

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

File No. DG (V)/Val.Rev/411/2016

Dated: 3rd Aug 2016

Order in Revision No. 223/2016 under section 25-D of the Customs Act, 1969
against Valuation Ruling No.812/2016 dated 28-01-2016

- i. This copy is granted free of charge for the private use of the person to whom it is issued.
- ii. An appeal against this Order-in-Revision lies to the Appellate Tribunal, Customs having jurisdiction, under section 194-A of the Customs Act, 1969, within stipulated period as prescribed under the law. An appeal should bear a court fee stamp of Rs.1000/- (Rupees one thousand) only as prescribed under schedule-II item 22 of the Court Fee Act, 1870 and must be accompanied by a copy of this Order.
- iii. An extra copy of appeal, if filed, should simultaneously be sent to this office for information and record.
- iv. If an appeal is filed, the appellant should state whether he desires to be heard in person or through an advocate.

M/s. Zafar Enterprises..... PETITIONER

VERSUS

Director, Customs Valuation, Karachi..... RESPONDENT

Date(s) of hearing 19-05-2016

For the Petitioners Mr. Irfan Abbas

For the Respondent Mr. Abdul Majeed, Assistant Director
Mr. Safdar Abbas, Principal Appraiser

These revision petitions were filed under section 25-D of the Customs Act, 1969 against customs value determined vide Valuation Ruling No.812/2016 dated 28-01-2016 issued under section 25-A of the Customs Act, 1969, inter alia, on the following facts and grounds:

2. Being highly aggrieved and dis-satisfied with the issuance of Valuation Ruling No.812/2016 dated 28.01.2016, passed by the Respondent, the Petitioners begs to submit this petition on the following facts & ground:

3. FACTS

a) That the petitioners are the regular importers of tyres & tubes.

b) The petitioners have submitted various evidences showing downward price trend in the international market of raw-material used in the tyres & tubes, which was not considered by the department i.e. main component of tyres, prices of rubber and crude oil (as carbon black - second major component in tyre manufacturing, heavily rely on the



crude oil prices) have dropped from US\$ 230.90 per 100 kg and US\$ 101.67/barrel (price as on the date of last V.R. i.e. 29-Mar-14) to US\$ 126.30 per 100 kg and US\$ 33.62/barrel (price as on the date of current V.R. i.e. 28-Jan-16) - dropped by 45% and 67% respectively.

c) The petitioners requested from the platform of PTIDA and personally to conduct market enquiry in presence of the member from trade bodies i.e. FPCCI & KCCI, but the request was turn down.

d) That the petitioner felt that the price difference between the values of Japanese origin tyres and Chinese origin tyres in V.R. 812/201 is only 30% which is totally unjustified.

e) There are many anomalies in the V.R. # 812/2016, where values of small sizes have been assessed at higher value whereas a bigger size has been assessed at low price. (for e.g. S. No. 202 & 203 - 235 & 236 - 234 & 237 and many others).

4. Hence, this petition on the following grounds namely: -

i) That the learned respondent failed to appreciate the falling prices of the tyres in international market due to falling prices of the Raw-material used in the manufacturing of tyres & Tubes i.e. Rubber & Carbon Black (by product of Petroleum).

ii) That the learned respondent despite in decrease in the price of main raw-material used in the manufacturing of tyres & tubes, price of many tyres sizes in the Valuation Ruling # 812/2016 was increased without any justification especially in agricultural tyres and Off-Road (Earthmover) tyres segment.

iii) That the learned respondent has only allowed 30% price difference between Japanese Origin tyres and Chinese origin tyres, which is totally unjustified and arbitrary.

iv) That the learned respondent doesn't follow the set practice in making V.R. of Agricultural Tyres and Off-Road (Earth Mover) tyres (S. # 189 to 246) segment, which were following since the inception of the I.T.P / V.D.B (from Year 1986). his illogical and wrongly adoption of method in formulating values of Agricultural Tyres and Off the Roads (Earthmover) tyres, resulting in values of these tyres increase in the range of 34% — 105%.

v) That the petitioner respectfully request your honour to admit this petition for grant of hearing and call upon the relevant record for due consideration and seek herewith to add, alter, argue or modify any other or additional grounds at the time of hearing.

5. In view of above stated submissions, it is respectfully prayed that impugned valuation ruling # 812/2016 dated 28.01.2016 may graciously be declared null and void and issue direction to revised values downward in accordance with the downward price trend of raw-materials used in the manufacturing of Tyres & tubes or / and allow assessment under section 25 of the Custom Act 1969.

