



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

The Collectors of Customs, Model Customs Collectorates, Appraisement (East / West) / Port Qasim / Preventive, Karachi / Lahore (Appraisement / Preventive) / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad /Hyderabad/ Quetta / Peshawar/ Gawadar/ Gilgit-Baltistan/ Exports (Karachi/Port Qasim).

Determination of Customs Values of Glass Tubing of a kind used for the Manufacture of Ampoules under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 1199 / 2017)

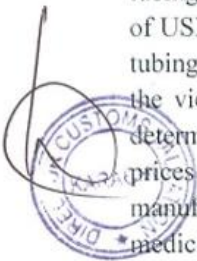
No.Misc/01/2016-V / 11654

Dated: 09 August , 2017

In exercise of powers conferred under Section 25-A of Customs Act, 1969, Customs values of Glass Tubing of a kind used for the manufacture of ampoules are determined as follows: -

2. Background of the Valuation Issue: The Valuation Ruling for Glass Tubing of the kind used for manufacture of ampoules, was issued vide V.R. No 1013/2017 dated 16-01-2017. The same was challenged under section 25D of Customs Act, 1969, by several importers as well as a local manufacture M/s Ghani Global Glass Ltd. Director General Customs Valuation, remanded back the subject review petition vide Order-In-Review No. 359 dated 09-06-2016 with directions to re-determine values of subject goods in line with variations based on USP-standards.


3. Stakeholders' participation in determination of Customs values: All stakeholders available in Custom's Import data were invited for their input regarding valuation of subject goods, scheduled for 24-07-2017 and 31-07-2017. During the course of subject meetings, importers of subject goods contended that the values of raw material of instant goods have gone down in the international market and since subject product is not a consumer item therefore aspersions of mis-declaration of value is uncalled for. Moreover, it was also pointed out by the importers that local manufacturer cannot meet the indigenous demand of subject goods. They also insisted upon the fairness of their transaction values of Chinese origin as there is no fluctuation of value in the international market and only few manufacturers produce this item in China and also there is only one manufacturer in Germany which is producing top quality glass tubing. Importers also claimed that qualities of Chinese glass tube are as per approved standards of USP and that there is no quality related problem ever reported regarding Chinese origin glass tubing. However, on the other hand, the local manufacture M/s Ghani Global Glass Ltd, was of the view that customs values of Glass Tubing of a kind used for manufacturing of ampoules determined vide V.R. 1013/2017 dated 16-01-2017 are on lower side as compare to prevailing prices at international markets. They claimed that Glass Tubing of a kind used for the manufacturing of ampoule is not an ordinary glass but special kind of glass. As the inject-able medicines are contained in these ampoules, therefore it is very important and essential that the glass is non reactive and non corrosive. Moreover such glass is manufactured according to USP



standards and that constituent material contains borosilicate. Local manufacturer also pointed out that the values of European origin goods are determined keeping in view better standard while the import values of subject goods of Chinese origin are being under invoiced to avoid legitimate revenue. With regard to variable USP grades, both importers and manufactures agreed that only USP-1 grade is being importing from China. Lastly, local manufacture M/s Ghani Global Glass Ltd., submitted that there should not be a huge gap of values between European and Chinese origin goods.

4. Method adopted to determine Customs values: Valuation methods provided in Section 25 of the Customs Act, 1969 were duly applied in their regular and sequential order to address the particular valuation issue at hand. The transaction value method as provided in Sub-Section (1) of Section 25, found in applicable in the light of the wide variety of manipulated invoices produced at import stage and as no invoices were reported to be found inside the containers (as per the international trading standards), thus, requisite information required under law was not available to arrive at the correct transaction value. Identical / similar goods value method provided vide Sub-Sections (5) & (6) of Section 25 *ibid* were examined for applicability to determine Customs value of subject goods, this data provided some references, however, it was found that the same cannot be solely relied upon due to the absence of absolute demonstrable evidence of qualities, and quantities of commercial level etc, and also it was observed that importers usually provided misleading description while declaring goods, as other types and varieties of similar goods to avoid the application of valuation ruling. Information available was, hence, found inappropriate. In line with the statutory sequential order of Section 25, this office then conducted market inquiries, using Deductive Value Method under Sub-Section (7) of the Section 25 of the Customs Act, 1969, however, it was found that the determination of Customs value could not be based solely upon this method either. Valuation method provided vide Section 25 (8) of Customs Act 1969, could not be applied as the conversion cost from constituent materials and allied expenses, at country of export were are not available. Finally, PRAL database, market information and international prices through Web were examined thoroughly. All the information so gathered was utilized and analyzed for determination of Customs Value of subject goods under the Fall Back Method as provided under section 25(9) of the Customs Act, 1969, applied to arrive at assessable customs values of Glass Tubing of a kind used for the manufacture of ampoules

- 5. Customs values for Glass Tubing of a kind used for the manufacture of ampoules**
 • *hereinafter specified* shall be assessed to duty / taxes at the following Customs Values :-



S.	Description of goods	H.S Code	Proposed PCT for WeBOC	Origin	Customs Values C & F (US\$/Kg)
1	Clear Glass Tubing of a kind used for the Manufacture of Ampoules	7002.3910	7002.3910.1000	China	1.00
2	Clear Glass Tubing of a kind used for the manufacture of ampoules	7002.3910	7002.3910.1100	Europe	1.75

3	Amber Glass Tubing of a kind used for the manufacture of ampoules	7002.3910	7002.3910.1200	China	1.15
4	Amber Glass Tubing of a kind used for the manufacture of ampoules	7002.3910	7002.3910.1300	Europe	1.85

6. In cases where declared/ transaction values are higher than the Customs values determined in this Ruling, the assessing officers shall apply those values in terms of Sub-Section (1) of Section 25 of the Customs Act, 1969 and promptly report the same (higher declaration) to this Directorate General of Customs Valuation. In case of consignments imported by air, the assessing officer shall take into account the air freight while applying Customs values determined in this Ruling. The Custom values determined in the Valuation Ruling are for the descriptions and specifications as mentioned herein, HS Codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to the assessing officers. The assessment shall be finalized in the correct classifications after fulfilling requisite formalities relating to importability or other certifications required thereon.

7. **Validity of this Valuation Ruling:** The values determined vide this Ruling shall be the applicable Customs value for assessment of subject imported goods until and unless it is rescinded or revised by the competent authority in terms of Sub-Sections (1) or (3) of Section 25-A of the Customs Act, 1969.

8. **Revision of the value determined vide this Valuation Ruling:** This Valuation Ruling is appealable under the law and a revision petition may be filed against this Ruling, under Section 25-D of the Customs Act, 1969, within 30 days from the date of issue of this ruling before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

9. The Collectors of Customs may kindly ensure that the values given in the Ruling for the given description of goods are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of Directorate General immediately.

10. *This Valuation Ruling supersedes Valuation Ruling No.1013/2017, dated 16-01-2017*

(Dr. Wasif Ali Memon)
Director

Copy for information to: -

1. Member (Customs), F.B.R., Islamabad.
2. Director General, Customs Valuation, Custom House, Karachi.
3. Chief Collector of Customs, South (Appraisal), Custom House, Karachi.
4. Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. Chief Collector of Customs (Central), Lahore.
6. Chief Collector of Customs (North), Islamabad.
7. Director General, Intelligence and Investigation-FBR, Islamabad.
8. Director General, Audit (Customs & Petroleum), 1st Floor, PT&T Audit Building, Mauj-e-Darya Road, Lahore.
09. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit (Customs), Karachi.