



GOVERNMENT OF PAKISTAN  
DIRECTORATE GENERAL OF CUSTOMS VALUATION  
CUSTOM HOUSE KARACHI  
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RULING U/S 25-A NO. 291

No. Misc/27/2010-VIA/174

Dated 24-01-2011

Note:

- i) *The customs value determined under this Valuation Ruling shall be applicable custom value for assessment of the relevant goods until and unless revised or rescinded by the competent authority.*
- ii) *Review application against this valuation ruling may be filed before the Director-General of Valuation under Section 25D of the Customs Act, 1969, within thirty days from the date of determination of customs value under this ruling.*

Subject : DETERMINATION OF CUSTOMS VALUE OF STAINLESS STEEL SHEETS / COILS (SECONDARY QUALITY) UNDER SECTION 25A OF THE CUSTOMS ACT, 1969

Assessment of Iron & Steel products including Stainless Steel Sheets / Coils was being carried out on the basis of formula suggested to Board vide letter C.No. SI/Misc/400/2003-V dated 06-09-2004 by the Appraisement Collectorate which was approved by the Board vide its letter C.No.11130/CTR/2000 dated 27-10-2004. The said assessment formula was applicable for six months and was required to be reviewed to keep assessable prices in line with the international prices of stainless steel products. On receipt of references from reputed local manufacturers of Iron & Steel products regarding under invoicing and application of old LMB prices pertaining to the year 2004 in the import of certain items of Iron & Steel including Stainless Steel Sheets/Coils, the then Director of Customs Valuation determined formula based customs values under Section 25A vide letter C.No Misc/13 2006-IVA/2264A dated 21-05-2007 for Stainless Steel Sheets/Coils AISI-300 and AISI-200 series. The value for AISI-400 series was also subsequently determined vide letter No. Misc-25/2007-IVA/3858 dated 29-08-2007 by the then Director of Customs Valuation. Representations were received against the customs value determined for AISI-400 series wherein some importers as well as All Pakistan Stainless Steel Importers Association pointed out that the prices of AISI-400 series are now being published in the LMB since August, 2007 and the same may be

revised in the light of LMB prices. Accordingly values of AISI-400 series were reviewed and revised by the then Director General Valuation vide letter Misc/25/2007-IVA/5771 dated 29-11-2007. Since the LMB prices continued to fluctuate in the international market, the customs values of Stainless Steel Sheets / Coils for AISI-200, AISI-300 and AISI-400 series were again reviewed and revised by the then Director General Customs Valuation on LMB based formula vide Valuation Ruling No. 55/2007 dated 10-12-2007 (Misc./13/2006/IVA). All Pakistan Stainless Steel Importers Association subsequently requested for revision of prices of AISI-200 series also. Some of the importers also approached the Honourable High Court of Sindh who directed the Customs Authorities to determine the customs value in accordance with law within 30 days. Accordingly an order of determination of value of Stainless Steel AISI-200 series was issued vide letter No. Misc/25/2007-IVA/3711 dated 01-09-2008.

2. Assessment of Stainless Steel Coils/Sheets was being done on the above basis. However, some of the importers again filed writ petitions before the Honorable Lahore High Court against the Valuation Ruling No.55/2007, dated 10-12-2007 stating that the Director General has no jurisdiction to issue the valuation ruling under Section 25A(1) of the Customs Act, 1969 and valuation advice/ruling loses force after lapse of 90 days in terms of Section 25(5) & (6) of the Customs Act, 1969, read with Rule 107(a) of the Customs Rules, 2001. The Honourable Court ordered release of the goods under Section 81 of the Customs Act, 1969 and the said petitions are pending decision of the Court. However, the Honorable Lahore High Court decided in Writ Petition No.21573/2009 filed by M/s.Steel Network on 11-03-2010 that the "respondents are at liberty to proceed in resolving any factual controversy with the petitioners so that the same may be concluded amicably without awaiting the judgment of the Honorable Supreme Court."

