



26th March , 2012

Mr. W. James McNerney, Jr.
Chairman, President and Chief Executive Officer,
The Boeing Company
100 North Riverside
Chicago, Illinois 60606

Sub: Award of contract of 5 Boeing 777-300 ERs at \$ 1.5 Billion on Unsolicited proposals and discriminatory conditions in the Tender for procurement of 39 Narrow Body aircraft

Dear Sir,

The Boeing Company has not replied to TIP's letters dated 23/2/2012, 27/2/2012 and 16/3/2012, on acquisition of 5 Boeing 777-300ER aircrafts by Pakistan International Airlines, against the PPRA Ordinance 2002 and Public Procurement Rules 2004.

This is to again remind you that Boeing Company and PIA are signatories of the MoU dated 15-11-2011, and according to Para 5 of the MoU Boeing has to participate in the Tender process to abide with the PPRA Ordinance 2002 and Public Procurement Rules 2004.

Boeing Company had also sold 8 Boeing 777-200ER and 777-300ER in 2003 to PIA as has been reported to NAB by Pakistan Peoples Party in the Reference filed on 7/6/2004 against General (Retd) Hamid Nawaz, Secretary Defence, Government of Pakistan, Ch. Ahmad Saeed, Managing Director, Pakistan International Airlines Corporation Air Vice Marshal (Retd) Niaz Hussain, Deputy Managing Director PIAC and Others .

PPP has asked NAB that these persons have willfully indulged in corrupt practices under Section 9 of the Ordinance. Such persons are subject to punishment under Section 10 of the Ordinance, and as such the Chairman of the NAB is called upon to initiate investigation in connection with the matters set out herein above and further proceed to file a reference against respondents for violating the provisions of Section 9 of the Ordinance punishable under Section 10 of the Ordinance in competent court of law and proceed against those concerned for violating Section 9 of the Ordinance.

This is to inform the Chairman Boeing that the Economic Coordination Committee Government of Pakistan on 23 September 2002 (**Annex-A**), had decided that all public sector agencies, shall demand on all contractors of above Rs 10 million a certificate (Integrity Pact), from suppliers , which includes following information even about the agents;

Without limiting the generality of the foregoing, [the Seller/Supplier/Contractor] represents and warrants that it has fully declared the brokerage, commission, fees etc. paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside Pakistan either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate,



broker, consultant, director, promoter, shareholder, sponsor or subsidiary, any commission, gratification, bribe, finder's fee or kickback, whether described as consultation fee or otherwise, with the object of obtaining or including the procurement of a contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP, except that which has been expressly declared pursuant hereto.

We also quote news reported on 25th March 2012 (**Annex-B**); “ Secretary of State Hillary Clinton made a public case Thursday night for controversial - and delayed - Securities and Exchange Commission rules that will force oil and mining companies to disclose their payments to foreign government's, influential Congress newspaper The Hill reported”. And that “Clinton, in the speech, also touted the US pledge to implement international standards on resource payments transparency under the Extractive Industries Transparency Initiative, a collaboration that brings together nations, companies and nongovernmental groups.”

In respect of Contract Agreements of 5 Boeing 777-300ER of 2012 and 8 Boeing 777 in 2003, Transparency International Pakistan therefore request the Chairman Boeing Company to conform whether the Boeing Company did comply with the Law of Pakistan of signing the “ Integrity Pact” in 2003 and 2012. TI Pakistan also provide request you to kindly copies of documents confirming that Boeing had declared the brokerage, commission, fees etc. paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside Pakistan either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate, broker, consultant, director, promoter, shareholder, sponsor or subsidiary, any commission.

TI Pakistan is striving for implementation of Rule of Law.

Regards,


Syed Adil Gilani
Adviser

Copy forwarded for the information and action under the law to;

1. Secretary State, US Government, Washington,
2. Chairman Public Accounts Committee, Islamabad,
3. USA Ambassador, Islamabad
4. Chairman, NAB, Islamabad
5. Registrar, Supreme Court of Pakistan, Islamabad
6. Managing Director, PIA, Karachi
7. MD, PPRA, Islamabad
8. Denis J. McInerney, Chief, Fraud Section FCPA.Fraud@usdoj.gov



From : Mr. Sajid Hassan
Addl. Finance Secretary(Exp)/MD
Tele: 9201496

Ministry of Finance
Government of Pakistan

Public Procurement Regulatory Authority

Islamabad the 5-10-2002
P.C. 44000

D.O.No.F.3(7)/2002/PPRA

Subject:- DECLARATION OF FEES, COMMISSIONS AND BROKERAGE
ETC., PAYABLE BY THE SUPPLIERS OF GOODS, SERVICES
AND WORKS

My dear Secretary

I am directed to say that In a meeting of the Economic Coordination Committee of the Cabinet held on 23rd September, 2002 the question of adoption of good procurement practices by the public sector agencies was discussed. After due discussion, It was decided that all the public sector agencies, whether attached/subordinate or autonomous working under a Ministry will always demand a certificate, as attached herewith, while procuring goods & services worth Rs 10 million or more. This certificate inter alia, will be checked by the Auditors at the time of audit. This requirement is mandatory and may be complied with in all circumstances.

