



GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
7th FLOOR, CUSTOM HOUSE KARACHI



The Collectors of Customs, Collectorates of Customs (Appraisalment – East / West / Port Muhammad Bin Qasim / SAPT) / Enforcement / JIAP, Karachi / Hyderabad / Quetta (Appraisalment / Enforcement), Gawadar / (Appraisalment / Enforcement), AIIA, Lahore / Appraisalment (East/West), Lahore, Faisalabad / Appraisalment, Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Sargodha / Khuzdar, Gilgit-Baltistan / (Appraisalment / Enforcement), Peshawar (Appraisalment / Enforcement), Dera Ismail Khan / Exports (Port Qasim / Custom House, Karachi) / Transit Trade, Karachi.

**DETERMINATION OF CUSTOMS VALUES OF WELDING ELECTRODE
(MS, SS, & Bronze) UNDER SECTION 25A OF THE CUSTOMS ACT, 1969**

(PUBLICATION VALUATION RULING No. 45 /2024)

No. Misc/11/2015-VI/482

Dated: 15.05.2024

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, Customs values of Welding Electrode (MS, SS, & Bronze) are determined as follows: -

2. **Background of the Valuation:** Customs values of Welding Electrode (MS, SS, & Bronze) were determined vide Valuation Ruling No. 1252/2018 dated 25-01-2018. The Directorate initiated an exercise for fresh determination under Section 25A of the Customs Act, 1969, in view of the FTO's findings/recommendations dated 20.03.2024 to complete the process for issuance of Valuation Ruling.

3. **Stakeholders' participation in determination of Customs values:** Meeting with stakeholders was scheduled on 11/03/2024, 19/03/2024 and 06/05/2024 and attended by manufacturer M/s. Shanghai Industries (Pvt) Ltd, and importers M/s. Ashraf Welding House, Lahore, M/s. New Light House, M/s. Dhanani Enterprises, M/s. Maintalloys Pvt Ltd., etc. The issues pertaining to the valuation of subject goods were deliberated upon in detail in the aforesaid meetings.

4. During the course of meeting, the representative of M/s. Shanghai Industries Pvt Ltd., claimed to be the largest manufacturer of welding electrode in the country and contested that the Valuation Ruling No. 1252/2018 dated 25.01.2018 was issued in the light of market survey while London Metal Bulletin is a better instrument to reach at fair value of subject goods. The constituent material of welding electrodes are approx. 70% wire rod while the percentage of flux and potassium was calculated 30% which is lower side, therefore, the percentage of flux and potassium should be increased. Whereas, the importers argued that values may be determined in terms of market survey and not on LMB prices and single customs value may be determined for all brands of Mild Steel welding electrodes as has been done in Stainless steel and Bronze welding electrodes. They further submitted that values in internationally market also declined due to mass production, technological advancement and cheap labour in China.

5. **Analysis / Exercise done to determine Customs Values:** Meeting with stakeholders was scheduled wherein importers argued that the market prices of Welding Electrodes are much lower than the Customs Values determined in the previous Valuation Ruling. Therefore, the



values determined in the Valuation Ruling may be decreased. To proceed further in the matter, Ninety (90) days' data has also been retrieved and the same has been scrutinized. Subsequently, market inquiry has been conducted and examined in the light of this Directorate's Office Order No.17/2014 dated 19-03-2014 and in terms of Section 25(7) of the Customs Act, 1969 read with Section 25(9) *ibid*.

6. **Methods Adopted to Determine Customs Values:** Valuation methods given in Section 25 of the Customs Act, 1969 were followed to arrive at customs values of welding electrodes. Transaction value method provided in Section 25 (1) was found inapplicable because the requisite information was not available. Identical / similar goods value methods provided in Section 25(5) & (6) were examined for applicability to the valuation issue in the instant case which provided some reference values of the subject goods but the same could not be exclusively relied on due to wide variation in declared values of subject goods. Thereafter, market enquiry as envisaged under section 25(7) of the Customs Act, 1969, was conducted. The computed value method as provided in Section 25(8) of the Customs Act, 1969, was also applied. Further, wire rod prices were retrieved from London Metal Bulletin (LMB) and conversion cost was added to arrive at fair cost of production of Welding Electrode. All the information so gathered was evaluated and analyzed for the purpose of determination of customs values. Consequently, the Customs values of welding electrodes have been determined under Section 25(9) of the Customs Act, 1969, read with Section 25(8) and the proviso to sub-section (1) of Section 25(A) of the Customs Act, 1969.

