



## TRANSPARENCY INTERNATIONAL-PAKISTAN

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5<sup>th</sup> August 2010

Chairman,  
Port Qasim Authority,  
Port Qasim,  
Karachi.

Subject; 4 Contactors declared by CCP doing collusive practice

Dear Sir,

Transparency International Pakistan refers to the following decision of the competition commission of Pakistan reported in Dawn dated 27<sup>th</sup> July 2010.

*The Competition Commission of Pakistan (CCP) has imposed a penalty of Rs 50 million each on M/s China Harbour Engineering Company Limited (CHEC), M/s Dredging International (DI), M/s Jan De Nul N.V (JDN) and M/s China International Water & Electric Corporation (CWE) for collusive business activities in the dredging contracts at Port Qasim.*

TI Pakistan also refer to letter sent to the Chairman PQA on 21 July 2009 by TIP, with following remarks;

*The news item in Business Recorder on collusive act of three bidders is alarming for TI Pakistan. This situation has developed when PQA could not award the Dredging Tender last year, to the most responsive evaluated lowest bidder. The efforts of Dy Chairman Planning Commission to get that tender re-evaluated through other consultants (M/s NESPAK, who are reported to have refused the request of PQA) were against Public Procurement Rules 2004. PQA should have taken firm step in award of Contract, if all GoP procedures were approved, as it would have been most economical and could have saved 12 months time. PQA is also responsible to explain the reason of discharge of the tender under Rule No. 33(1).*

Note: The Tendered cost in 2008 was Rs 10.2 Billion, and the Tendered cost in 2009 was Rs 16.05 Billion. Exchequer is losing Rs 6 billion by not awarding the Contract in 2008, and causes as well as responsibilities are to be determined by the government.

CCP in its order has also commented on this tender in para 13, as given below.

*12. Only CHEC and DI submitted their technical as well as financial bids. CHEC submitted its financial proposal of Rs 10.2 billion for the PQA project and the second lowest bidder for the project was DI with the financial proposal of Rs. 10.8 billion. 13. PQA Board vide its Resolution No. 139/2008 dated 21-10-08 approved the award of project to CHEC, since it was the lowest bidder for the project. As per the news reports, after award of the project to CHEC, the second lowest bidder for the project, DI, maneuvered to knock out CHEC from the tendering process. Subsequently, the Ministry of Ports and Shipping vide its letter dated 3-12-2008 scrapped the whole tendering process.*

