAC, it is clarified that being a public sector company registered under the companies Ordinance 1984, Establishment Division has excluded PIA for the purview of the Federal Commission for the selection of Heads of Public Sector Organizations vide letter No. 3-3/2013-Com-I, dated 10.4.2014 (copy enclosed).

5. Capt. Junaid Yunus proceeded on leave, therefore, Mr. Shahnawaz Rehman was appointed as the MD of PIAC. He was the senior most Director of PIAC having more than 38 years of meritorious service and has held important assignments throughout his career in the airline. He is a seasoned officer, balanced with an even disposition and was considered the suitable choice for the position of MD of PIAC, therefore, no violation of rules has taken place. The approval of this appointment has been obtained from the competent forum duly notified by Establishment Division after due diligence.

6. As far as the matter of illegal contract of 05xBoeing-777 is concerned, it is clarified that the contract was finalized in the year 2012 and an amount of US\$ 8.5 Million has already been paid during the term of previous regime. On the recommendation of Special Assistant to Prime Minister on Aviation, the Prime Minister has already ordered two enquiries, one by NAB and the other by a Committee headed by Mr. Khawaja Asif, Minister for Water & Power / Defence especially with reference to violation of PPRA Rule. Prime Minister was already being apprised with the fact that M/s Boeing Co. and the US Embassy, in several meetings have expressed concern and informed of the repercussions if PIAC backed-out from the deal. They are of the view that Boeing Company is not at

fault and the deal is valid. If PIAC at its end have not followed proper procedures, it is of no concern to M/s Boeing Co. PIAC is already flying B-777 family aircraft and getting spare parts under component support program from M/s Boeing Co. therefore, backing-out may cause serious legal issues. However, it is encouraging to state that in the recent negotiation with M/s Boeing Co. in the Farnborough Air Show, the Company has verbally agreed to renegotiate the deal.

7. Foregoing in view, it is expected that the above stated facts will satisfy your queries, misperceptions and misgivings about the issues raised in the correspondence. The Aviation Division in its pursuant of good governance is following the transparency parameters and PPRA Rules.

8. With profound regards.

Yours sincerely,



(Pervaiz Iqbal)
Deputy Secretary (CAA)