



16th March 2010

Chairman,
Port Qasim Authority,
Port Qasim.

Fax: 4730108

Sub: Capital Dredging Tender. Bid Validity Period

Dear Sir,

We refer to the reference sent to TIP for views on the extension of Bid Security for the tenders mentioned above.

TIP has noticed that PQA Law Officer has raised the objection, and also stated that PQA has given two extensions is past on this tender, which amounts to 180 days, whereas the bid validity period was 150 days. TIP has been informed d by the by the Secretary Ports & Shipping that ECC has approved the PC-I of this project last week, based on the current tendered cost.

TIP has following questions which PQA Law Officer is required to clarify;

1. Under what rule the previous 2 extensions amounting to 180 days were given, and why it is felt necessary to take TIP views on the third extension ?
2. Why the PQA LO did not warn PQA Board about the TIP comments not to discharge the previous tender which was for RS 10 Billion, as the new tenders may result in additional costs, which has been proved now that PQA will pay at least Rs 6 Billion extra, without additional financial costs?
3. Under which rule the bid security of BOT Project Coal/Clinker Terminal has been extended for over 1-1/2 years?. PQA shall note that this Project was tendered based on PPRA Rules in consultation with TIP.
4. Why the ECC was not informed by the LO PQA that the Tender cost is based on tender, whose bid security is expiring by 30 March 2010?
5. Why the contract has not been finalized by PQA knowing that ECC has approved the PC-I last week, and PQA had more than 20 days to finalize the financial terms?
6. In any case, LOI can be issued by PQA within the validity of Bid Security, which is binding on the bidder as per tendered conditions. The clause states "Our Financial Proposal shall be binding upon us subject to modifications resulting from the Contract negotiations, up to expiration of the validity period of the proposal, i.e. [date]".



In view of above observations, TIP is of the view that PQA shall immediately proceed to act to award the Contract within the bid validity period to avoid any default.

Regards,

Syed Adil Gilani
Chairman

Copy forwarded to the Secretary Ports & Shipping, for information please.