



GOVERNMENT OF PAKISTAN
MODEL CUSTOMS COLLECTORATE OF APPRAISEMENT (EAST)
CUSTOM HOUSE, KARACHI



C. No. C-26/KAPE/PCT/2016

Dated: 17.08.2016

PUBLIC NOTICE No. OS /2016(A)

Subject: CLASSIFICATION RULING OF LIGHT WHITE OIL FAROL-100.

FACTS:

MCC Appraisement (East) vide letter No. 294/KAPE/DC-I/2016 dated 01.07.2016 sent a reference to the Classification Committee for determination of correct classification of "Light White Oil Farol-100" imported by M/s AA Industries (importer) from UAE, vide Goods Declarations Nos. KAPE HC- 139392-12-04-2016 and KAPE-HC-135578-05-04-2016. The goods were declared under PCT Heading 2710.1250 (i.e. ---Solvent oil (non-composite)), whereas; the same was assessed provisionally under PCT Heading 2710.1290 (i.e. --Other) by the Collectorate.

2. The matter was taken up by the Classification Committee and hearings were conducted on 14.07.2016, 05.08.2016 and 12.08.2016. The representatives of importer, Directorate of Intelligence & Investigation-FBR, Karachi, Model Customs Collectorate Appraisement (East), Model Customs Collectorate (Preventive), Technical expert from Custom House Laboratory, Karachi and members of this Committee attended the meetings.

3. The importer's viewpoint is that "Light White Oil Farol-100" is classified under PCT Heading 2710.1250, on the following grounds:

(i) The suppliers literature describes that "Light White Oil Farol-100" is mixed hydrocarbon solvent, essentially of aliphatic hydrocarbons which are classifiable under HS Code 27.10. As the goods neither comprise of biodiesel nor waste oil, therefore, they qualify for the first single dash (-) sub-heading.

(ii) The Sub-heading Note 4 to Chapter 27 describes the criteria to classify the product as "--Light oils and preparations" for subheading 2710.12 as "**light oils and preparations**" are those of which 90 % or more by volume (including losses) distil at 210 °C (ASTM D 86 method)".

(iii) The P.C.S.I.R test report mentions that the distillation range of the impugned product is between 80 °C to 150 °C which qualify the criteria that 90% or more distills at 210 °C and hence it qualifies for light oils.

(iv) The product qualifies for the PCT Heading 2710.1250 as “Solvent oil (non-composite)” because the literature specifies the use of the product as solvent. Moreover, PCSIR test report indicates it as mixture of hydrocarbon solvent confirming distillation up to 150 °C.

(v) The goods are not classifiable under heading 2710.1290 because this heading comes later and once any goods are classifiable in an appropriate heading then later heading is not attracted.

(vi) The petroleum oils and oils obtained from the bituminous materials classifiable under heading 27.10 are always a mixture of mineral hydrocarbons (essentially aliphatic). If such goods are used as solvent, they will remain classifiable under heading 27.10 (2710.1250) as **non-composite solvents**.

(vii) The composite solvents means solvents made from compounds having different functional groups and classifiable under heading 38.14. Since the impugned goods only contain mixture of mineral hydrocarbons (essentially aliphatic) and not other functional groups, they are correctly classifiable under heading 27.10 (2710.1250) by application of GIR 1 and 6.

The contention of the Directorate of Intelligence and Investigation-FBR is that the mixed carbon solvents are composite as they contain both aliphatic and aromatic contents. Moreover, they are ‘preparations’ because in addition to aliphatic and aromatic content, there is a percentage of “others”. On the basis of these characteristics they are correctly classifiable under PCT Heading 2710.1290.

ISSUE:

4. Whether the imported item “Light White Oil Farol-100” is appropriately classifiable under PCT Heading 2710.1250 as claimed by the importer or under PCT Heading 2710.1290 as proposed by the department and Directorate General of Intelligence & Investigation or under any other relevant Heading of the First Schedule to the Customs Act, 1969 (Pakistan Customs Tariff)?

