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GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
CUSTOM HOUSE, KARACHI

The Collectors of Customs, Collectorates of Customs, Appraisement & Facilitation (East / West) / Port Muhammad Bin Qasim / JIAP, Karachi (Appraisement & Facilitation / Enforcement & Compliance), AIIA Lahore / Sambrial (Sialkot) / Faisalabad / Multan / Islamabad / Hyderabad / Quetta (Appraisement / Preventive) / Peshawar (Appraisement / Preventive) / Gwadar / Gilgit-Baltistan / Export (Karachi / Port Qasim).


**DETERMINATION OF CUSTOMS VALUES OF IRON & STEEL SCRAP
(REMELTABLE/ HMS SCRAP / SHREDDED SCRAP / RE-ROLLABLE
SCRAP, COMPRESSOR SCRAP & OTHER SCRAPS UNDER SECTION 25-
A OF THE CUSTOMS ACT, 1969.**

(VALUATION RULING NO ¹⁵⁴⁷/2021)

No. Misc/03/2012-VI/585.

Dated: 06-08-2021

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Iron & Steel Scrap (Remeltable/HMS Scrap / Shredded Scrap / Re-Rollable Scrap, Compressor Scrap & other Scraps are determined as follows:

 2. **Background of the valuation issue:** Earlier the customs values of Iron & Steel Scrap (Remeltable/HMS Scrap / Shredded Scrap / Re-Rollable Scrap, Compressor Scrap & other Scraps) were determined vide Valuation Ruling No.1517/2021, dated 25-02-2021. However, some importers filed petitions before the Director General Customs Valuation who, vide Order-in-Revision No. 16/2021 dated 26-05-2021 set aside the said Valuation Ruling and directed that afresh Valuation Ruling of all types of scrap (including motor scrap) may be issued after giving proper hearing to all concerned importers. Therefore, an exercise to determine the Customs values of the subject goods afresh was initiated under section 25-A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of Customs values:** Meetings were held on 29-06-2021 and 29-07-2021, which were attended by various stakeholders including the representatives of trade bodies i.e. FPCC&I & KCC&I, Pakistan Association of Large Steel Producers, Pakistan Steel Melters Association, Pakistan Steel Re-Rolling Mills Association, as well as representatives of Clearance Collectorates. All the participants were requested to submit following documents so that correct customs values could be determined:-

- i) Invoices of imports during last three months showing factual value.
- ii) Websites, names and E-mail addresses of known foreign manufacturers of the item in question through which the actual current value can be ascertained.

- iii) Copies of Contracts made / LCs opened during the last three months showing the value of item in question.
- iv) Copies of Sales Tax Invoices issued during last four months showing the difference in price (excluding duty and taxes) to substantiate that the benefit of difference in price is passed on to the local buyers.

4. Most of the participants of the meeting contended that the values determined on the basis of London Metal Bulletin are causing problems to the importers of different kinds of scraps at clearance stage because the prices of only Shredded Scrap for Pakistan imports are available in LMB. For other types of scrap like HMS, re-rollable, compressor, motor etc., there exists no published price mechanism. Some of the stakeholders opined that price of Shredded Scrap be hedged with LMB and other types of scraps be priced at a fixed value or a percentage factor from LMB of Shredded Scrap. But there was no agreement between the stakeholders as well as departmental representative on such percentage. Proposals like taking into account LMB prices published for destinations of India or Bangladesh were also considered. Some participants were of the view that LMB prices of other scraps for India be taken into consideration, being in proximity to Pakistan and almost equal freight factor. However, representative of Clearance Collectorate stated that India, having a huge market and import volume, cannot be compared with Pakistan and suggested that comparison of LMB prices with Bangladesh be taken into account. Difference of values between Re-meltable and Re-rollable scrap was also discussed in detail. The importers of re-meltable scrap were of the opinion that value of re-rollable scrap should be US\$ 65-100 higher than re-meltable. The importers of re-rollable scrap, on the other hand, argued that difference should not be more than US\$ 20-30 and contended that prices of both types of scrap are either same or re-rollable is even cheaper than re-meltable in international market. The documents submitted by the stakeholders, arguments advanced during meeting, LMB price trends and imports data were examined for determination of customs value of subject goods.

5. **Method adopted to determine Customs values:** Valuation methods provided in Section 25 of the Customs Act, 1969, were duly applied in their regular sequential order to arrive at customs values of subject goods. The transaction value method as provided in Sub-Section (1) of Section 25 of the Customs Act, 1969, was found inapplicable because requisite information was not available as per law. The wide variation of values displayed in the import data as available on record also strengthened the aforementioned fact. Hence requisite information under law was not available to arrive at the transaction value. Therefore, identical / similar goods value methods as provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to the valuation issue in the instant case. The same provided some reference values but could not be exclusively and solely relied upon. In line with the statutory

sequential order of Section 25, this office conducted market inquiries under sub-Section (7) of section 25 of the Customs Act, 1969, however, this method of valuation could not be exclusively relied upon. Therefore, valuation method vide Section 25(8) was examined for valuation but the same also could not be applied as conversion cost from the constituent material and allied expenses, at the country of export were not available for manufacturing of the subject goods. Finally, clearance data, market information and international prices through internet were examined thoroughly and the information so gathered were utilized and analyzed for determination of customs values of the subject goods under Section 25 (9) of the Customs Act, 1969.

6. **Customs values hereinafter specified** shall be assessed to duty / taxes at the following minimum Customs Values given against them in the Table below:-

S. No.	Description of goods	PCT	Proposed PCT for WEOC	Origin	Customs Values (C&F) (US \$ / MT)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Iron & Steel Remeltable Scrap Shredded Scrap, HMS Scrap, Press Bundle Scrap etc.	7204.4100 7204.4990	7204.4100.1000 7204.4990.1000	All Origins	530/-
2.	Iron & Steel Re-Rollable Scrap	7204.4910	7204.4910.1000	All Origins	595/-
3.	Compressor Scrap	7204.4940	7204.4940.1000	All Origins	820/-
4.	Motor Scrap	7204.4990	7204.4990.1100	All Origins	620/-
5.	Aluminum Broken Parts without from attachment	7602.0090	7602.0090.1000	All Origins	1,500/-
6.	Aluminum Broken Parts with Iron attachment	7602.0090	7602.0090.1100	All Origins	1,275/-
7.	Aluminum Auto Parts Scrap	7602.0010	7602.0010.1000	All Origins	1,275/-

7. 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.

8. **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-section (4) of Section 25-A of the Customs Act, 1969.

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

10. The Collectors of Customs may kindly ensure that the values given in this Valuation 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 specification as mentioned in the above table of this Ruling. HS 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.

11. ***This ruling supersedes Valuation Ruling No.1517/2021 dated 25-02-2021.***


(Shafique Ahmed Latki)
Director

Copy for information to: -

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