

GOVERNMENT OF PAKISTAN  
COLLECTORATE OF CUSTOMS (APPRAISEMENT)  
CUSTOMS HOUSE  
KARACHI

Dated: 17 January, 2005

No. CC-14/2003-A  
VCus/Imp/Misc/03/59/3586 (sambrial)

The Deputy Collector of Customs,  
(Imports),  
Collectorate of Customs,  
Custom House Sambrial,  
Sialkot.


Subject: CLASSIFICATION OF COUNTER/FLOW METER USED IN FUEL PUMPS

A meeting of Classification Centre was held on 18.12.2003 to discuss the classification of subject goods. The meeting was attended by

1. Mr. Amer Ahmed, Additional Collector of Customs.
2. Mr. Azhar Hussain Merchant, Deputy Collector of Customs (Classification Centre)
3. Mr. Farooq, representative of the importer.

2. The importer is of the opinion that the equipment is a measuring device for flow of liquid, operating through pipes being primary device, i.e. shaped nozzle, to setup a differential pressure hence covered under H.S Code 90.26. On the other hand the Collectorate of Customs, Sambrial opinion is that subject item is a revolution counter hence classifiable under H.S 90.29.

3. After thorough discussion, and checking of the sample, it was observed that the equipment, as presented, consisted of numeric counting drums, gear driven, calibrated in litres, with a resetting lever and was without pump(s). The equipment finds its use in fuel dispensing units installed at Fuel stations/ Petrol pumps. The pumped fuel passes through the measuring device which accordingly shows the "volume" dispensed, in litres, on the drums. It does not count revolutions per minute nor litres per minute. Neither H.S 90.26 nor H.S 90.29 was found to be correct heading. The equipment is more aptly a supply meter which is specifically defined under H.S. 9028.2000 and this was decided to be the correct classification by the committee.

  
(AMER AHMAD)  
Additional Collector of Customs,  
Appraisement - II

Copy to M/s. Janjua Engineering Industries (Regd.) P.O.Box 560, Near Railway  
mail Godown, Gujranwala

(1)

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE, KARACHI  
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No. CC-01/05-A

March, 17 - 2005

The Collector,  
Collectorate of Customs  
Hyderabad.

SUBJECT: EX-BONDING OF 100 PALLETS OF FUSA BONDED EMB 158 DH,  
ARRIVED UNDER IGM No. 1783/2004 DATED 18.11.2004, INDEX No. 132,  
CUSTOM HOUSE, HYDERABAD G.D. No. 219 DATED 11.12.2004.

Kindly refer to the Collectorate of Customs Hyderabad's letter No. 96/Bonds/CSAPL/ST-1070/2004/1201 dated 18.01.2005 on the above noted subject.

2. Classification issue of fusa bonded EMB 158DH, imported by M/s. Crescent Steel & Allied Products Ltd., vide IGM No. 1783/04 dated 18.11.2004, Index No. 132 was considered by the Classification Committee on 11.03.2005. Representative of importer pleaded that the product is modified polymer that has been functionalized (typically anhydride grafting) to help bond together polymers used in toughened, filled and blended compounds and that the goods have been imported in 25 Kgs bag packing. He contended that, due to typographical mistake, classification of the goods was mentioned under PCT heading 3907.3000 instead of PCT heading 3901.1000. Hyderabad Collectorate did not allow exemption in excess of 5% customs duty, vide SRO 456(I)/2004 dated 12.06.2004, as goods classifiable under PCT heading 3907.3000 are included in the list of locally manufactured goods, vide CGO 12/2002. According to him, importer is entitled for concessionary rate of duty, if the goods are classified under heading 3901.1000 or under PCT heading 3506.9190 as determined by the Customs Laboratory.

3. The Chief Chemical Examiner of Custom House Laboratory explained that imported goods are graft polymer, prepared from polyethylene maleic anhydride and hydrogen peroxide. The graft polymer has been specifically prepared for adhesive use and, therefore, the product constitutes a prepared adhesive, classifiable under PCT heading 3506.9190. She stated that identical product imported under different brand names, in the past, were also classified under PCT heading 3506.9190. She further explained that graft polymers are co-polymers, composed of main polymer chains, which have side polymer chain with a different monomer unit composition. Examples are



styrene-butadiene copolymer, grafted polystyrene (polystyrene grafted to a styrene-butadiene copolymer) and polybutadiene-graft-styrene-acrylonitrile copolymer. She further added that no example of graft polymers of maleic anhydride with polyethylene has been mentioned in the Explanatory Notes and as such the imported product is not of the type to be classified in Chapter 39.

4. Mr. Shakeel Ahmad, Member Classification Committee, invited attention towards Note 4 to Chapter 39, which is re-produced below:-

"Note-4: The expression "copolymers" covers all polymers in which no single monomer unit contributes 95% or more by weight to the total polymer content. For the purposes of this Chapter, except where the context otherwise requires, copolymers (including co-polycondensates, co-polyaddition products, block copolymers and graft copolymers) and polymer blends are to be classified in the heading covering polymers of that comonomer unit which predominates by weight over every other single comonomer unit. For the purposes of this Note, constituent comonomer units of polymers falling in the same heading shall be taken together. If no single comonomer unit predominates, copolymers or polymer blends, as the case may be, are to be classified in the heading which occurs last in numerical order among those which equally merit consideration."

It was explained that the goods constitute graft polymers, therefore, the same cannot be excluded from the ambit of Chapter 39 by virtue of Note 4 to Chapter 39. Merely by use, as adhesive, does not debar the product from the purview of Chapter 39 as it has been described at page 717 of the Explanatory Notes to H.S. that resin in primary form may find use as glue, thickener, etc.

5. The committee also deliberated that PCT heading 35.06 covers;

- (i) products suitable for use as glue or adhesives, put up for retail sale as glue or adhesives, not exceeding a net weight of 1 kg.
- (ii) prepared glues and prepared adhesives, not elsewhere specified or included.

6. The Committee deliberated that prepared glue and other prepared adhesives, classifiable under heading 35.06, have been described at page 645 (B) of the Explanatory Notes to H.S. The products specifically formulated for use as adhesive have further been elaborated at sub-para (4) as consisting of polymers or blends of PCT heading 39.01 to 39.13 which, apart from any permitted addition to the products of Chapter 39 (filler, plasticizers, solvents pigments, etc), contain other added substances not falling in that Chapter (e.g. waxes). The Custom House Laboratory has categorically confirmed that imported product is simply a graft polymer and no addition has been made therein. Therefore, the imported product does not qualify for description as "Prepared adhesive" for the purpose of classification under PCT heading 35.06.

7. In view of the above, the Committee approved classification of the product, FUSA Bonded EMB 158DH, under PCT heading 3901.1000.

*Sms. Sarfraz Ahmad* 17/3  
(Dr. Sarfraz Ahmad Warriach)  
Chairman Classification Committee

Copy to:-

1. M/s. Crescent Steel and Allied Products Limited,  
9<sup>th</sup> Floor, SIDCO Avenue Centre, 264-R.A. Lines,  
Karachi.

