



18 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 not received PIA reply to its comments dated 15<sup>th</sup> August 2012, but has noted the press release of PIA published in news papers on 18<sup>th</sup> August 2012.

We are grateful to PIA as by issuing this clarification in press PIA has agreed with TIP Comments submitted in the Supreme Court of Pakistan, that PPRA Rule 10 of the Public Procurement Rules 2004 does not allow mentioning of Brands Names in tender specifications.

***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.*

PIA Clarification dated 18 August 2012 is quoted below;

*"TIP earlier blamed PIA for specifying brand names for the Boeing 737-800 aircraft. The same was very much in line with the PPRA Rules as the same type of aircraft is already being operated by PIA in its fleet.*

*Induction of the same type of aircraft results in huge savings in terms of cabin and cockpit crew, maintenance engineers and spare parts commonality.*

*Now again TIP is accusing PIA for not specifying Engine Brands and may acquire B777 aircraft with Pratt and Whitney instead of GE Engines. Such strange logic of TIP on specifying brand names is beyond understanding. PIA did not specify the brand name of the engines and would be acquiring aircraft with lowest cost to PIA."*

How can PIA state that "Boeing 777-800" is not a brand name, and that PPRA allows PIA for only leasing of only "Boeing 777-800", whereas PIA itself has now has admitted in 18<sup>th</sup> August 2012 press report that stating that PIA did not name the engines,( i.e. **GE Engine**) is not allowed under PPRA as it is a brand name.



Kindly note that PIA does not have any discretion to circumvent PPRA Rules in same tender, by using two different criteria for use of Brand names and not use of Brand names.

In the letter dated 15 August, 2012, TIP has pointed out that PIA is in fact circumventing PPRA Rules as it deemed fit for PIA manipulation. Press release of 18 August 2012 also confirms that PIA reason that PIA has opted for Boeing aircraft because is presently operating Boeing 777-800, ( another false statements as PIA dos not have any 777-800, but it has only Boeing 777-200, 777-200ER and 777-300 ER), and PIA will have savings in terms of cabin and cockpit crew, maintenance engineers and spare parts commonality, and that any additional crew requirement will be easy to fulfill due to availability of trained instructors.

But the fact is that PIA has trained engineers and spare parts for General Electric GE 90 Engines, and not for Pratt & Whitney 400 engines. In case of this procumbent , PIA therefore will have to spend extra funds to get their engineers trained on Pratt & Whitney 400 engines and also buy and keep enough additional spares for Pratt & Whitney 400 engines, as each Engine costs approx. US \$ 25 million. And this is a contradictory situation, as PIA is going for lease of only Boeing Aircrafts, and not considering Airbus, as 12 Airbus A310-300 aircraft are reported to be in PIA fleet, which are equivalent to Boring 777-800.

Transparency International Pakistan stands on its statement that PIA has made a wrong statement in the Supreme Court of Pakistan that Mentioning of the B-737 aircraft is, therefore, covered under the relevant clauses of PPRA rules , and that use of any brand name is not allowed under Rule No 10, and the Supreme Court has to adjudicate the HR Case No 49143 – S/2011.

TI Pakistan is striving to have transparency in procedures and Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

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.
6. Board members, PIA.

# Daily Times

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18 August 2012

## PIA to acquire 2 Boeing 777 aircraft on lease

### *Staff Report*

KARACHI: Pakistan International Airlines (PIA) is planning to acquire two Boeing 777 aircraft on dry lease strictly following PPRA Rules.

All the relevant rules of PPRA have been observed from advertisement of the tender to the evaluation and all related processes.

The contention of the Transparency International Pakistan (TIP) is not justified that could be due to their lack of understanding about the technicalities of the induction of aircraft.

TIP earlier blamed PIA for specifying brand names for the Boeing 737-800 aircraft. The same was very much in line with the PPRA Rules as the same type of aircraft is already being operated by PIA in its fleet.

Induction of the same type of aircraft results in huge savings in terms of cabin and cockpit crew, maintenance engineers and spare parts commonality.

Now again TIP is accusing PIA for not specifying Engine Brands and may acquire B777 aircraft with Pratt and Whitney instead of GE Engines. Such strange logic of TIP on specifying brand names is beyond understanding. PIA did not specify the brand name of the engines and would be acquiring aircraft with lowest cost to PIA.

These aircraft are being leased for the efficient maintenance of the operating schedule and for its Hajj operation commencing from mid September.

Presently the aging fleet of PIA is consisting of 38 aircraft out of which at least seven remain grounded for the scheduled maintenance besides the out of service aircraft due to technical reasons and bird hits (which is beyond the control of PIA).

Compliance of PPRA rules is essential to maintain transparency, therefore, procedure for leasing of aircraft are kept strictly in line to the specified rules at each step of the tendering process.