PRODUCT ANALYSIS:

5. The results of test reports pertaining to above mentioned two consignments forwarded to P.C.S.I.R are as under:-

Sr. No	Test Parameters	Results for sample of GD KAPE-HC-139392-12-04-2016	Results for sample of GD KAPE-HC-135578-05-04-2016
1	State	Colorless oily liquid	Colorless oily liquid
2	Odor	Characteristics Hydrocarbon solvents odor	Characteristics Hydrocarbon solvents odor
3	Solubility	Soluble in toluene	Soluble in toluene
4	Density	0.74 g/cm ³	0.75 g/cm ³
5	Distillation range ASTM	80 °C – 150 °C	80 °C – 150 °C
6	Flash point	Below 50 °F	Below 50 °F
7	Chemical nature	Mixture of hydrocarbon solvents and their isomers	Mixture of mineral hydrocarbon solvent essentially of aliphatic hydrocarbon
8	Aniline point	60 °C	61 °C
9	Sample + H ₂ SO ₄	No exothermic reaction	No exothermic reaction

The physical and chemical analysis (GCMS) data revealed that the submitted sample corresponds Farol-100 (light white oil).

6. The representative of the Directorate of Intelligence and Investigation-FBR quoted a similar case of “mixed carbon solvent” and stated that the impugned goods i.e. Farol-100 is a similar product as that of mixed carbon solvent and is classifiable under PCT Heading 2710.1290 in view of the test report of the same from HEJ Laboratories, Karachi. The relevant portion of test report is reproduced as under:

Carbon Chain Distribution by ASTMD 6563

Description	Percentage
Aliphatic C ₅ -C ₆	18.643
Aliphatic C ₇ -C ₈	54.411
Aliphatic C ₉ -C ₁₀	11.625
Total Aromatic Content	5.697
Others	12.624

According to the Directorate, since the subject chemical clearly contains 12.624% “others” besides aliphatic and aromatic constituents, it is clearly the “PREPARATION” and hence the same is rightly classifiable under PCT Heading 2710.1290.

HOLDING:

7. The arguments put forth by participants along with the literature of Farol-100, test reports of P.C.S.I.R and HEJ Laboratories, Karachi and relevant explanatory/section/chapter notes of Pakistan Customs Tariff were examined by the Committee. The Committee deliberated upon the issue and gave careful consideration to the arguments. It was observed by the Committee that as per Chapter Note 2 to Chapter 27, the heading 27.10 mainly contains mixed unsaturated hydrocarbons in which **the weight of the non-aromatic constituents exceeds that of the aromatic constituents**. It was further observed that for an item to qualify for **“Light oils and preparations”**, the basic criteria is prescribed in Sub-heading Note 4 of the Chapter 27 which states that **“For the purposes of sub-heading 2710.12, “light oils and preparations” are those of which 90 % or more by volume (including losses) distil at 210 °C (ASTM D 86 method)”**.

8. The P.C.S.I.R Lab reports indicate that ‘Light White Oil Farol 100’ is colorless oily liquid with odor of **hydrocarbon solvents**. It has chemical nature of the **mixture** of mineral hydrocarbon solvents essentially of aliphatic hydrocarbon. On the basis of these characteristics it qualifies for the heading 27.10. The comparison of the headings 27.10 and 38.14 indicates that if the solvent contains less than 70% by weight of aliphatic hydrocarbon, then it qualifies for the heading 38.14 as composite solvents. These composite solvents of heading 38.14 are not separate chemically defined compounds. They are more or less volatile liquids which are used *inter alia* in the preparation of varnishes and paints or as degreasing preparations for machinery parts. For example: mixtures of acetone, methyl acetate and methanol, and mixtures of ethyl acetate, butyl alcohol and toluene. An important characteristic of composite solvents of heading 38.14 is that they are heterogeneous in nature i.e. they are made-up of different functional groups, whereas; the non-composite solvents of heading 27.10 are homogeneous in nature as their constituent materials mainly belong to same functional group.

