



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

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

DETERMINATION OF CUSTOMS VALUES OF IRON & STEEL HRC, CRC AND GP
SECONDARY QUALITY UNDER SECTION 25-A OF CUSTOMS ACT, 1969.

(VALUATION RULING NO.7/7 / 2015)

No. Misc/32/2007-VI

Dated: February 11, 2015

The Customs values of iron and steel HRC, CRC and GP, secondary quality, were determined under Section 25A of the Customs Act, 1969; vide Valuation Ruling No.560 dated 12-06-2013. Since these values were determined more than a year ago, and that importer of subject items have pleaded to align values according to international prices, therefore, the issue was taken up for redetermination of customs values of secondary quality HRC, CRC and GP coils.

2. **Background of the Valuation Issue:** Importers have represented before the Department that values in international market have significantly reduced and valuation may accordingly be re-determined. Local manufacturers on the other hand have been taking a quite different and divergent stand.

Importers' main contention is that secondary quality HRC, CRC and GP coils are comparatively much cheaper than the prime quality coils and values of secondary coils vary from 20% to over 30 percent less than prime quality coils. They also contended that in the present tariff regime, the incidence of duty is twice as much on the secondary quality as compared to prime quality. On the other hand, local manufacturers have contended that difference between primary and secondary quality HRC, CRC and GP is not very significant and difference varies from 5%~8%. The case record indicates that prices quoted in the LMB have previously been considered while determining prices of secondary quality coils. For detailed deliberations on the issue, stakeholders' meetings were held on 15.01.2015 and 29.01.2015 where local manufacturers, importers and representatives of trade bodies, FPCCI and KCCI also participated.

After the scrutiny of available data, and input from stakeholders, it was observed that:

- (i) The prices of HRC, CRC and GP coils of prime quality are given in the London Metal Bulletin. It is indicative of prevailing market prices and are regarded as appropriate by all types of stakeholders.
- (ii) Prime quality iron and steel products are assessed on the basis of prices reflected in the London Metal Bulletin.
- (iii) The case history shows that the values of this item have remained volatile, as there has been price variation in the international market.
- (iv) The prices as quoted in LBM, taken as a bench mark are much better than any other criteria for the determination of customs values and this bench-marking has wide acceptability in the trade and industry circles.



3. **Methodology adopted to determine custom values.** Valuation methods given in section 25 of the Customs Act, 1969 were examined to ascertain as to which method was applicable to the valuation issue in hand in terms of section 25-A of the Act. Transactional value method provided in section 25 (1) was found inapplicable because sufficient information was not available as per law. The Identical /Similar Goods Value Methods, as provided in section 25(5) & (6) were examined for their applicability to the valuation issue in hand. These methods of valuation were not reliable as there were wide variations in the declarations. The Deductive Value Method as provided in section 25 (7) of the Act was also examined but market values also varied and could not be made the sole basis for determination of customs values. Keeping all the factors in view and after carefully analyzing all the available information from different sources, Customs values of the subject items were determined under section 25 (9) of the Customs act, 1969.

4. **Custom values for HRC, CRC and GP of secondary quality** Flat rolled iron and steel products, namely, HRC, CRC and GP of secondary quality imported from different *origins* and hereinafter specified shall be assessed to duty/taxes on the custom values mentioned against them in the table below:

S. No	Description of goods	PCT Heading	Proposed PCT for WeBOC	Custom Value (US\$ /PMT)
(1)	(2)	(3)	(4)	(5)
1	Iron & Steel HRC Secondary quality	7208.1010 7208.2510 7208.2610 7208.2710 7208.3610 7208.3710 7208.3810 7208.3910 7208.4010 7208.5110 7208.5210 7208.5310 7208.5410 7208.9010	7208.1010.1000 7208.2510.1000 7208.2610.1000 7208.2710.1000 7208.3610.1000 7208.3710.1000 7208.3810.1000 7208.3910.1000 7208.4010.1000 7208.5110.1000 7208.5210.1000 7208.5310.1000 7208.5410.1000 7208.9010.1000	LMB prices of prime quality. Less 15% (on account of secondary quality difference). add US\$ 40/MT (on account of freight charges)
2	Iron & Steel CRC Secondary quality	7209.1510 7209.1610 7209.1710 7209.1810 7209.2510 7209.2610 7209.2710 7209.2810 7209.9010	7209.1510.1000 7209.1610.1000 7209.1710.1000 7209.1810.1000 7209.2510.1000 7209.2610.1000 7209.2710.1000 7209.2810.1000 7209.9010.1000	
3	Iron & Steel GP Coil Secondary quality	7210.4910	7210.4910.1000	



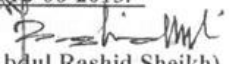
5. In cases where declared/ transaction values are higher than the Customs values determined in this Ruling, the assessing officer shall apply those values in terms of sub-section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into account the differential between air freight and sea freight while applying the Customs values determined in this Ruling.

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

7. **Revision of the value determined vide this Valuation Ruling:** A revision petition may be filed against this Ruling, as provided under Section 25-D of the Customs Act, 1969, within 30 days from the date of issue, before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

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

9. **This Ruling supersedes Valuation Ruling No.560/2013 dated 12-06-2013.**


(Abdul Rashid Sheikh)
Director

Copy for information to :-

1. Member (Customs), F.B.R., Islamabad.
2. Director General, Customs Valuation, Custom House, Karachi.
3. Chief Collector of Customs, South (Appraisalment), Custom House, Karachi.
4. Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. Chief Collector of Customs (Central), Lahore.
6. Chief Collector of Customs (North), Islamabad.
7. Director General, Intelligence and Investigation, Islamabad.
8. Director General, Post Clearance Audit, Islamabad.
9. Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
10. The Project Director, WeBOC, 11th Floor, Custom House, Karachi.
11. Director, Customs Valuation, Custom House, Lahore.
12. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in WeBOC database and deleting Valuation Ruling No.550/2013 dated 23-04-2013
13. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
14. Chairman (Valuation Committee), KCC&I, Aiwane-Tijarat Road, Karachi.
15. Customs Revenue Audit, 8th Floor, Custom House, Karachi.
16. Law Section, Customs Valuation, 7th Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7th floor, Custom House, Karachi.
18. Karachi Customs Agents Group, Bohri Road, Karachi.
19. CHO, Customs Valuation, Custom House, Karachi.
20. Notice Board, Customs Valuation 7th Floor, Custom House, Karachi / MCC, Appraisalment, 1st floor, Custom House, Karachi.
21. Guard File.