

December 17, 2015

Mr. Sohail Muzaffar
Chairman
Transparency International-Pakistan
5-C, 2nd Floor, Khayaban-e-Ittehad
Phase VII, Defence Housing Authority
Karachi

RE: PSO LNG Deal is not a G to G Deal
Efforts to award Unsolicited LNG Procurement Contract to a Commercial Group of Qatar
PSO Tender for LNG Supply 5 Years on Percentage of Brent

Dear Sir,

This is with reference to your letter No. TL15/0812/15A dated 8th December 2015 addressed to the Managing Director Pakistan State Oil Company Limited (PSO) on subject.

At the very outset we would request you to provide us a copy of complaint alongwith the name of the Complainant, which you have referred in your letter, for our perusal. Further, without prejudice to our rights, our parawise response to your queries is as follows:

1. The contents of para 1 are admitted as PSO entered into negotiations with Qatar Gas for the procurement of LNG as per directives of Economic Coordination Committee.
2. The contents of para 2 are denied to the extent that the contract was awarded to M/s Gunvor in violation of PPRA Rules. In this regard it is submitted that these consignments were procured through open competitive bidding procedure as envisaged in PPRA Rules. The Tender/LNG2015-01 was published on 09.05.15 in leading newspapers namely Daily Dawn, Roznama Jang, Roznama Express in addition to pasting the same on PSO and PPRA websites. In response to PSO's advertisement stated above 8 bidders submitted their bids out of which 01 bid was found technically compliant, therefore, the financial bids of the technically compliant bidder was opened accordingly and the compliant bidder M/s Gunvor was awarded the contract.
3. The contents of para 3 are incorrect to the extent of quantity, however, to the extent of price the contents of para under reply are admitted.
4. The contents of para 4 does not pertain to PSO hence we cannot respond the same.
5. The contents of para 5 are incorrect hence vehemently denied. It needs to be appreciated that the advertisement for LNG Import in October 2015 was published in September 2015 vide similar process of competitive bidding. In response to PSO's advertisement 2 bidders submitted their bids out of which both were found technically compliant. Thereafter the financial bids were opened accordingly and the lowest bidder M/s Gunvor was awarded the contract.
6. The contents of para 6 are incorrect hence denied. We reiterate that PSO awarded all the tenders for the import of LNG through open competitive bidding as envisaged in PPRA rules.
7. The contents of para 7 are admitted.

8. The contents of para 8 are false and frivolous hence vehemently denied. Contrary to your understanding, PSO has been strictly following the relevant provisions of public procurement laws for the award of 5 year contract for the import of LNG. In this regard it is submitted that PSO published the advertisement in different newspapers namely Daily Dawn, Daily Jung, Daily Business Recorder dated 09.11.15 in addition to uploading the same on the websites of PSO and PPRA. PSO received a good response from different suppliers from all over the world. 06 bids were received in Tender No. 13 and 04 bids were received in Tender No. 14. Since award of contract for 5 years is under process, therefore, further details cannot be disclosed at this stage.

As explained above, you would appreciate that PSO awarded the above mentioned tenders for the procurement of LNG strictly in accordance with PPRA Rules through open competitive bidding. It is further clarified that more than one bidder participated in the tenders referred in your letter and the contracts were awarded to the lowest compliant bidder strictly in accordance with PPRA Rules.

We also want to clarify that there was no collusion with any party. All tenders were open tenders and bid process was very transparent to the satisfaction of the bidders. There is no question of single tender as all tenders were posted in leading newspapers and PSO website. Nine parties participated in the Tender in May 2015 and same specifications are in place for all spot tenders, which clearly indicate that specifications of the bid documents were competitive and not discriminatory.

It is vehemently denied that any contract was awarded by PSO through manipulation. It is also denied that PSO committed any mis-procurement under rule 50 of PPRA Rules. It is submitted that the tender for the 5 year LNG import contract cannot be cancelled as it is being processed in accordance with PPRA Rules.

Regards,

Amin Qayyum
DGM LNG Imports

CC:

1. Secretary to Prime Minister, Islamabad
2. Chairman NAB, Islamabad
3. Chairman Prime Minister's Inspection Commission, Islamabad
4. Registrar Supreme Court of Pakistan, Islamabad
5. Managing Director PPRA, Islamabad
6. DG NAB, Karachi
7. Managing Director PSO
8. GM CP, SS and Admin, PSO