9. The distillation range (ASTM) of Farol-100 is 80 °C to 150 °C with Flash point below 50 °F (10 °C) which indicates that 100% by volume (including losses) will distil below 210 °C (ASTM D 86 method). Therefore, the impugned goods qualify for ‘Light oils and preparations’ as per Sub-heading Note 4 of the Chapter 27.

10. It was further observed that petroleum oils and oils, obtained from bituminous minerals are also to be taken to include such oils to which very small quantities of various

substances would have been added, for example, as additives to improve quality or odour, tracers, colouring agents etc. If the weight of aliphatic constituents is 70% or more than the aromatic constituents then they are to be classified as non-composite solvents, as the presence of small percentage of aromatic content does not change the chemical composition of the solvent from non-composite to composite. Moreover, the content of "others" to the tune of 12.624% as indicated in the laboratory report of HEJ presented by the Directorate of Intelligence and Investigation can be attributed to the additives used to improve quality or odour, tracers or colouring agents. Such small percentage of items termed as "others" cannot change the chemical composition of non-composite solvent for making it a composite solvent. As regards the viewpoint of the Directorate of Intelligence and Investigation-FBR that the impugned goods are "Preparations", the same is not tenable, as for making Preparations the goods are required to be mixed by specific fixed percentages by weight (or by volume) to get some specific preparations, which, in this case, is not observed as percentage of various ingredients / constituents are not fixed, as evident from test report of HEJ laboratory mentioned at para 6.

11. Moreover, the comparison of Farol-100 with the items falling under preceding HS codes i.e. motor spirit, aviation spirit and spirit jet fuel, indicates that the later have low density, low carbon number, lower boiling points and higher octane number thus high volatility. The distillation range of Farol-100 is comparatively higher and it is less volatile and more stable (due to higher Initial Boiling Point (IBP)) than motor spirit, aviation spirit, spirit jet fuel and white spirit and thus does not fall in PCT 2710.1210, 2710.1220, 2710.1230 and 2710.1240. Therefore, the next logical PCT heading for the solvent with such chemical characteristics is 2710.1250 and the item qualify to be classified under this heading.

12. In view of above discussion, the Committee, after due deliberation and in consultation with the relevant Chapter and Heading Notes and the related ENs, is of the opinion that impugned product namely "Light White Oil Farol 100", through application of GRI 1 and 6, is classifiable under PCT Heading 2710.1250, keeping in view that it is a solvent of non-composite nature.

13. This Ruling is issued in terms of Chapter – II (Classification) of the CGO 12 / 2002 dated 15th June, 2002 and any appeal against this Ruling shall only lie with the Federal Board of Revenue under Rule 2 of Pakistan Rules to the General Rules for Interpretation.

14. The above ruling is based upon the documents / literature provided by the applicant and shall be treated as annulled if it is found at any subsequent stage that the same was obtained by providing incorrect, false, misleading or incomplete information by the applicant.


(Muhammad Haris Ansari)

Additional Collector -II
Chairman Classification Committee

Distribution:

1. PS to Member (Customs), Federal Board of Revenue, Islamabad.
2. Chief Collector of Customs (Appraisalment-South), Custom House, Karachi.
3. Chief Collector of Customs (Enforcement-South), Custom House, Karachi.
4. Chief Collector of Customs (Central/North) Custom House, Lahore / Islamabad.
5. Director General, Intelligence & Investigation-FBR, Mauve Area-1, G-10/4, Islamabad.
6. Chief (Tariff), Customs Wing, Federal Board of Revenue, Islamabad.
7. Collector, MCC Appraisalment (West) / (Preventive), Custom House, Karachi.
8. Collector of Customs MCC, Port Mohammad Bin Qasim, Karachi.
9. M/s. AA Industries, Plot No. D-218, Street No.2, Haroonabad, SITE, Karachi.
10. Karachi Chamber of Commerce & Industry, Karachi.
11. Karachi Customs Agents Association, Custom House, Karachi.
12. Notice Board.
13. Master File.