



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE KARACHI

The Collector of Customs, Model Customs Collectorates, Appraisal and Facilitation (East / West) / Port Qasim / Enforcement and Compliance, JIAP, Karachi / (Appraisal and Facilitation / Enforcement and Compliance), AIA Lahore / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad / Quetta / Appraisal and Facilitation / Enforcement and Compliance Peshawar / Gwadar / Gilgit-Baltistan / Exports (Karachi / Port Qasim) / Transit & Trade, Karachi.

Determination of Customs Values of Polyester Spun Yarn, Viscose Spun Yarn, Acrylic Spun Yarn and Blends thereof, Under Section 25-A of the Customs Act, 1969

(VALUATION RULING NO. 1465 / 2020)

No. DG/VDB/REF/48/VAL/2016-IV

5038

Dated: 13 -08-2020

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, custom values of Polyester Spun Yarn, Viscose Spun Yarn, Acrylic Spun Yarn and blends thereof, are determined as follows:

2. **Background of the Valuation Issue:** Earlier the Customs values of Polyester Spun Yarn, Viscose Spun Yarn, Acrylic Spun Yarn and blends thereof were determined vide Valuation Ruling No.1431/2019 dated 03.12.2019. There was a representation from Pakistan Yarn Manufacture Association (Pakistan), wherein they contended that value of subject item needs to be aligned with international values. Keeping in view the prevailing prices of the subject goods, this Directorate General initiated an exercise for determination of the Customs Values in terms of Section 25-A of the Customs Act, 1969. Since the existing Valuation Ruling is formulae based and the formulae have been determined with the participation of stakeholders and industry experts, therefore, fresh values as per the formulae were obtained for calculation and determined of values of subject goods.

3. **Stakeholders' Participation in Determination of Customs Values:** Meeting with stakeholders, M/s All Pakistan Textile Mills Association (APTMA) and M/s Pakistan Yarn Merchants Association (PYMA) was held on 28-07-2020. Representative of both Associations acknowledged downward price trends of raw materials in the international markets. M/s PYMA communicated/suggested the values of Polyester Staple Fiber (PSF), Viscose Staple Fiber (VSF) and Acrylic Fiber obtained from CCFEI website. The Director followed the formula/procedure as mutually agreed by both trade bodies i-e., M/s APTMA and M/s PYMA which were determined while issuing earlier valuation ruling for subject goods. Followings are the relevant details required



as agreed for determination of Customs Values of Spun Yarn (Polyester, Viscose & Acrylic) and blend thereof.

a. That for raw material:

Two months import data from WeBOC is taken and data of identical goods is taken from CCFEI (China Chemical & Fiber Economic Information Network-CCFEI Website (CCFEI data being unbiased and neutral cannot be influenced by any of the stakeholders) and to take weighted averages of two months (i.e. total of value divided by total of quantity, without any outliers). Data from WeBOC and CCFEI website is used to ascertain the international raw material trading-prices of polyester staple fiber, viscose staple fiber and acrylic staple fiber separately. In this manner the value calculated for Polyester staple fiber is US \$ 0.781/Kg (months of May and June, 2019). Value calculated for Viscose staple fiber is US \$ 1.135/Kg (months of May and June, 2019). Value calculated for Acrylic staple fiber is US \$ 1.430/Kg (months of May and June, 2019).

b. That for determination of the conversion costs(from polyester / viscose staple fibers to subject items) for each count of polyester and viscose yarn:

After detailed examination of each aspect of manufacturing, the agreed upon conversion-costs (for each count of polyester, viscose and blended yarns) were separately provided by the PYMA and APTMA), keeping in view the Ring Spinning machines, Rotor Spinning Machines and Vortex/Jet Spinning machines (MJS or MVS). These conversion costs were adopted to determined values of subject items. Conversion cost from raw material (i.e.100% polyester and 100% viscose staple fiber) to a single count-yarn/Kg is = US \$ 0.0175/count/Kg provided below vide Table-A.

c. The conversion cost to convert staple fiber (of polyester, viscose and Acrylic) into blended yarn:

The agreed upon conversion-costs (for each count of polyester, viscose and blended yarns of Ring Spinning machines, Rotor Spinning Machines and Vortex/Jet Spinning machines (MJS or MVS) were separately provided by the industry experts i.e. PYMA and APTMA. These conversion costs were adopted to determine values of subject items. Conversion cost from raw material (i.e. Polyester and viscose staple fiber) to a single-count-blended-yarn/Kg is = US \$ 0.02/count/Kg provided in Table-B.

d. The conversion cost of converting staple fiber (of polyester and viscose) into double or multiple yarn of different counts that are being imported:

Agreed upon conversion-costs (for double and multiple yarn of each count of polyester, viscose and blended yarn of Ring Spinning machines, Rotor Spinning Machines and Vortex/Jet Spinning machines (MJS or MVS) were separately provided by the industry experts i.e. PYMA and APTMA. These conversion costs were adopted to arrive at the values of subject items. The additional conversion cost of converting any of the subject yarns into doubled/folded/multiple yarns of 20 count, 30, 40 and 50 counts are separately specified vide Table C below.



4. Moreover fixed CONVERSION COST TABLES (i.e. cost of energy, cost of labor, machinery-depreciation cost and machine-maintenance cost) provided to the Directorate General Customs Valuation are as follows: -

| Table A | | For 100% Polyester or 100% Viscose Yarn. (US\$.0175/Count/Kg) | |
|---------|--|---|-----|
| Count | | Conversion Cost | |
| 10 | | \$0.175 | /KG |
| 20 | | \$0.350 | /KG |
| 26 | | \$0.455 | /KG |
| 30 | | \$0.525 | /KG |
| 36 | | \$0.630 | /KG |
| 40 | | \$0.700 | /KG |
| 50 | | \$0.875 | /KG |
| 60 | | \$1.050 | /KG |

| Table B | | For Blends of Polyester-Viscose & Polyester-Acrylic in any Ratio. (US\$.02Count/Kg) | |
|---------|--|---|-----|
| Count | | Conversion Cost | |
| 10 | | \$0.200 | /KG |
| 20 | | \$0.400 | /KG |
| 26 | | \$0.520 | /KG |
| 30 | | \$0.600 | /KG |
| 36 | | \$0.720 | /KG |
| 40 | | \$0.800 | /KG |
| 50 | | \$1.000 | /KG |
| 60 | | \$1.200 | /KG |

| Table C | | Doubling Expense/Cost | |
|---------|--|-----------------------|-----|
| Count | | Doubling Cost | |
| 20 | | \$0.25 | /KG |
| 30 | | \$0.30 | /KG |
| 40 | | \$0.40 | /KG |
| 50 | | \$0.50 | /KG |



Formulae for converting 100% Polyester Staple Fiber into 100% Polyester Yarn
AND
For 100% Viscose Staple Fiber into 100% viscose yarn

Formula A

| | | | | | | | | | | | |
|---|---|---|---------------------------------|---|---|--|---|----------------------------|---|---|-------------------------|
| 3 month WeBOC Data for unit price of each Month | } Weighted AVG of the 03 months values | = | Raw Material Cost in US\$/Kg | + | [| Yarn Conversion Cost @ 0.0175 / each Count / Kg [Table A] | x | Yarn count [Table A] |] | = | Single Yarn Value |
| 3 Month CCFEI Data for Unit Price of each Month. | | | | | | | | | | | |

