

F. No.1(46)/DD-II/PPRA/2011
GOVERNMENT OF PAKISTAN
PUBLIC PROCUREMENT REGULATORY AUTHORITY
CABINET DIVISION
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Islamabad, the August 18, 2011

Subject: ALLEGATION OF CERTIFIED CORRUPTION O RS. 109 MILLIONS M/S SSANGYONG USMANI (J.V) IN CONTRACT OF KPT PROJECT – “RECONSTRUCTION OF BERTHS 10-14” AND NO.7 “INTEGROTU PACT”.

Reference Public Procurement Regulatory Authority Letter No. Nil
Dated 15.07.2011 on the subject cited above.

2. Your request was forwarded to Karachi Port Trust for disposal under Rules – 48 of PP Rules, 2004. Procuring Agency has given the comments on the request and the same is being enclosed for your kind perusal.



(Naeem Ahmad)
Deputy Director-II

Syed Adil Gilani,
Chairman,
Transparency International Pakistan,
5-C, 2nd Floor,
Khayaban-e-Ittehad,
Phase VII, DHA,
KARACHI.

KARACHI PORT TRUST

From,

Khalid Mobin Arshad
Secretary

No. S/2151

13 AUG 2011.

Mr. Naeem Ahmed,
Deputy Director-II
Government of Pakistan,
Public Procurement Regulatory Authority,
(Cabinet Division),
Islamabad.

**Sub:- ALLEGATION OF CERTIFIED CORRUPTION OF RS.109 MILLIONS
M/S. SSANGYONG USMANI (J.V) IN CONTRACT OF KPT PROJECT -
"RECONSTRUCTION OF BERTHS 10-14" AND NO.7 "INTEGROTU PACT"**

I am directed to refer to PPRA (Cabinet Division), Islamabad's letter No.F.1(46)/DD-II/PPRA/2011, dated July 15, 2011, on the above subject and to state that the copies of the letter from M/s. Transparency International-Pakistan have already been received and examined and the facts of the matter were reported on the following lines:-

"After a complete transparent tendering process KPT has engaged M/s. Ssangyong Usmani (JV) on its project of "Reconstruction of Berths No.10-14 at West Wharf" as Contractor. It has been attributed that the Contractor has evaded Custom duties. The Contractor has clarified that as per SRO 575 of 2006 and recommendation from the Board of Investment to the Custom's authorities, the clearance of imported material was dealt with. KPT is interested in the timely completion of the project within the stipulated cost. The issue of assessment and payment of Custom duty etc are between the Contractor and Custom Authority and BOI (Board of Investment). KPT is not a party to this in any manner. KPT has clarified its position via press release published on 19th July 2011, which is reproduced hereunder:-

"Apropos to the news item in the news dated July 12, 2011 regarding tax evasion by M/s. Ssangyong + Usmani(JV), it is clarified that the KPT has awarded a contract to M/s. Ssangyong & Usmani (J.V) for "Reconstruction of Berth # 10-14 at East Wharves" where all (imported) material is to be imported and custom cleared by the Contractor. Having paid the required Custom duty against the materials the contractor is required to provide actual receipts of amount paid against which adjustment are made in their interim bills. For the purpose of this relaxation in duty the contractor has approached the BOI and FBR independently and these organizations have relaxed the duty in accordance with existing rules.

Any miss-declaration or miss-assessment during the processing of this relaxation is to be evaluated and corrected independently by the BOI and FBR as KPT has, in no way, interacted with any organization in this regard.

M/s. Ssangyong & Usmani (J.V) is working on an important project, and any delay in its completion would effect the KPT's revenue. Hence the matter needs to be resolved immediately in this regard KPT is prepared to extend all support."

It may therefore be cleared that KPT is not involved in the issue of evasion of Custom duty. However, if it is proved that the Contractor M/s. Ssangyong + Usmani (JV) has evaded duty then KPT may proceed for punitive action against Contractor as per the terms and conditions of Contract".


SECRETARY