(Dr. Sarfraz Ahmad Warriach)  
Chairman Classification Committee

(11)

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE KARACHI  
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No. CC-29/05 (A)

July 6, 2005

PUBLIC NOTICE 07 /05-APPG.

Subject: CLASSIFICATION OF ENERGY DRINKS UNDER THE BRANDS "RED BULL" "BLUE OX" AND SMILAR PREPARATIONS.

The classification of energy drinks came-up on discussion in PCT committee. The composition of the "Red Bull" brand and "Blue OX" brand energy drinks printed on the tins is as under:-

- i. Red Bull.  
water, sucrose, glucose, acidifier sodium citrates, carbon dioxide, taurine (0.4%) gulcoronolactone (0.24%) caffeine (0.30%), inositol, vitamins (niacin panthothenic acid, B6, B12), flavours, colors (caramel, riboflavin).
- ii. Blue OX.  
carbonated water, sucrose, taurine 0.40%, dextrose, acidifier, citric acid, caffeine 0.03%, flavours, ginsengextract 0.01%, inositol, vitamins (niacin, pantothenic acid B6, B12), color E133.

2. Following headings were deliberated for classification by participants of the meeting:-

- i. 2106.9090
- ii. 2202.1010
- iii. 2202.1090
- iv. 2202.9000

One of the importers stated that above referred drinks were being regularly released under heading 2106.9090 as food preparation. Therefore, such goods should continue to be classified in this heading. On the other side, it was contended that the goods are not food preparations of heading 21.06 and that the same constitute "beverage" and attract classification under heading 22.02 being sweetened / flavored. Furthermore single dash heading, covering sub-head 1010 and 1090 of heading 22.02, was referred for correct classification, as reproduced below:-



"water, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured"

It was contended that the above description clearly indicates that waters including mineral waters and aerated waters, falling in said heading, may contain:

- i. sugar
- or ii. sweetening matter
- or iii. flavoured.

Since impugned products contained sweetening matter and flavours, therefore these do not qualify above description and therefore fall out-side the ambit of sub-head 1010 and 1090 of heading 22.02 and that these products are correctly classifiable under heading 2202.9000.

3. Group staff explained that dictionaries define "beverage" as any liquid for drinking esp. other than water. Imported goods, being a preparation for drinking, as such constitute "beverage".

4. Issue was examined by the committee:-

- i. H.S. heading 22.02 has been sub-divided into two sub-heads. Sub-heading 1000 of heading 22.02 covers "water, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, whereas sub-head 9000 of heading 22.02 covers other non-alcoholic beverages. At para (B) of Explanatory Notes to heading 22.02, examples of non-alcoholic beverages have been given such as tamarind nectar, rendered ready for consumption as beverage and beverage with a basis of milk and cocoa. Plain reading of para (A) of Explanatory Notes to PCT heading 22.02 deals with non-alcoholic beverages containing water, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured. Composition of goods, in question, complies with the description given in para (A) of the Explanatory Notes to PCT heading 22.02. As such referred energy drinks attract classification under sub-head 1000 of heading 22.02.

(9)

- ii. At para (A) of Explanatory Notes to HS 22.02, it has been mentioned that beverage may be added with sugar or sweetened or flavoured with fruit juices, essences or compound extract to which citric acid or tartaric acid are sometimes added. Thus the argument of the importers, that the beverage may contain only one ingredient i.e. sugar or sweetening matter or flavours has, no force.

5. In the light of Explanatory Notes, the committee unanimously concluded that referred energy drinks are classifiable under sub-head 1000 of heading 22.02. At eight digit sub-heading level, impugned products attract classification under heading 2202.1010, being aerated and accordingly approved classification under heading 2202.1010.

6. It is circulated for information of all concerned that henceforth classification of "Red Bull" and Blue OX" brand energy drinks and similar other energy drinks shall be made under heading 2202.1010 of the Pakistan Customs Tariff.

(Azhar Majeed Khalid)  
Collector

d/c

(8)

GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
CENTRAL BOARD OF REVENUE

C.No.3(7)Tar-I/94

Islamabad the 22<sup>nd</sup> September, 2005.

From: Zulfiqar A Kazmi,  
Secretary (Customs Tariff)

To: The Collector of Customs  
(Preventive), Custom House, KARACHI.

The Collector of Customs,  
Custom House, LAHORE/SAMBRIAL/RAWALPINDI/PESHAWAR/  
Port Muhammad-Bin Qasim, KARACHI.

The Collector of Customs, Sales Tax & Central Excise,  
MULTAN/HYDERABAD/QUETTA/AISALABAD.

SUBJECT: CLASSIFICATION OF "RED BULL" "BLUE OX" "PHANTOM" ETC  
ENERGY DRINK UNDER P.C.T. HEADING 2106.9090

I am directed to refer to the subject cited above and to say that the classification of "Red Bull" "Blue OX" "Phantom" and similar energy drinks was examined and it has been decided that the subject goods are classifiable under the correct PCT heading 2202.1010 as already ruled by the Classification Committee of the Custom House, Karachi vide No.CC-29/05(A) dated the 12<sup>th</sup> June, 2005 (copy enclosed).

2. All the Collectorates are requested to ensure universal treatment while assessing the subject goods for duty taxes.

(Zulfiqar A. Kazmi)  
Secretary (Customs Tariff)

Copy to:-

1. Collectors of Custom (Appraisalment) Custom House, Karachi, with reference to his letter No.CC-29/05(A) dated the 12<sup>th</sup> June, 2005
2. M/s M.N. Traders, 19, Taj Mahal Market, Narani Bazar, Rawalpindi.

(Zulfiqar A. Kazmi)  
Secretary (Customs Tariff)



GOVERNMENT OF PAKISTAN  
OFFICE OF THE ASSISTANT COLLECTOR CUSTOMS DRY PORT AND BONDS,  
HYDERABAD

C. No. 96/Bonds/CSAPL/ST-1070/2004/ 1201

Dated: 18.01.2005

The Additional Collector-I,  
(Chairman Classification Committee),  
Collectorate of Appraisalment,  
Custom House, Karachi

Subject: EX-BONDING OF 100 PALLETS OF FUSA BONDED E MB 158 DH  
ARRIVED UNDER IGM NO.1783/2004 DATED 18.11.2004 INDEX  
NO.132. CUSTOM HOUSE HYDERABAD GD NO.219 DATED  
11.12.2004

M/s. Crescent Steel and Allied Product Limited, Nooriabad having private bonded warehouse license No.75/Hyd/87 imported 50000 Kgs "Fusa Bonded E MB 158 DH" vide into-bond B/E ST-1070 dated 20.11.2004 (copy of Into-Bond ST B/E enclosed).

02. M/s. Crescent Steel and Allied Product Limited, Nooriabad filed ex-bond B/E GD No.219 dated 11.12.2004 (copy enclosed) and requested for assessment under PCT 3907.3000 claiming benefit of SRO.456(I)/2004 dated 12.06.2004. On examination of GD it was found that item declared under PCT Heading 3907.3000 was included in the list of locally manufactured goods under CGO No.12/2002, therefore, the unit was not entitled to concession under SRO.456(I)/2004 dated 12.06.2004 (copy of SRO and relevant portion of CGO No.12/2002 enclosed). Accordingly, the B/E was assessed at the statutory rate of customs duty @ 20%.

