

**PORT QASIM AUTHORITY**No. FQA/DGM(PSP)/216/2006
Dated: 19th March 2011**Transparency International-Pakistan**
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase-VII, DHA
Karachi.

Fax # 35390410

Attn: **Syed Adil Gilani, Chairman**Subject: **COMPLAINT ON AWARD OF ANOTHER OIL TERMINAL TO FOTCO**Please refer to TIP letter dated 8th March 2011 on the captioned subject.

2. The FOTCO terminal with its ancillary facilities, is the first state-of-the-art project in Pakistan through private sector participation, established in PQA for handling of Petroleum products, under the Implementation Agreement dated 8th December 1992. Earlier such projects were established in public sector. The project was awarded to FOTCO on the basis of tender issued by PQA in October 1991 based on competitive bidding. After the award of the project the negotiation process was initiated with the selected bidder and a formal Agreement was signed with FOTCO on 8th December 1992. The aspect of first right to enter into negotiations with PQA for the said expansion was incorporated while negotiating with FOTCO to bring the first investment through private sector. The agreement was got cleared from Law Division and approved by the Government (copy enclosed).

3. The project is based on BOO and not BOT and the tariff was worked out for 30 years. Since PQA had decided to expand the facility for handling of petroleum product and Crude Oil, in order to meet the requirement of the country and build another terminal as an extension to the existing ancillary facilities built by FOTCO. It is only natural, equitable and legal that as per Clause-3.1.3 of the Implementation Agreement, PQA should hold negotiations with FOTCO as they have exclusive concessionary right to BOO license in perpetuity

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4. PQA has advised FOTCO that existing and expansion of the terminal, as a whole will be on BOT basis, instead of BCO and accordingly FOTCO has agreed to the same. Moreover, the GoP guarantee of 4 million tonnes per annum under the existing Agreement shall be withdrawn.

5. I hope the above satisfies your queries. In case any further details are required please feel free to contact us.

(MIRAN MOHIYUDDIN)
SECRETARY