GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI
******

RULING U/S 25-A NO. 3/12

No.Reg.Misc/01/2009-VI/1241 Dated 10-05-2011

Note :

i) The customs value determined under this Valuation Ruling shall be applicable customs value for assessment of the relevant goods until and unless revised or rescinded by the competent authority.

ii) Review application against this valuation ruling may be filed before the Director-General of Valuation under Section 25D of the Customs Act, 1969, within thirty (30) days from the date of determination of customs value under this ruling.

The Collectors of Customs, Model Customs Collectorates, Appraisement/ PaCCS/ Port Muhammad Bin Qasim/ Preventive), Karachi/ Lahore/ Sambrial (Sialkot)/ Faisalabad/ Multan/ Islamabad/ Hyderabad/ Quetta/ Peshawar.

Subject : Determination of Customs Values of Bearings under Section 25A of the Customs Act, 1969

Earlier Ruling on the subject was issued vide No.Misc/01/2009-VIIB, dated 23-10-2009, however, the Honourable High Court of Sindh, vide judgment dated 28-02-2011, in C.P.No.2673 of 2009, and connected petitions, had set aside the said Valuation Ruling on the ground that the same purported to setting of minimum values for Japanese ball bearings, basing the values on some price list and using the same with discount for determination of values of Chinese ball bearing; which was ultra vires of Section 25A of the Customs Act, 1969. It was further ordered by the Honourable High Court of Sindh to make a fresh determination of the customs value of the goods under Section 25A of the Customs Act, 1969, within 90 days from the date of the order, after following the procedure applicable to the method actually adopted and giving an opportunity to the stakeholders to make representations.

2. In compliance with the above orders of the Honourable High Court, a meeting for the determination of customs value of bearings in terms of Section 25A of the Customs Act, 1969, with all the stakeholders was held on 24-03-2011. The meeting was attended by the stakeholders and representatives of importers, Bearing Trade Group, PASPIDA, KCC&I & FPCC&I.

DIRECTOR CUSTOMS VALUATION KARACHI

CustomNews.pk

3. Representative of Bearing Trade Group briefed the participants regarding history of ruling of ball bearings issued by the Directorate General. As regards valuation thereof, he was of the view that tagging price of China origin bearings with price list of Japan has no justification, due to this uneven valuation, unscrupulous importers had entered the trade while bona fide importers are facing difficulties and traders are aggrieved due to this distortion. This has also led to the numerous litigations at Karachi and Lahore, at various judicial fora. It was suggested that on the basis of actual import data and recommendations of the trade bodies, fair valuation of bearings may be determined providing level playing field to all stakeholders.

4. The importers of NTN brand bearings stated that value of bearings depended not only on raw materials but other factors are also involved. He proposed C&F value of all brands of Japan origin bearings @ US$12/kg and offered to uplift all Japanese brand at US$10/kg. Mr.Zaheeruddin Babar, Chairman Bearing Trade Group, was of the view that yard stick of one brand price list cannot be used for all the brands. He also informed that since the issuance of earlier Valuation Ruling dated 23-10-2009, only four (04) consignments of NTN brand bearings, totaling merely 7.9 MT have been imported by NTN brand importers and it is totally unjustified that value determined for only four shipments be made applicable to all other Japanese brands. He alleged that all this appears like an attempt to artificially raise the price determination for rest of brands. The importers of Nachi brand bearing endorsed this opinion and also pointed out that local representative of Japanese brands other than NTN have all contested the premise of NTN brand importers, in writing wherein they have pleaded that their brand of bearing (e.g. Koyo, IKO, Nachi) have their own independent prices having no nexus what so ever with prices of NTN brand of bearings.

5 During the value determination exercise price verification was also carried out from China Trade Information (CTI) and input was sought from Trade Bodies, Clearance Collectorates, Embassy of Pakistan at China, Romania, Japan and Singapore their respective input on the issue is summarized as under : -

i) MCC, Hyderabad / Quetta sent no comments on valuation stating that no import of bearing has taken place. MCC, Multan and Faisalabad suggested

DIRECTOR CUSTOMS VALUATION KARACHI

Customnews.pk

6. The above written as well as verbal submissions of the trade bodies, Collectorates have been considered in the light of Honourable High Court of Sindh's orders dated 28.02.2011, and valuation methods provided under Section 25 of the Customs Act, 1969. Since bearing consignments during past two months were provisionally assessed as per order of Honorable High Court, therefore, the test values under Section 25(5) & (6) of the Act are not applicable. During the meeting it was decided with the consent of all the stakeholders to form a committee for local market enquiry of bearing for the determination of customs value under Section 25(7) of the Customs Act, 1969. The findings of local market enquiry have been relied upon for the determination of customs values. Local market enquiry shows that various origins of Bearings are sold with Chinese origin having about 80% of the open market share. When calculated under the deductive value method under Section 25(7) of the Customs Act, 1969, following customs values have been determined:-

S.No.	Description of Goods	H.S.Code	Origin	C&F Values
(1)	(2)	(3)	(4)	(5)
01.	Ball, Roller, Taper, Roller, Needle, Spherical, Cylindrical Roller bearings	8482.1000 8482.2000 8482.3000 8482.4000 8482.5000 8482.8000	China	US$ 2.04/Kg
			Romania	US$ 2.20/Kg
			Poland	US$ 2.20/Kg
			Slovakia	US$ 2.20/Kg
			Russia	US$ 2.20/Kg
			Japan	US$8.00/Kg

7. The aforesaid values are determined under Section 25A of the Customs Act, 1969, for implementation. All the clearance Collectorates are advised to ensure the assessment of the goods as per above determined values. However, if the declared / invoice value is higher the same shall be applied for assessment purpose in terms of section 25 of the Customs Act, 1969.

(MUHAMMAD TAHIR)
DIRECTOR

CustomNews.pk