03. In the meantime the party through M/s. Javaid Umer Enterprises, Customs Clearing Agent, approached Member (Customs), CBR, Islamabad vide their letter dated 31.12.2004 (copy enclosed). Member (Customs) vide autographic orders directed as under:

(379)

*"Provisional assessment as per request may be allowed with undertaking that differential amount with surcharge under section 83 will be paid within one week of the ruling by the PTC committee. Failure will lead to action for incorrect declaration under section 32 and 32(A) of the Customs Act, 1969"*


04. In compliance to above orders the party was allowed provisional assessment and 50% of the goods i.e. 25000 Kgs "Fusa Bonded E MB 158 DH" were released after proper undertaking and the sample of goods was also sent to Chemical Examiner, Custom House, Karachi vide this Collectorate letter C- No.Misc./2004-2005/DP/Hyd/ 1135 dated 08.01.2005 (copy enclosed). The test report (copy enclosed) reads:

*"The sample on test is found to be adhesive based on modified polyethylene. It is in the form of translucent cylindrical granules. Report pertains only to the sample forwarded and tested in the lab".  
Suggested HS Code 3506.9190*

05. Since the Member (Customs) has ordered to seek ruling by PTC committee, the case is therefore referred to the PTC for final decision as to advise correct PCT code of "Fusa Bonded E MB 158 DH". Copies of relevant literature are also enclosed for reference.


05. An early decision shall be highly appreciated.

Encl. (As above)

  
(Muhammad Daud Pirzada)  
Assistant Collector

Copy to:

01. M/s. Crescent Steel and Allied Product Limited, 9<sup>th</sup> Floor, SIDCO Avenue Centre, 264-R A Lines, Karachi-74200
02. M/s. Javaid Umer Enterprises, Customs Clearing Agent, Karachi

  
(Muhammad Daud Pirzada)  
Assistant Collector

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE  
KARACHI.  
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No. CC/18/05 (A)

Dated: .2005

PUBLIC NOTICE No. 05-APPG

Subject: IMPORT OF UNSATURATED POLYESTER FILM UNDER PCT 3920.6310.

The issue regarding classification of un-saturated polyester film was discussed in classification committee's meeting. It was noticed that heading 3920.6000 meant for films of poly carbonates, alkyed resins, poly allyl esters or other poly esters has been further sub-divided as below:-

of poly carbonates, alkyd resins poly allyl esters or other poly esters.

3920.6100 -- of poly carbonates

3920.6200 -- of poly (ethylene tere phthalate)

-- of un-saturated polyester

3920.6310 --- of polyester film

3920.6390 --- other


3920.6900 -- of other polyesters.

2. At page No. 730 of the Explanatory Notes to HS under heading 39.07, it has been mentioned that polymers based on esters of tere Phthalic acid [e.g. poly (butylenes tere phthalate)] constitute saturated polyesters. In view of this films made of polymers of poly (ethylene terephthalate) (PET) fall out-side the ambit of two dash sub-head 6300 of heading 39.20 which is meant for films of un-saturated polyesters.



3. The saturated polyesters will attract classification under heading 3907.9900. Since films of poly (ethylene tere phthalate) (PET) are specified under sub-head 6200 of heading 39.20 the goods by virtue of Rule 1 to General Interpretation Rules, will attract classification in this sub-head and in no other sub-head of heading 39.20.

4. Keeping in view the Customs Dry Port Lahore's test report confirming that the goods were films of poly (ethylene tere phthalate), the Committee did not approve classification of the impugned films under heading 3920.6310 and ruled that such films are correctly classifiable under heading 3920.6200 of the Pakistan Customs Tariff.

  
(Azhar Majeed Khalid)  
Collector

Encl: As above.

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE  
KARACHI.

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Dated: 3.08.2005

CC-62/03-A  
S1/MISC/140/97-VII

PUBLIC NOTICE NO. 05/APPG

Subject: TARRIF CLASSIFICATION OF GLASS BEADS TYPE A SIZE 14MM  
WITH TWO HOLES AS PARTS OF CHANDELIER.

A dispute has arisen regarding classification of the "glass beads" Type A size 14mm with two holes. The importers claimed assessment under PCT heading 9405.9110 on the ground that the subject goods are identifiable glass parts of chandeliers. Further, the importer contended that classification under heading 9405.9110 is in line with the practice of the Collectorate. The other view was that the goods are nothing but "glass beads" of heading 7018.9090.

2. The matter was examined by the PCT committee. The under reference goods glass beads type A of 14mm size were declared by the importers on the G.D. as parts of chandelier. On inspection of the representative samples by the members of PCT Committee it revealed that these are glass beads with two holes specifically designed as pendants for Chandelier. At S. No. 11 page 1909 of the Explanatory Notes to H.S. "Chandelier Trimmings" such as balls, pea shaped designs, flower shaped pieces, pendants small plates etc. have been classified under heading 94.05.

3. In view of the above, PCT Committee decided that the impugned goods are not simply glass beads of heading 70.18 but identifiable parts of Chandeliers correctly classifiable under heading 9405.9110.

(Azhar Majeed Khalid)  
Collector

Encl: As above.

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE, KARACHI

(U)

No. CC-05/05 (A)

PUBLIC NOTICE NO. 16 /2005 (A)

24.9.05 Date:

Subject: CLASSIFICATION RULING - HOLY QURAN DIGITAL BOOKS MODEL "RS- 3000 US".

Classification of the Holy Quran Digital Book Model No. RS-3000 US came up for discussion before the classification committee. Importer was present. The Holy Quran Digital Book" was presented in box pack and accompanied with earphone and battery to recite, pray, read and listen to Holy Quran along with its Urdu and English translation, fed on the chip / IC which is built in the product, with following features:-

- i. hearing and reading Quran at the same time.
- ii. built in speaker
- iii. easy search for suras and verses
- iv. book marking for suras and verses
- v. Holy Quran text in uthmanic fonts licensed by Harf Information Technologies

2. It was considered by the PCT committee that digital dictionaries are being assessed under PCT heading 84.72 as electronic book. Therefore, classification of Holy Quran digital book may also be finalized under heading 84.72 (8472.9090). It was also considered that text of heading 85.24 reads records, tapes and other recorded media for sound or other similarly recorded phenomena. The book constitutes "recorded media" for sound or other similarly recorded phenomena and as such qualifies classification under PCT heading 85.24. At sub-heading level, it is classifiable under sub-head 9990 and as such is not covered in any of the preceding sub-heading of heading 85.24.

3. After careful consideration, the PCT committee ruled out that Holy Quran books model RS-3000US is classified under PCT heading 8524.9990.

