

PRIME MINISTER'S OFFICE
ISLAMABAD.

No.7(14)/DS(EA-II)/2015

Islamabad, 08-12.2015

From: Rohail Aziz Quidwai,
Deputy Secretary (EA-II)

To: Mr. Sohail Muzaffar,
Chairman,
Transparency International- Pakistan,
Karachi.

**Subject: ALLEGATION OF CORRUPTION BY PORT QASIM AUTHORITY
CAUSING; LOSS TO EXCHEQUER OF RS.600 MILLIONS ON
ILLEGAL REDUCING LAND COST TO PORT QASIM ELECTRIC
POWER COMPANY LIMITED**

Dear Sir,

I am directed to refer to Transparency International letter of November, 17, 2015 on the subject and to enclose a copy of Port Qasim Authority's letter No. PQA/SY/29/2014 dated 23.11.2015 for information.

Regards,

Your Sincerely



Rohail Aziz Quidwai

4. The rationale for difference between the rates of allotment on PDC basis at Rs.5 million per acre and OVC basis at Rs.2.5 million per acre is evident from as explained above. Pak Suzuki Motor Limited (40 acres fully developed and not under sea water) and Pakistan International Bulk Terminal (61.775 acres partially under sea water) have been given land on PDC basis and PQEPCL (200 acres wholly under sea water) has been allotted on OVC basis.

5. The allotment of land to PQEPCL was not under the PQA's Fast Track Policy but under Article-6 of the Agreement dated 23rd April, 2015 between PQA and PQEPCL. Secondly, Rs. 0.5 million per acre additional PDC over and above the PDC under PQA Fast Track Policy was applicable for priority allotment of PDC basis and is inapplicable to OVC basis allotments. The fast track policy only existed during the period from 2005 to 2008. Subsequently rate of PDC was enhanced from 2.0 million to 4.0 million in 2008, thereafter no allotment has been made on Fast Tack Policy.

6. The sponsors of PQEPCL were handed over possession against receipt by PQA of full Occupancy Value Charges for 200 acres.

7. The Shareholders of PQEPCL as submitted to Port Qasim are (1) Chinese Company Port Qasim Energy (Dubai) Holding Limited 96% (2) Chinese National Mr. Shen Decai 1% (3) Lebanese National Mr. Fady Bakhos 1% (4) British Nation Mr. Shahzad Shahbaz 1% and (5) Chinese National Mr. Zhong Haixiang. There is not any ex-Chairman NAB as sponsor /shareholder of PQEPCL.


8. The Chinese Coal Power Project being established by PQEPCL ought to be seen in a wider context as mentioned below :-

a. It will be a USD 2.00 billion Project which will be the biggest business investment in Port Qasim. The highest project investments upto date in Port Qasim have been between USD 150 million to USD 200 million.

b. The PQEPCL Project entails the development of :-

i. Coal Power Plant a project of national importance within the meaning of China-Pakistan Economic Corridor (1320 Mega Watts).

ii. Coal Terminal Jetty which will generate millions of dollars to Port Qasim over a period of 50 years through berthage, wharfage, and royalty. The throughput royalty to PQA from the terminals of PQEPCL & PIBT is the highest compared to other present Private Terminals in Port Qasim.



iii. PQEPCL has already begun capital dredging of PQA navigation channel for 4 kilometers upto the site of PQEPCL Terminal Jetty till a depth of 12.5 meters having an estimated cost of USD 95 million to 100 million. The dredging of navigation channel all over the world (including in Karachi Port and Port Qasim) is the responsibility of the Port Authorities and not of private terminal operator/owners. Here in Port Qasim the 4 kilometers navigation channel capital dredging responsibility has been placed on PQEPCL under the Agreement between PQA and PQEPCL. The above referred part of the Chinese dredged navigation channel will facilitate the establishment of future terminals within the said 4 kilometers.



(MUHAMMAD SAQIB)
SECRETARY

Copy to:

1. The Joint Secretary (Economic Affairs), Prime Minister office, Islamabad.
2. The Joint secretary (Admin.), Ministry of Ports & Shipping, Islamabad.