7. **Customs values for Welding Electrode (MS, SS, & Bronze):** Welding Electrode (MS, SS, & Bronze) *hereinafter specified* shall be assessed to duty / taxes on the following customs values:

Table – A

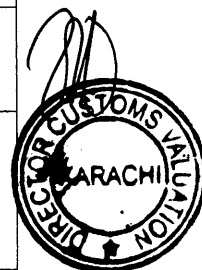
	Description	H.S. Code	Proposed PCT for WEBOC	Origin	Customs Value (C&F) US\$/kg
(1)	(2)	(3)	(4)	(5)	(6)
01	MS Welding Electrode AWS E6013	8311.1000	8311.1000.1000	China	70% of LMB prices (wire rod) (+) add 5% (on account of Draw quality, size etc) (+) add US\$ 188/M.Ton for other raw materials (+) add 15% (manufacturing and fabrication cost) (+) add US\$ 60/MT (minimum, on account of freight charges).
02			8311.1000.1100	Other origins	70% of LMB prices (wire rod) (+) add 5% (on account of Draw quality, size etc.) (+) add US\$ 210/M. Ton for other raw materials (+) add 15% (manufacturing and fabrication cost) (+) add US\$ 60/ MT (minimum, on account of freight charges).



03	MS Welding Electrode AWS E7018	8311.1000	8311.1000.1200	China	70% of LMB prices (wire rod) (+) add 5% (on account of Draw quality, size etc) (+) add US\$ 240/ M. Ton for other raw materials (+) add 15% (manufacturing and fabrication cost) (+) add US\$ 60/ MT (minimum, on account of freight charges).
04			8311.1000.1300	Other origins	70% of LMB prices (wire rod) (+) add 5% (on account of Draw quality, size etc) (+) add US\$ 275/M.Ton for other raw materials (+) add 15% (manufacturing and fabrication cost) (+) add US\$ 60/ MT (minimum, on account of freight charges).

Table —B

S. No.	Description	H.S. Code	Proposed PCT for WEOC	Customs Value (C&F) US\$/kg	
				China	Other origins
(1)	(2)	(3)	(4)	(5)	(6)
01	SS Welding Electrode	8311.1000	8311.1000.1400	2.47	2.88
02	Bronze Welding Electrode		8311.1000.1500	6.97	8.10



Note: [Welding Electrode is mainly made up of wire rod (70%) and blended powder Flux potassium carbonate, silicate, etc (30%)].

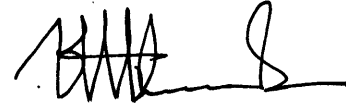
8. In cases where declared/transaction values are higher than the Customs values determined in this Ruling, the assessing officers shall apply those values in terms of Sub-Section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into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

9. **Validity of this Valuation Ruling:** The values 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-Sections (1) or (3) of Section 25-A of the Customs Act, 1969.

10. **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 of this ruling, before the Director General, Directorate General of Customs Valuation, 7th Floor, Custom House, Karachi.

11. The Collectors of Customs may kindly ensure that the values given in the Ruling for 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. Customs values determined in the ruling are for the description and specifications as mentioned herein. PCT Codes are mentioned for illustrative purposes so that valuation ruling values are made accessible to the assessing officers. The assessment shall be finalized on the basis of correct classification after fulfilling requisite formalities related to importability or any other certification required thereon. In addition to this, it is further necessary to verify that there is no mis-declaration of any sort or violation of Import Policy Order or Section 15 of the Customs Act, 1969 or any other law in vogue therein.

12. ***This ruling supersedes Valuation Ruling No. 1252/2018 dated 25-01-2018.***



(Fayaz Rasool Maken)
Director

Copy for information to: -

1. The Member Customs (Operations), Federal Board of Revenue, Islamabad.
2. The Director General, Customs Valuation, Custom House, Karachi.
3. The Chief Collector of Customs, Appraisal (South), Custom House, Karachi.
4. The Chief Collector of Customs, Enforcement (South), Custom House, Karachi.
5. The Chief Collector of Customs, Appraisal (Central), Custom House, Lahore.
6. The Chief Collector of Customs, Enforcement (Central), Custom House, Lahore.
7. The Chief Collector of Customs (North), Custom House, Islamabad.
8. The Chief Collector of Customs, Baluchistan, Custom House, Quetta.
9. The Chief Collector of Customs, Khyber Pakhtunkhwa, Custom House, Peshawar.
10. The Director General, Intelligence and Investigation (Customs) FBR, Islamabad.
11. The Director General, PCA & Internal Audit, Karachi.
12. The Director General, IOCO, Karachi.
13. The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad/Hyderabad/Multan.
14. The Director General, Transit Trade, Custom House, Karachi.
15. The Director, Directorate of Customs Valuation, Lahore/Quetta/Peshawar.
16. The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WeBOC database system.
17. The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
18. The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
19. The Karachi Customs Agents Association, Bohri Road, Karachi.
20. The Webmaster, Federal Board of Revenue, Islamabad.
21. Guard File.