*Sarfaraz Ahmad Warraich*  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee

Copy to:

1. The Member (Customs), Central Board of Revenue, Islamabad.
2. The Chief Customs Tariff, Central Board of Revenue, Islamabad.
3. The Secretary, Customs Tariff, Central Board of Revenue, Islamabad.
4. The Secretary, International Customs, Central Board of Revenue, Islamabad.
5. The Collectorate of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
6. The Deputy Collector of Customs, Appraisement Group-IV, Custom House, Karachi
7. The Federation of Chamber of Commerce and Industry, Karachi
8. The Karachi Chamber of Commerce and Industry, Karachi.
9. The Karachi Customs Agent Group, Custom House, Karachi.
10. All concerned.



GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE, KARACHI  
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No. CC-10/97 (A)

PUBLIC NOTICE NO. 15 /2005-(A)

14-9-05 Dated:

Subject: CLASSIFICATION RULING - SUPRASEC (DNJ-2) ISOCYNATE (DI-ISOCYANATE DIPHENYL METHANE MDI).

Classification of Suprasec (DNJ-2) Isocyanate (DI-Isocyanate Diphenyl Methane MDI) came up for discussion before the classification committee. It was considered by the committee that test result of instant product, forwarded by M/s HEJ lab, states that the goods are predominantly Diphenyl methane 4-4-Di-isocyanates, containing different structural isomers of Diphenyl methane 4-4-Di-isocyanates. Purity of all the structural isomers is 98.2 %. It was considered that single separate chemically defined product, if accompanied by isomers of same organic compounds, will be classified in the heading 2929.1000 of chapter 29 except acyclic mixture of organic compound (reference note 1(b) to chapter 29).

2. Another view in the committee was that the product is classifiable in PCT heading 3824, as it contains not only isomers but also oligomers. Oligomers, as per condensed chemical dictionary, is a polymer molecule, consisting of only few monomer units (dimers, trimers and tetramers). Heading 3824 was further supported by extracts from Encyclopedia of Polymer Science and Technology (vol.15) page 462 which elaborates that MDI consists of Diphenylmethane 4-4 and 2-4 di-isocyanates. The oligomers, present in the sample, will effect to increase the degree of cross linking to give it a specific use rather than general use. Since the impurities have been left intentionally to render the product suitable for specific use rather than a general use, the product falls outside ambit of chapter 29 and attract classification under heading 3824.9099 as chemical preparation not elsewhere specified or included.

3. After careful consideration, the committee approved the classification of chemical namely Suprasec (DNJ-2) under heading 3824.9099.

Dr. Sarfraz Ahmad Warraich  
Additional Collector / Chairman  
Classification Committee

Copy to:

1. The Member (Customs), Central Board of Revenue, Islamabad.
2. The Chief Customs Tariff, Central Board of Revenue, Islamabad.
3. The Secretary, Customs Tariff, Central Board of Revenue, Islamabad.
4. The Secretary, International Customs, Central Board of Revenue, Islamabad.
5. The Collectorate of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
6. The Deputy Collector of Customs, Appraisement Group-II, Custom House, Karachi
7. The Federation of Chamber of Commerce and Industry, Karachi
8. The Karachi Chamber of Commerce and Industry, Karachi.
9. The Karachi Customs Agent Group, Custom House, Karachi.
10. All concerned.

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE, KARACHI  
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No. CC-39/03-A  
V/133/06-VIII

14-9-05 Dated:

PUBLIC NOTICE NO. 19 /2005 (A)

Subject: CLASSIFICATION - RULING HONDA, FOUR WHEELER SCOOTER TYPE VEHICLE TRX-90 OF 86CC.

Classification of the Honda, four wheeler scooter type vehicle TRX-90 of 86CC, was considered by the classification committee under possible PCT headings 8711.2090 or 8703.2100. Importer was present who claimed classification under PCT heading 8711.2090 on the ground that the vehicle is gasoline operated single seater, having foot operated gear shift paddle and hand operated throttle lever system like scooter and also that the same is without any cab / body cover etc.

2. It was considered by the committee that under reference vehicle is a scooter like four wheeler vehicle designed for off road use only, provided with tyres specially designed for the purpose. The vehicle is gasoline operated having engine displacement of 85.8cm cube with spark ignition system. Catalogue of the vehicle, furnished by the importer, confirmed the vehicle to be a four wheel driven ATV (All Terrain Vehicle), the classification of which had already been decided and published at page No. 41 E of the Compendium of Classification Opinions published by the WCO, in PCT heading 8703.2190.

3. In view of above, the committee approved classification of subject vehicle under heading 8703.2190.

(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee

Copy to:

1. The Member (Customs), Central Board of Revenue, Islamabad.
2. The Chief Customs Tariff, Central Board of Revenue, Islamabad.
3. The Secretary, Customs Tariff, Central Board of Revenue, Islamabad.
4. The Secretary, International Customs, Central Board of Revenue, Islamabad.
5. The Collectorate of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
6. The Deputy Collector of Customs, Appraisement Group-IV, Custom House, Karachi
7. The Federation of Chamber of Commerce and Industry, Karachi
8. The Karachi Chamber of Commerce and Industry, Karachi.
9. The Karachi Customs Agent Group, Custom House, Karachi
10. All concerned.



GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOMS HOUSE, KARACHI

CC-06/05-A

Dated: 14-09-2005.

PUBLIC NOTICE NO. 20 /2005-(A)

Subject: CLASSIFICATION RULING - COATED ALUMINUM CLADDING SHEET.

Classification of coated aluminum cladding sheets came up for discussion before classification committee. Importer was present. Catalogue of the manufacturer was consulted which describes the goods as aluminum composite material (ACM). It is composite panel consisting of two aluminum cover sheets with plastic or a high mineral filled core. Panels are coated with a fluorocarbon (e.g. PVDF) lacquer system and supplied with a protective peel-off foil. The panels are produced with various core thicknesses in continuous process enabling the cutting of the panels to size. They are in rectangular form of sizes 1600mm x 3000mm, 1600mm x 4200mm. Aluminum sheets are 1mm thick and plastic or mineral filled core thickness in 6mm. Panels are used for external cladding of buildings, internal decoration, etc.

2. The classification committee considered PCT heading 76.10 and 76.06 for possible classification.

Appraising Group officials were of the view that PCT heading 76.10 inter alia covers aluminum plates, rods, profiles, tubes and the like, prepared for use in structures. Imported panels are undoubtedly meant for use in structures and thus attract classification under heading 76.10 (7610.9000) by virtue of rule 1 of the general rules of interpretation of the schedule. Importer on the other hand, contended that panel comprised of two aluminum cover sheets and plastic filled core. It is composite article and, by virtue of note 3 (b) of the general rules of interpretation, attracts classification in chapter 76.06 as aluminum sheets develop the essential character of the product. He further contended that explanatory notes to heading 76.10, read with heading 73.08, describe classification in these headings, when the plates / sheets are prepared (e.g. drilled bent or notched) for use in structures. The disputed panels are not prepared and as such fall outside the ambit of heading 76.10. World Customs Organization also decided classification of such products under heading 76.06.

