



15 August, 2012

Chairman & CEO,
Pakistan International Airlines,
Karachi

**Subject: Allegation of Violation of Public Procurement Rules 2004, in procurement of
Two Boeing 777 on lease**

Dear Sir,

TI-Pakistan has examined the PIA clarifications published in NEWS of 8th August 2012, and also PIA reasoning submitted in the Supreme Court in Case Human Right Case No 49143 – S/2011 that PIA has trained pilots and engineers type rated on Boeing 737 aircraft on Boeing 737 and 777, as quoted below.

“ PIA has opted for Boeing 737 aircraft because PIA has trained pilots and engineers type rated on Boeing 737 aircraft and any additional crew requirement will be easy to fulfil due to availability of trained instructors.

Mentioning of the B-737 aircraft is, therefore, covered under the relevant clauses of PPRA rules. PIA had signed an agreement with Boeing Co. for purchase of five additional Boeing 777 family aircraft to be delivered in 2015.

A tender for the lease of two Boeing 777 aircraft had been floated. These aircraft are a bridging arrangement to fill the immediate requirements as envisaged in Fleet Replacement Plan 2020.”

The statement of PIA that Mentioning of the B-737 aircraft is, therefore, covered under the relevant clauses of PPRA rules in the Supreme Court is a wrong and misleading statement by PIA under Rule No 10,

PPR Rule No. 10. Specifications.-

Specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage.

Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications.

Another fact as reported by a complainant to TIP in this Tender is that PIA owns nine (9) Boeing 777. And that 11 of these Boeings 777-200LR, 777-200ER and 777-300ER has GE 90 Engines. This is also reported by the complainant that out of over 1000 Boeing 777 sold, more than 900 are fitted with General Electric GE 90 Engines.

But that the two Boeing offered to PIA, does not have GE90 Engines, for which PIA has no expertise, spare parts, know how etc. These 2 aircrafts are reported to be with Pratt & Whitney



400 engines, and there are only 30-40 777 manufactures by Boeing Company which has these engines.

Transparency International Pakistan again request the Chairman & CEO to review the te3ndrs, reasons, mis-leading statements submitted in the Supreme Court in Human Right Case No 49143 – S/2011, and Boeing 777 offered with Pratt & Whitney PW4000 engines for which PIA has no previous experience, and cancel the Tender and re-invite the tenders as per PPRA Rules.

Transparency International Pakistan is for across the board application of the PPRA Ordinance 2002 and the Public Procurement Rules 2004.

Regards,

Syed Adil Gilani
Adviser

Copies forwarded for the information of:

1. Chairman, Public Accounts Committee, Islamabad.
2. Chairman, NAB, Islamabad.
3. Registrar, Supreme Court of Pakistan, Islamabad, in Human Right Case No 49143 – S/2011
4. Secretary, Ministry of Defense, , Islamabad
5. MD, PPRA, Islamabad.