



## TRANSPARENCY INTERNATIONAL-PAKISTAN

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19<sup>th</sup> September, 2009

Vice Admiral M. Asad Qureshi  
HI (M),  
Chairman,  
Port Qasim Authority,  
Port Qasim,  
Karachi.

Subject: **Sub: Deepening & Widening of Port Qasim Navigation Channel**  
**Ref: PQA Letter No PQA/P D/C S/03/09 dated 18<sup>th</sup> September 2009.**

Dear Sir,

Transparency International Pakistan refers two letters sent to PQA, one dated 21 July 2009, and second dated 18<sup>th</sup> September 2009 related to above referred subject ( copies enclosed).

It is unfortunate that the recommendations of TI Pakistan have been sought, but not acted upon, which has resulted in delaying the works, which subsequently cost billions of rupees additional expenses to PQA. Deepening & Widening of Port Qasim Navigation Channel is a serious example of such a case.

On the present tender of capital dredging , the Minister of Ports & Shipping requested TI Pakistan to assist the Ministry and PQA to resolve the tendering issue, as this project has been over delayed, and shall be expedited keeping full compliance of Public Procurement Rules 2004. On this, telephonic discussions were held with you, and you then sent DG Tech. Mr. Bogio of PQA for the advice of TI Pakistan. TI Pakistan advised him on the same day 15 September 2009, which has been reconfirmed in writing, when a written request was sent by PQA to TI Pakistan on 18<sup>th</sup> September 2009.

The same was explained to the DG Tech, and also to you on phone on 15<sup>th</sup> September 2009, that there are in fact 4 responsive bidders. All the three partners of the JV, M/s DI, M/s JDN and M/s CHEC M/s DI, M/s JDN and M/s CHEC M/s DI, M/s JDN and M/s CHEC are also committed to carry out the Contract severally ( as per requirement of the tender documents, duly signed by all bidders) , but with the approval of PQA, and the fourth bidder is M/s Van Oord . Following recommendation was given to the DG Tec on 15 September 2009 , , which was again conformed in writing on 18<sup>th</sup> September.

TI Pakistan recommends that the letters of withdrawal of payment of FE component in any other currency but US \$, shall be sent to M/s Van Oord, Consortium of DI, JDN and CHEC, and all the three JV partners M/s DI, M/s JDN and M/s CHEC separately also, as they are jointly and severally responsible for the tender conditions.

It is also recommended that this letter may be sent on 19<sup>th</sup> September 2009, asking them to respond in 6 days.



By taking this step, the JV would come under pressure to agree to withdraw the euro condition, as one of the partner has already quoted his share in the work to be paid in US \$, and in case the JV refuses, and one JV partner agrees to carry out the whole work in US \$, the JV will lose the opportunity participating in the eventuality of re-tendering.

By this action, PQA would remove the impression of cartelization by bidders in this tender, reported in press in July 2009, and save re-tendering time, as well as the benefit of saving if parity rate of US \$ and Euro, which is at present is 12%-13% less than what it was in March - April 2009, even the oil prices in April were less, and the rates in case of re-tendering may be higher now due to increased fuel cost.

However, TI Pakistan was informed that PQA has not agreed to this recommendation GIEN ON 15 September 2009, and has sent letters to JV and one other firm, even before sending PQA written request to TI Pakistan at 12.30 p.m. on 18<sup>th</sup> September, and PQA has not sent same request to the three firms of JV separately.

TI Pakistan wants to request Chairman PQA that TI Pakistan recommendations shall not be sought, if they are not acted upon, as its may effect the credibility of TI Pakistan.

Yours sincerely,

Syed Adil Gilani  
Chairman

Copy forwarded for the information of Minister of Ports & Shipping, Islamabad.