3. The committee deliberated upon classification and observed that, in terms of explanation at page 13-14 and 1261 of explanatory notes to HS, plates prepared for use in structures have been classified under heading 76.10 if made of aluminum and under 73.08, if made of steel. The term "prepared for use in structures" has been elaborated as those which are drilled, bent, notched etc. No such process has been subjected to the imported panels. As such, imported goods cannot be termed as "prepared for use in structures". Therefore,



Customs No. 11  
TRANSITMENT PERM  
C-2

They fall outside the ambit of heading 76.10. It was further considered by the committee that the goods being composite article and developing essential character of aluminum-sheets, rather than core plastic material, as such attract classification under heading 76.06 by virtue of note 1 to general rules of interpretation. Classification under heading 76.06 was considered in consonance with the classification decision taken vide HSC/20 by the Harmonized System Committee and published at page 39E of the Compendium of Classification Opinions, issued by the World Customs Organization.

4. In view of the above, the classification committee decided classification of the coated aluminum cladding sheets under heading 76.06 (i.e. 7606.1100 if not alloyed and 7606.1200 if alloyed).

Signature 17/9  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee

Copy to:

1. The Member (Customs), Central Board of Revenue, Islamabad.
2. The Chief Customs Tariff, Central Board of Revenue, Islamabad.
3. The Secretary, Customs Tariff, Central Board of Revenue, Islamabad.
4. The Secretary, International Customs, Central Board of Revenue, Islamabad.
5. The Collectorate of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
6. The Assistant Collector of Customs, Appraisalment Group-III, Custom House, Karachi
7. The Federation of Chamber of Commerce and Industry, Karachi
8. The Karachi Chamber of Commerce and Industry, Karachi.
9. The Karachi Customs Agent Group, Custom House, Karachi.
10. All concerned.

15/9/18  
14/9/18

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE, KARACHI  
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No. CC-59/03-A  
SI/MISC/384/99-VI

14-9-05 Dated:

PUBLIC NOTICE NO. 17 /2005 (A)

Subject: CLASSIFICATION RULING - NICHYU ELECTRIC FORKLIFT TRUCK MODEL  
PLD 30-E20-A12.

Classification of Nichyu Electric forklift truck model PLD 30-E20-A12, came-up for consideration before the classification committee. Main arguments raised by the importer were that Nichyu Electric PCT 8427.1000 Forklift Truck model PLD 30-E20-A12, is classifiable under PCT 8427.1000 as it is propelled and operated through electrical power. No Fork Lift system truck, if electrically operated, can be classified under heading 8427.2010. Explanatory notes, especially classify the goods, if electronically operated, and referenced propelled, under heading 8427.1000. PCT heading 8427.2010 comes into picture only if fork lift trucks are not propelled through electrical power / system.

2. Contention of concerned appraising group was that fork lift, as imported, are powered by a battery operated electrical motor and PCT 8427.2010 is appropriate heading for the goods being as self propelled truck.

3. After careful consideration, the committee ruled that self propelled fork lift truck, powered by electric motor is correctly classified under PCT heading 8427.1000.

Dr. Sarfraz Ahmad Warraich  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee

Copy to:

1. The Member (Customs), Central Board of Revenue, Islamabad.
2. The Chief Customs Tariff, Central Board of Revenue, Islamabad.
3. The Secretary, Customs Tariff, Central Board of Revenue, Islamabad.
4. The Secretary, International Customs, Central Board of Revenue, Islamabad.
5. The Collectorate of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
6. The Deputy Collector of Customs, Appraisement Group-IV, Custom House, Karachi
7. The Federation of Chamber of Commerce and Industry, Karachi
8. The Karachi Chamber of Commerce and Industry, Karachi
9. The Karachi Customs Agent Group, Custom House, Karachi.
10. All concerned



SUMMARY OF THE CASE  
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M/s. ICI Pakistan Ltd., Lahore, imported a consignment of New Nichiyu Electric Forklift Truck Model PLD30-E20-A12 from Japan. The importer claimed assessment under PCT heading 8427.1000 customs duty @ 10% and 15% sales tax. This Custom House pointed out that :-

PCT heading 8427 covers two type of equipment.

- (a) Fork Lift and other elevating or stacking truck.
- (b) Other work truck fitted with lifting or handling equipment.

It is further classified into three types.

- (i) Self propelled trucks powered by an electric motor.
- (ii) Other self-propelled truck having mechanical propelled function.
- (iii) Other trucks.

The catalogue produced by the party shows that it is a battery operated lift truck. Fork lift trucks are specified under two PCT headings.

8427.2010	---	Fork lift trucks not exceeding 5 tons.	@ C.D. 35%
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8427.2020	---	Fork lift truck exceeding 5 tons.	@ C.D. 10%
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The lifting capacity of subject lift truck is 3 tons which is less than 5 tons, so it is covered under PCT heading 8427.2010.

The case is referred to PCT Committee for correct classification.



GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOMS HOUSE, KARACHI  
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September 14, 2005

CC-04/04-A  
SI/MISC/10.04-VI

PUBLIC NOTICE NO. 18 /2005-(A)

Subject:

CLASSIFICATION RULING - PAPER CUTTING AND SLITTING MACHINE.

Request to determine classification of paper cutting and slitting machine was examined by the Classification Committee. Following PCT headings were discussed as possible classifiable headings.

- a) 8441.1000
- b) 8441.8000

2. The committee considered that PCT 8441.1000 deals with cutting machines only where as 8441.8000 has applicability for other machinery not falling under heading 8441.1000. Principal function of the impugned machine is "cutting" whereas "slitting" is a subsidiary function. The committee, therefore, ruled that paper cutting and slitting machine is correctly classifiable under sub-head 1000 of heading 84.41 by application of rule-1 to general rules of interpretation of the schedule.

*Sm. Arsalan Ali*  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee

Copy to:

1. The Member (Customs), Central Board of Revenue, Islamabad.
2. The Chief Customs Tariff, Central Board of Revenue, Islamabad.
3. The Secretary, Customs Tariff, Central Board of Revenue, Islamabad.
4. The Secretary, International Customs, Central Board of Revenue, Islamabad.
5. The Collectorate of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
6. The Deputy Collector of Customs, Appraisal Group-IV, Custom House, Karachi
7. The Federation of Chamber of Commerce and Industry, Karachi
8. The Karachi Chamber of Commerce and Industry, Karachi.
9. The Karachi Customs Agent Group, Custom House, Karachi.
10. All concerned

# CC-04/04-17 B R I E F   F A C T S

M/s. House of Business Importer and Exporter, Karachi have imported a consignment declared to consist of old and used machinery from U.K. against declared invoice bearing No. 101/03 dated 14.11.2003 at declared invoice value of US\$ 9500/- and filed home consumption bill of entry bearing Machine No. HC-87201 dated 27.12.2003 for release of the same.