3. Meetings were held with all stakeholders on 28-04-2010, 14-06-2010 & 19-10-2010. During meetings representatives of All Pakistan Stainless Steel Importers Association contended that in the earlier formula application of China domestic prices of LMB, without deduction of 17% VAT, 10% addition to cover the thinner gauge, 15% loading in case of Japan origin for AISI-400 series is not justified. Representative of

Mughal Steel Lahore (local manufacturers) contended that the addition on thinner gauge should not be less than 17%, discount of Secondary Quality should be 10%, loading should be 20% instead of 15% in case of Japan origin goods, there should be no 5% discount on Indian origin goods and the freight should be at par with the current rates of freight applicable on AISI-300 series. They also stated that they have no objection on 20% discount on AISI-200 series over averages price of AISI-300 series. (Non magnetic) reported in the London Metal Bulletin for the relevant period. During meetings importers as well as local manufacturers were asked to provide corroboratory documents in support of their respective contentions regarding the additions / deductions over the LMB prices of prime quality to arrive at the customs value of secondary quality for which they had promised to provide the same within a week but failed to do the same. However, All Pakistan Stainless Steel Importers Association submitted a letter dated 15-01-2011 stating that all litigation belongs to AISI-400 series on the grounds that prices quoted in LME are China Domestic prices wherein 17.5% VAT is also included which should be excluded from the prices to resolve the issue and that they will withdraw all cases pending in Courts.

4. Import data was examined. Since the clearances were being made on values determined under earlier rulings, the transaction value data could not be relied upon as true customs value as envisaged under Section 25(1), 25(5), 25(6) and (7) of the Customs Act, 1969. Having considered contentions of importers and local manufacturers, values of stainless steel secondary quality have been worked out, keeping in view the LMB prices of last three months i.e. from October, 2010 to December, 2010 which have also been agreed by All Pakistan Stainless Steel Importers Association. Accordingly, following customs values have been determined under Fall Back Method as envisaged under Section 25(9) of the Customs Act, 1969. -

S. No.	Description of goods	H.S.Code	Origin	Customs value U/S 25A
1	2	3	4	5
01.	Stainless Steel Sheets/ Coils/ Circle AISI-200 series (Secondary Quality)	7219.1100 7219.1200 7219.1300	All origins excluding Japan, India & China	US\$ 1,212/Kg
02.	Stainless Steel Sheets/ Coils/ Circle AISI-200 series (Secondary Quality)	7219.1400 7219.2100 7219.2200	Japan	US\$ 1,388/Kg

03.	Stainless Steel Sheets/ Coils/ Circle AISI-300 series (Secondary Quality)	7219.2310 7219.2390 7219.2410	India	US\$ 1.154/Kg
04.	Stainless Steel Sheets/ Coils/ Circle AISI-200 series (Secondary Quality)	7219.2490 7219.3100 7219.3210	China	US\$ 1.090/Kg
05.	Stainless Steel Sheets/ Coils/ Circle AISI-300 series (Secondary Quality)	7219.3290 7219.3310 7219.3390	All origins excluding Japan & China	US\$ 1.898/Kg
06.	Stainless Steel Sheets/ Coils/ Circle AISI-300 series (Secondary Quality)	7219.3410 7219.3490 7219.3510	Japan	US\$ 2.163/Kg
07.	Stainless Steel Sheets/ Coils/ Circle AISI-300 series (Secondary Quality)	7219.3590 7219.9010 7219.9090	China	US\$ 1.708/Kg
08.	Stainless Steel Sheets/ Coils/ Circle AISI-400 series (Secondary Quality)	7220.1100 7220.1210 7220.1290	All origins excluding Japan & China	US\$ 1.049/Kg
09.	Stainless Steel Sheets/ Coils/ Circle AISI-400 series (Secondary Quality)	7220.2020 7220.2090 7220.9010	Japan	US\$ 1.094/Kg
10.	Stainless Steel Sheets/ Coils/ Circle AISI-400 series (Secondary Quality)	7220.9090	China	US\$ 0.957/Kg

5. The above values are hereby determined under section 25A of the Customs Act, 1969. All the Customs Collectorates are advised to finalize the assessment on the value mentioned above. These values shall remain valid until revised. However, if the invoice value is higher than the value in this ruling, then such higher value shall be adopted for assessment.

*W. Khan*

28-1-11

*(Signature)*

( MUHAMMAD IBRAHIM VIGHIO )  
DIRECTOR

Office Secretary  
Karachi Customs Agents Association

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08. The Deputy Director (Hqs.), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & PaCCS database on the date of issue of this ruling.
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