6. The respondent department was asked to furnish comments to the arguments submitted by the petitioner in the case. Para-wise comments on the petition are given as under:



7. It is submitted that the Customs values of Tyres & Tubes were determined vide Valuation Ruling No. 659/2014 dated 29-03-2014 followed by corrigenda dated 01-04-2014. The trade community was demanding revision in prices of this commodity owing to downward trend in prices of these goods in international market. Accordingly to ascertain the current prices prevailing in the international market, an exercise to determine the customs values of Tyres & Tubes were under taken by this Directorate General and revised vide Valuation Ruling No. 812/2016 dated 28.01.2016 u/s 25-A after detailed meeting with tyre importers Association and enquiry through net as well as local market. It is further stated that the trend of downward trend was also considered in revised/existing valuation ruling and the prices of Japan origin which are the base prices were declined about 10% and above in major sizes of tyres.

8. It is stated that in previous valuation ruling 659/2014 dated 29.03.2014 there was a difference 35% in prices of Japan and China origin, during inquiry it was found on higher side, so it was reduced from 35% to 30%.

9. The valuation ruling No.812/2016 was issued after detailed inquiry conducted from local market as well as through internet.

10. Grounds

i) The valuation ruling No.812/2016 dated 28.01.2016 was issued u/s 25-A after detailed meeting with tyre importers Association and enquiry through net as well as local market. It is further stated that the trend of downward trend was also considered in revised/existing valuation ruling and the prices of Japan origin which are the base prices were declined about 10% and above in major sizes of tyres.

ii to v) The values of agricultural tyres and earth moving tyres of China origin were determined as per formula adopted for other sizes of tyre i.e. 30% discount on Japanese value.

11. The appellant have not submitted any documentary evidence in support of their contention. It is requested that valuation ruling No.812/2016 dated 28.01.2016 issued under section 25-A of the Customs Act, 1969 as per law and after a detailed enquiry, thus the appeal may be rejected.

ORDER

12. I have examined the written and verbal submission of the petitioner as well as respondent department. The petitioner has mainly contended that the international price of raw material used in the tyres and tubes was not considered by the department such as prices of rubber and crude oil have dropped. The price of difference between the Japanese and Chinese origin tyres is 30% only which is totally unjustified. There are many anomalies in the Valuation Ruling where values of small sizes and higher are bigger sizes at lower prices.

13. Contrary to the above the respondent Department were of the view that customs values of tyres and tubes were determined after details meeting with the importers Association and market enquiry. Further downward trend was also considered while revising the valuation ruling during



the market enquiry of imported tyres and tubes. The difference between the Chinese and Japan origin tyres and tubes was found to be 30%.

14. Mr. Ifran Abbas, representative manager of the importer appeared for hearing and argued that the valuation ruling of "Earth Mover" Tyre mentioned at S.No.234 having tyre Sizes 23-05-25, is on higher value at US\$ 1647.50/pc while large size tyre No.26-5-25 mentioned at S.No.237 of Japan origin is lower value fixed US\$ 1061.79/pc. The factual position of these sizes of the tyre mentioned at S.No.234 and 237 in Valuation Ruling No.812/16 dated 28-01-2016 are as below:

S.No.	Description	Size	Value	Origin
234	Earth Mover Rim size 25	23-5-25-24PR	US\$ 1647.50/piece	Japan
237	Earth Mover Rim size 25	26-5-25-20PR	US\$ 1061.79/piece	Japan


15. The contention of the importer was considered. However, it was found that the two tyre types under reference are of different ply i.e., 24 ply tyre is on higher side whereas 20 ply tyre is on lower side. The price variation in accordance with above statement has also been confirmed through website of Zauba, which shows value of imports in India.

16. As far as weight of agricultural / earth mover's tyre is concerned, the weight of earth mover tyre is about 80 kg which was confirmed through representative of the importer Mr. Irfan Abbas. Hence the value of above mentioned tyres comes to US\$ 5.88/kg and US\$ 3.78/kg respectively.

17. In view of above, I have inferred that customs values have been determined on reasonable and sound basis after giving opportunity to the stakeholders, in accordance with the law. The same is therefore upheld and revision petition is rejected.

18. Being identical on facts and law points, this order shall apply mutatis mutandis to the following (01) petition.

M/s Sargodha Chamber of Commerce & Industry
DG(V)Val.Rev/412/2016


(Syed Tanvir Ahmad)
Director General

Registered copy to:

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