Goods were subject to 1st Examination under 1st Appraisalment System in order to confirm the declared description, quantity, quality, PCT, etc. Examination report endorsed on reverse of original copy of bill of entry may kindly be perused vide which shed staff has reported that the goods have been found as per following detail :-

S.NO.	Description	Qty	PCT	Value (US\$)
1.	Old & used Cutting / Slitting Machine in SKD Condition with Standard Acc. including Control Panel	2	8441.1000	\$ 30,000
2.	Old & used NC hydraulic press in SKD condition with Standard Acc.	1	8462.9190	\$ 10,000
3.	Old & Used Industrial Air Compressor	1	8414.8000	\$ 2,000
4.	Old & Used Weighing Scale Capacity 10 Kgs	1	8423.8200	\$ 500
5.	Old & Used Oil Heating Equip	1	8419.8900	\$ 1,000
6.	Old & Used Chairs	15	9403.7000	\$ 100
7.	Old and Used Cup Boards	15	9403.2000	\$ 400

Origin : European Union  
Total A.V. US\$ 44,000/-

Bill of entry has accordingly been completed on the values, PCT given by the shed except Item No. 1 which has been assessed under PCT heading 8441.1000 chargeable to rate of Customs duty of 5% against declared PCT heading 8441.1000. Custom duty of 5% on the basis of File No. SI/MISC/IB/84572003-VI (linked below) wherein the issue of classification of Cutting / Slitting machine has been discussed and wherein the same was decided to be assessed under PCT Heading 8441.8000.



However, the importer M/s House of Business Importer & Exporter has contested the FCT ascertained by group vide their written request dated 10.01.2004 endorsed on reverse of original copy of bill of entry and therefore the consignment has been released under FCT heading 8441.1000 by securing the differential amount of duty / taxes in shape of pay order amounting to Rs. 322,540/-.

Reference is hereby forwarded to FCT Committee for an early decision on the issue.

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE, KARACHI  
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No. CC-10/01(A)

Dated: 28.09.2005

PUBLIC NOTICE NO. 22/2005-(A)

Subject: CLASSIFICATION RULING - FRITS.

Classification of "FRITS" i.e. FTA11031, FTAE1000, FTP11507 and FOAE2098 was considered by Classification Committee under possible PCT heading 3207.2000 or 3207.4040. Assessing group was of the view that these goods constitute vitrifiable enamel's and glaze and, therefore, classifiable under heading 3207.2000, whereas importers are of the view that goods being glass frits are classifiable under heading 3207.4010.

2. The committee consulted explanatory notes. Under para (2) page 600 volume-II of the explanatory notes to harmonized system, vitrifiable enamels and glazes, as mixture of silica with other products (feldspar kaolin, alkalies, sodium carbonate, alkaline earth, metal compound, lead oxide, boric acid etc.) give a smooth surface, either matt or glossy, by vitrification under heat. There is nothing on record to establish that imported goods comprise of ingredients mentioned as above. Therefore, classification under heading 3207.2000 was ruled out.

3. It was further deliberated that there are numerous customs laboratory's test reports which state that the subject goods, on test, were found to be glass frit and were in the form of colourless glossy pieces. Photo copies of literature, provided to the committee, revealed that fritting is obtained by means of fusion in continuous or rotary kilns of the homogeneous mixtures of various raw materials. Composition of these products includes inter-alia silicon dioxide. At para 5, page 600 volume-II of the explanatory notes to harmonized system, glass frits has been described as those materials, obtained from fused quartz or other fused silica in the form of powder, granules or flakes whether or not coloured or silvered. Since, customs laboratory categorically confirmed that the goods, by virtue of test reports and literature, are glass frits, therefore, the goods fall under heading 3207.4010.

4. In view of said position, the classification committee unanimously accorded approval for classification of frits under heading 3207.4010.

*Sarfraiz Ahmad*  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee

Copy to:

1. The Member (Customs), Central Board of Revenue, Islamabad.
2. The Chief Customs Tariff, Central Board of Revenue, Islamabad.
3. The Secretary, Customs Tariff, Central Board of Revenue, Islamabad.
4. The Secretary, International Customs, Central Board of Revenue, Islamabad.
5. The Collectorate of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
6. The Deputy Collector of Customs, Appraisement Group-II, Custom House, Karachi
7. The Federation of Chamber of Commerce and Industry, Karachi
8. The Karachi Chamber of Commerce and Industry, Karachi
9. The Karachi Customs Agent Group, Custom House, Karachi
10. All concerned



GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOMS HOUSE, KARACHI  
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Sep 28, 2005

No. CC-25/02-A  
SI/MISC/94/01-VII

PUBLIC NOTICE No. 23 /2005(A)

SUBJECT: TARIFF CLASSIFICATION OF SUBMERSIBLE (FRANKLIN) MOTORS 18.5KW  
MS-6000 3X380-415 AND 37.0KW, 3X390-415.

Classification Committee deliberated upon classification of the submersible (Franklin) motors 18.5kw (24.798 HP) ms-6000 3 x 380- 415 and 37.0kw 6", 3x390- 415 under sub-head 5210, 5310 or 5390 of the PCT heading 8501. Importer claimed classification of subject motors under PCT heading 8501.5390 @ 10% Customs duty on the plea that it is policy of the Government to impose higher tariff rates on import of goods manufactured locally and impose lower tariff rates for goods not manufactured locally. Since the impugned motors are not manufactured locally in terms of CGO 7/98, they are correctly classifiable under sub-head 5210 of heading 85.01 @ 10% Customs duty.

2. The matter was examined by the Classification Committee. In the light of technical book, namely Electrical Technology by B.L. Therja and the relevant catalogue provided by the importer, it has been revealed that under reference submersible motors are in fact 2-pole asynchronous, squirrel-cage motors of the canned type with journal bearings which according to above named book are induction motors. In said context, Committee examined PCT heading 85.01 of the Pakistan Customs Tariff 2000-2001 which was sub-divided as below :-

	--	of an output exceeding 750 W but not exceeding 75 KW
8501.5210	---	Electric induction motors
8501.5290	---	Other
	--	Of an output exceeding 75 KW
8501.5310	---	Electric induction motors excluding submersible pump motors with rating of 15-110 HP
8501.5390	---	Other

It was considered that motors of not put exceeding 750 W but not exceeding 75 KW fall for classification under sub-heads 5210 & 5290 of heading 85.01. Since the impugned motors constitute induction motor, they

P.T.O.

GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOMS HOUSE, KARACHI  
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No.CC-26/05-A

Dated: 28.09.2005.

PUBLIC NOTICE NO. 24 /2005

Classification of cotton swabs came up for discussion in Classification Committee. Importer was present. The product comprised of plastic sticks of approx 3-4" length, having a cotton swab wrapped on both ends. Sticks are put up for retail sale in a plastic box / carton having approx 200 packs in each box / can. The product is generally used in clearing of ears of babies and as well as other age groups may also use it. Possible headings considered by the committee for classification of cotton swabs were 3926.9090, 9018.9090 and 3005.9090.

2. The importer claimed classification under heading 9018.9090 and mainly argued that:-

- a). "swab" by name is clearly specified under heading 90.18 at para 11 page 1611 of explanatory notes to the Harmonized System which reads as under:-  
"tweezers; dressing, swab, sponge or needle holders (including radium needles holders)"
- b). because of the word, OR, appearing in paragraph, 11, dressing, swab, sponge attain individual entity and have no nexus with needle holders.
- c). in this case, the cotton swab plays essential role in making swab an instrument primarily used in applying medicine, and collection of specimen of bodily secretion for examination. Plastic stem is more of the nature of a support. It is thus crystal clear that cotton swab can not be classified in heading 3926.9090.

