



TRANSPARENCY INTERNATIONAL-PAKISTAN

5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority, Karachi.
Tel: (92-21)-35390408, 35390409, Fax: 35390410
E-mail: ti.pakistan@gmail.com
Website: www.transparency.org.pk

22nd December, 2012

Captain Muhammad Junaid Younus,
Acting Managing Director,
Pakistan International Airlines,
Jinnah Terminal,
Karachi.

1st REMINDER

Sub: Award of unsolicited contract of 5 Boeing 777-300 ERs at \$ 900 Million

Dear Sir,

This is with reference to TI-Pakistan's letter dated 10th December 2012, sent to the Managing Director against illegal procurement of 5 Boeings 777 with request to cancel the Contract awarded at US \$ 900 million, plus escalation. The false statement about the price of each plane as US \$ 150 million, (whereas contracted price is US \$ 180 million), given to the *Senate Defence Committee* by the MD PIA on 24 February 2012 is again quoted below.

24/2/2012: Pakistan International Airlines (PIA) Managing Director Nadeem Khan Yousufzai on Friday informed the Senate Defence Committee that it would purchase aircraft from Boeing without government of Pakistan's guarantee. Actual price is \$190 million but due to our good past reputation, the company will provide us at \$150 million and termed it a good deal. He said that the PIA will purchase five Boeing 777-300 ERs by third and fourth quarters of 2013.

TIP was informed that the Contract termination proposal has been proceed, and it is under consideration of Board of PIA. However, the contradictory statement of Chairman PIA in PAC In reply to a question, the secretary said that besides placing an order for five new Boeing 777s, the PIA was phasing out its old aircraft is surprising. The news reported in Dawn of 21st December 2012 is quoted below;

The secretary assured the committee that he would carry out 'performance audit' of the PIA's top bosses followed by strict disciplinary action. He agreed with Mr Gondal that the free ticket policy needed to be reviewed. The life-time free ticket facility is available to its serving chairman and managing directors and also to their families. The retired managing directors and chairmen may avail up to eight such tickets every year. In reply to a question, the secretary said that besides placing an order for five new Boeing 777s, the PIA was phasing out its old aircraft.

On Wednesday, Defence Minister Syed Naveed Qamar told the Senate that the PIA losses, which stood at Rs42.4 billion in 2008 had now gone up to Rs141.4bn. The minister also confirmed cases of embezzlement in the organisation which over the last four years had cost the PIA a loss of Rs127.41 million. The cases included acceptance of bogus cheques and non-receipt of cargo sale. Similarly, he said, the PIA suffered another loss of Rs46.218m because of "irregular and unjustified payments" to Muhammad Saleem Sayani, the deputy managing director, whose services had been terminated and an investigation was in process. The PIA, the minister said, had suffered

a loss of Rs16.200m because of "irregular retention of a pilot appointed on bogus certificates

TI-Pakistan again request PAI to cancel the contract as it is mis-procurement under Rule 50.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,



Syed Adil Gilani
Adviser

Copies forwarded for the information of:

1. Chairman, Public Accounts Committee, Islamabad.
2. Registrar, Supreme Court of Pakistan, Islamabad.
3. Chairman, NAB, Islamabad.
4. Auditor General, Islamabad.
5. Managing Director, PPRA, Islamabad - with a request to take action under section 5(2) (a) "monitor application of the laws, rules, regulations, policies and procedures in respect of, or relating to, procurement" and under section 5(2) (i) of the PPRA Ordinance 2002.