2. You are requested to convey this decision to all attached Departments, Subordinate Offices, Autonomous/Semi Autonomous Bodies and Corporations etc., working under your Ministry for strict compliance.

With regards,

Yours sincerely,


(Sajid Hassan)

All Secretaries to the Ministries/Divisions.

Integrity Pact

DECLARATION OF FEES, COMMISSION AND BROKERAGE ETC,
PAYABLE BY THE SUPPLIERS OF GOODS, SERVICES & WORKS IN
CONTRACTS WORTH RS.10.00 MILLION OR MORE

Contract Number: _____

Dated: _____

Contract Value: _____

Contract Title: _____

_____ [name of Supplier] hereby declares that it has not obtained or induced the procurement of any contract, right, interest, privilege or other obligation or benefit from Government of Pakistan or any administrative subdivision or agency thereof or any other entity owned or controlled by it (GoP) through any corrupt business practice.

Without limiting the generality of the foregoing, _____ [name of Supplier] represents and warrants that it has fully declared the brokerage, commission, fees etc. paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside Pakistan either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate, broker, consultant, director, promoter, shareholder, sponsor or subsidiary, any commission, gratification, bribe, finder's fee or kickback, whether described as consultation fee or otherwise, with the object of obtaining or inducing the procurement of a contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP, except that which has been expressly declared pursuant hereto.

_____ [name of Supplier] certifies that it has made and will make full disclosure of all agreements and arrangements with all persons in respect of or related to the transaction with GoP and has not taken any action or will not take any action to circumvent the above declaration, representation or warranty.

_____ [name of Supplier] accepts full responsibility and strict liability for making any false declaration, not making full disclosure, misrepresenting facts or taking any action likely to defeat the purpose of this declaration, representation and warranty. It agrees that any contract, right, interest, privilege or other obligation or benefit obtained or procured as aforesaid shall, without prejudice to any other right and remedies available to GoP under any law, contract or other instrument, be voidable at the option of GoP.

Notwithstanding any rights and remedies exercised by GoP in this regard, _____ [name of Supplier] agrees to indemnify GoP for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to GoP in an amount equivalent to ten times the sum of any commission, gratification, bribe, finder's fee or kickback given by _____ [name of Supplier] as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP.

[Buyer]

[Seller/Supplier]



Clinton says mining transparency rules to have profound effects

Sunday, March 25, 2012

WASHINGTON: Secretary of State Hillary Clinton made a public case Thursday night for controversial - and delayed - Securities and Exchange Commission rules that will force oil and mining companies to disclose their payments to foreign governments, influential Congress newspaper The Hill reported.

Clinton highlighted the planned rules in a speech on corruption at Transparency International's Annual Integrity Award Dinner in Washington.

In Pakistan experts said if such regulations were introduced, the major Reko Diq case could be affected if the Canadian, Chilean or Australian companies are forced to make the disclosures.

The Hill quoted Clinton saying: "Now I know this has been a difficult issue, and the SEC is still working on the regulations, but we do think it will have a very profound effect on our ability to try to help manage some of the worst practices that we see in the extractive industry and in the relationships with governments at local and national levels around the world."

It was at least the second time in recent weeks that Clinton has spoken about the rules which are required under a provision in the 2010 Dodd-Frank Wall Street reform law.

The rules require SEC-listed oil, gas and mining companies to reveal payments to governments related to projects in their countries, such as money for production licenses, taxes, royalties and other aspects of energy and mineral projects.

The rules are part of broader efforts to help undo the "resource curse," in which some countries in Africa and elsewhere are plagued by high levels of corruption, conflict and poverty despite their energy and mineral wealth.

But oil companies - including Exxon Mobil Corp., which helped sponsor the dinner where Clinton spoke - are seeking various exemptions from the rule and leeway to avoid detailed reporting, according to The Hill.

The oil companies say they support transparency, but warn that if the rules are too prescriptive, it will hand a competitive advantage to state-owned companies, from countries including Russia and China, that aren't bound by the mandate. Human-rights groups say the oil industry is seeking to gut the rules.

Clinton, in the speech, also touted the US pledge to implement international standards on resource payments transparency under the Extractive Industries Transparency Initiative, a collaboration that brings together nations, companies and nongovernmental groups.