4. One member of the PCT Committee was of the view that S.No. 11, page 1611 of the harmonized system referred to at para 2(a) above, covers only dressing holders, swab holders, sponge holders or needle holders but not the "Swab" itself. In support of this claim, he referred alphabetical index of the Harmonized Commodity Description and Coding System and explanatory notes issued by World Customs Organization (WCO) specifying classification of "Swab holders" under heading 90.18. There is no mention of classification of "swab" under heading 90.18. In the alphabetical index issued by WCO which thereby means that PCT heading 90.18 covers swab holders and not the swabs. It was further explained by the member PCT Committee that PCT heading 30.05 covers wadding gauze, bandage and similar articles. He invited attention towards the Dorland Illustrated Medical Dictionary 25<sup>th</sup> Edition describing "swab" as a "wad" of cotton. As such he was of the view that cotton swabs qualify classification under heading 3005 (3005.9090).

P.T.O



GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE, KARACHI

No. CC-29/04-(A)  
SI/MISC/UT/191/04-PQ

November 10, 2005

The Collector,  
Collectorate of Customs,  
Port Muhammad Bin Qasim,  
Karachi.

Subject: DETERMINATION OF CLASSIFICATION OF "AUTO AIR CONDITIONING COMPONENTS / PARTS".

Kindly refer to Port Qasim Collectoate's letters No. SI/MISC/1433/2004-PQ dated 14.09.2004 and No. SI/MISC/UT/191/2004-PQ dated 15.12.2004, on the subject cited above.

2. Issue of determination of classification of auto air conditioning components / parts, referred to vide aforesaid two letters, has been examined in detail by the classification committee. As per facts of the case, the importer i.e. M/s. Trend Setters (Pvt) Ltd., imported auto air conditioner parts at Port Qasim and claimed H.S Code 8415.9090 covering parts but Port Qasim Collectorate released their goods under H.S Code 8415.2000 covering CBU (auto conditioning unit) in terms of Rule 2(a) of General Rules of Interpretation of Harmonized System, to which the importers did not agree and the case was referred to PCT Committee for correct classification of their imported parts  $17+1 = 18$  out of total 41 parts used in auto air conditioner.

3. The classification committee, after detailed deliberations in the case, has reached to the conclusion that classification of imported goods is required to be made "AS PRESENTED" keeping in view the rules of interpretation of the Tariff (GIR). Classification is not dependent on subsequent use / application by the importers in assembly of air conditioner or otherwise. PCT heading 8415.2000 is not relevant on the following grounds:-


- a. complete car air conditioner comprises of 41 parts. The importers have imported only 18 parts (17 in one GD and 01 part in one GD) i.e. 33% (approximately) and have not imported remaining 67% parts / components required to build a complete unit.

b. VAC used for air cooling / heating and ventilation does not have the essential character of complete or finished article as such Rule 2 (a) of GIR is not applicable as VAC constitutes "part" of car AC system and attracts classification under heading 8415.9090 by virtue of note 2 (b) of section XVI.

c. all 17 parts imported in one G.D attract classification in their respective headings in terms of rule 2(a) and 2(b) of section XVI of the Pakistan Customs Tariff.

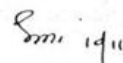
4. It may be further added that issue of classification of auto air conditioner parts has been settled since long by PCT committee of the Appraisement Collectorate. A copy of the public notice No. 21/92-(A) dated 24.08.1992 is enclosed. Said public notice classifies auto air conditioner parts, under respective PCT headings instead of PCT 8415.2000.

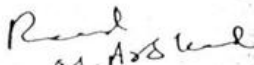
5. In aforesaid context, classification committee re-affirms classification of parts of auto air conditioner, as referred by the Port Qasim Collectorate, in their respective headings instead of PCT heading 8415.2000.

  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector  
Chairman Classification Committee

Encls: As above.

Copy for information to M/s. Trend Setters (Pvt) Ltd., 24-Peshawar Block, Fortress Stadium,  
Lahore Cantt.

  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector  
Chairman Classification Committee

  
Asst. Collector  
11.11.05



GOVERNMENT OF PAKISTAN  
APPRAISEMENT COLLECTORATE  
CUSTOM HOUSE, KARACHI

(14)

CC-45/2005 (A)

Dated: 19/12/2005

PUBLIC NOTICE NO. **33** /2005(A)

SUBJECT:- CLASSIFICATION RULING -IRON & STEEL COBBLE PLATES.

Classification of iron & steel cobble plates came up for discussion before the classification committee on 10.12.2005. The meeting was attended by the representatives of the trade, the Directorate General of Intelligence & Investigation (Customs & Excise) Karachi, the clearing agents, FPCCI and the Appraisement Collectorate. Reportedly the dispute of classification of subject item arose on seizure of a consignment of said goods lying in the private bonded warehouse of M/s. Zainab Corporation. The seized goods were earlier released by the Appraisement Collectorate as semi finished iron & steel products classified under PCT heading 7207. The seizing agency mainly relied on a report purportedly issued by Pakistan Steel Mills to whom the representative samples of impugned goods were forwarded by the agency. It was urged by the representative of the Directorate of Intelligence & Investigation, Karachi that:-

- i) cobble plates are not the outcome of continuous casting process rather the defective goods found before the process of coiling are called cobble plates;
- ii) since the imported goods have under gone rolling process hence, they are correctly classifiable under PCT heading 7208;
- iii) as reported by Pakistan Steel Mills, Cobble plates being a non-standard product are not defined anywhere in the available literature and standards. However, mis-rolled material in between rough reduction of slabs to finished hot rolled coils is termed as M.S. Thick plate by Pakistan Steel. The M.S. Thick plate / Cobble plates are not classified as primary or secondary material, in fact cobble plates are mis-rolled material without any specification or quality certificate except for its grouping into various sizes. The average sale price of Pakistan Steel's "thick plates" is Rs.27,000/- excluding sales tax. Further these plates can be re-rolled. M/s. Pakistan Steel however shown its inability to ascertain correct PCT classification of said items.

2 The representatives of the trade however refuted the Directorate's views and urged that the goods cobble plates are semi finished products classifiable under PCT heading 7207 on the following grounds:-

- i) that as per practice cobble plates are being imported and cleared regularly under PCT heading 7207;
- ii) that these are not ready to use product. That being semi-finished items, there is no criteria to categorize the same as of primary or secondary qualities. Also these are mainly imported by industrial importers;
- iii) that the imported goods will be used for making strips, MS bars etc. by further rolling;
- iv) that the same cannot be compared with hot rolled plates. The goods seized by the Directorate are mostly lying at re-rolling mills where further process involved on such goods can be physically verified;
- v) that the meaning of "cobble" as available in dictionaries is "un-even". The imported goods have surface variation and these are not mis-rolled.

3. The representative of Appraisement Group-III explained the process of casting and re-rolling of iron and steel products and stated that since the imported goods have not yet undergone the re-rolling process hence they cannot be termed as finished articles under the purview of PCT 7208. Iron and steel cobble plates are the continuous products of solid section, whether or not subjected to primary hot rolling, roughly shaped by forging, including blanks for angle shapes or sections and fall within the definition of "Semi Finished Products". These products of iron and steel do also contain slabs, blooms and billets besides cobble plates and all these alike products possess an inherited physical appearance which may include surface defects, trimmed and un-trimmed edges, uneven thickness, width, length and weight and must require further manufacturing processes which may include trimming, re-rolling and re-melting processes etc. and as such these products are not directly useable by the end consumer other than industrial consumer. The aforementioned definition clearly reflects that such iron and steel products are manufactured and sold only in one quality (i.e.) semi finished quality and in literary term there exists no concept of prime or secondary quality grade in "semi finished products" quality. The term prime or secondary grades is available only in all type of "finished products" and as such "the semi finished" itself is an independent quality grade.

4. Keeping in view the above arguments it was deemed appropriate to re-examine the under-reference goods and to go through the actual process involved in further finishing of the product involving the re-heating and hot-rolling thereof to become a consumer usable finished product as stated by the representatives of the trade and Appraisement Group.



- i. The following officials were deputed to examine the goods lying at bonded warehouse of M/s. Zainab Corporation.

1)	Mr. Javed Ahsan	PA Group-IV
2)	Mr. Javed Akhter	PA (Audit).
3)	Mr. Altaf Hussain Miran	PA (Port Qasim)
4)	Mr. Shahid Hussain Rizvi	PA (Group-II)

- ii. The above members examined the under reference goods including other categories of semi finished and finished products lying at the aforesaid bonded warehouse and stated details as under:-

- a) **Iron & Steel Slabs:** Thick blocks rectangular shaped product obtained through casting process, with variable casting marks and affects on its surface and rounds semi round edges giving raw material look.
- b) **Iron & Steel Cohol Plates:** Thick rectangular plates obtained through primary reduction of slabs having variable surface variations including pin holes, roller marks and waves of uneven thickness, round and moulded oval shaped edges, giving unfinished product look
- c) **Iron & Steel Hot Rolled Plates:** Rectangular plates, obtained through hot re-rolling, having smooth and even surface without defects with sharp edges and even thickness giving finished products look.
- d) **Iron & Steel Hot Rolled Coils:** Smooth sheet rolled in coils without apparently visible surface defects giving finished products look.

- iii. The inspection committee unanimously was of the view that the goods at (a) & (b) above fall in category of un-finished or semi finished products requiring further process of re-heating and hot rolling to make them consumer usable finished goods. However, the products indicated (c) & (d) above were found to be finished products in view of their physical appearance. In order to see the physical process of manufacturing of under reference products, the above team visited Peoples Steel Mills. After having seen the re-heating and re-rolling process involved and thorough deliberation with the technical staff of said Mills, it was observed by the team members that cobble plates are an accidental and unplanned iron & steel product obtained through rough reduction of slabs during the process of primary rolling and categorized as semi-finished products which may be used

for manufacturing of shapes and sections and after slick cutting can be used for manufacturing of de-formed and reinforced bar rods and wire rods. After passing through the process of extrusion or drawing this product may also be used for flat rolling after re-heating process to make flat rolled iron & steel sheet or coils. Although it is an unplanned accidental product but the same is obtained / manufactured through primary rolling process or rough reduction of slabs, therefore, the same is always categorized as semi-finished product which can be used for re-rolling after re-heating the same.

- iv. The committee members physically witnessed the complete process of manufacturing of standard slabs, mis-rolled blooms, flat rolled plates, cobble plates and rejected products usable for re-rolling after re-heating upto 1250 degree centigrade and re-melting upto 1600 degree centigrade and above temperatures. It was physically ascertained by the team that cobble plates are not the intentional product rather it can be termed accidental product owing to certain factors which includes fault in production, mis-management of raw material etc. Further the mis-rolled plates were also seen by the members of the team at People Lab. These mis-rolled plates are subjected to re-rolling while putting them to furnace for re-heating and subsequent re-rolling to remove the defects. They stated that it was considered expert opinion of Peoples Lab that these plates are never subjected to rotate rolling which is an essential character to create finished product.

5. The classification committee considered PCTs 7207 and 7208 for possible classification of the under reference goods in the light of above facts and relevant explanatory notes to heading 7207 read with Chapter Note I(ij) to Chapter-72 according to which the semi-finished products are products which have been subjected to a rolling operation which has given them a rough appearance. The heading covers blooms, billets, rounds, slabs, sheet bars, pieces roughly shaped by forging, blanks for angles, shapes or sections, and all products obtained by continuous casting. Further, the criteria to differentiate between products obtained by continuous casting and other products, para-III of the general explanatory notes to Chapter-72, inter-alia, explains as follows:-

*"After they have solidified and their temperature has been equalized, the ingots are rolled into semi-finished products (bloom, billets, round, slabs, sheet bars) on primary cogging and roughing mills (blooming, slabbing etc.) or converted by drop hammer or on a forging press into semi finished forgings. An increasing amount of steel is being cast directly into the form of semi-finished products in continuous casting machines. Their cross sectional shape may, in certain cases, approach that of finished products. Semi finished products obtained by the continuous casting process are characterized by their external surface appearance which usually shows*



*transverse rings of different colours at more or less regular distances, as well as by appearance of their cut cross section which usually show radial crystalline resulting from rapid cooling."*

6. Considering all the aspects and the Explanatory Notes referred as above, the classification committee has observed that the under reference products are in fact accidental or undesired product produced during the process of finished products. However, these could not achieve the status of finished product and, thus, do not fulfill the requirements of flat rolled products given at clause (k) of Chapter Note to Chapter 72 HS. Further these also do not conform to the definition of waste and scrap generally used for recovery of metal by re-melting or from the manufacture or mechanical working of metals as provided under section note 8(a) of section XV of the explanatory notes to H.S, as these can be directly used for re-rolling just by cutting them in small width.

7. In view of above, the classification committee unanimously decided classification of Iron & Steel Cobble plates under PCT heading 7207.

*Sar* 12/12  
(Dr. Sarfraz Ahmad Warraich)  
Additional Collector / Chairman  
Classification Committee

Copy to:

1. The Member (Customs), Central Board of Revenue, Islamabad.
2. The Chief Customs Tariff, Central Board of Revenue, Islamabad.
3. The Secretary, Customs Tariff, Central Board of Revenue, Islamabad.
4. The Secretary, International Customs, Central Board of Revenue, Islamabad.
5. The Director, Directorate General of Intelligence & Investigation, Customs & Excise, Karachi.
6. The Collectorate of Customs, Preventive, Export, Port Qasim, Hyderabad, Lahore, Peshawar, Quetta, Rawalpindi, Multan, Sambrial, Gujranwala, Faisalabad.
7. The Deputy Collector of Customs, Appraisement Group-IV, Custom House, Karachi.
8. The Federation of Chamber of Commerce and Industry, Karachi.
9. The Karachi Chamber of Commerce and Industry, Karachi.
10. The Karachi Customs Agent Group, Custom House, Karachi.
11. All concerned