

The Collector of Customs, Collectorate of Customs (Appraisement -West / Appraisement -East / Appraisement - Port Muhammad Bin Qasim / Enforcement / JIAP), Karachi /Hyderabad / (Appraisement / Enforcement),Quetta / Gawadar / (Appraisement / Enforcement / AIIA), Lahore / Appraisement, Faisalabad / Appraisement, Sambrial (Sialkot) / Enforcement, Multan / Islamabad / Gilgit-Baltistan / (Appraisement / Enforcement),Peshawar / Enforcement, Dera Ismail Khan / Exports (Port Qasim / Custom House Karachi) / Transit Trade, Karachi.

DETERMINATION OF CUSTOMS VALUES OF HOT MELT ADHESIVE GLUE STICK / GRANULES/ CHIPS/ PELLETS/ SOLID/ OTHER FORMS UNDER SECTION 25A OF THE CUSTOMS ACT, 1969

(VALUATION RULING NO. 1571/ 2021)

C. No. Reg. Misc/12/2015-II/979.

Dated: 26-11-2021



In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs values of Hot Melt Adhesive, Glue Stick / Granules/ Chips/ Pellets/ Solid / Other forms under PCT code 3506.9190 are determined as follows:

2. **Background of the valuation issue:** Earlier, the Customs values of Hot Melt Adhesive Glue Stick / Granules/ Chips and Pellets were determined under section 25A of the Customs Act, 1969 vide Valuation Ruling No. 1027/2017 dated 02-02-2021. Several representations were received from various importers regarding re-determination of customs values, being old and keeping in view change in market prices including the freight factor. The Director General Customs Valuation, Karachi, vide letter No. DG(V)Misc/05/2021/579 dated 13-08-2021 also directed to re-determine the customs value of Hot melt Adhesive. In view of the foregoing, a fresh exercise was conducted for determination of Customs values of the subject goods in terms of Section 25A of the Customs Act, 1969.

3. **Stakeholders' participation in determination of values:** Meetings were held on 02.03.2021, 17.03.2021 and 13.09.2021 which were attended by different stakeholders. The participants were requested to submit following documents before or during the course of meeting so that customs values could be determined: -

- i. Invoices of imports during last three months showing customs 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 the last four months showing the difference in price (excluding duty and taxes) to substantiate their contentions.

During the meetings, stakeholders were of the view that the values of the subject goods in the existing Valuation Ruling are old and needs to be revised. They contended that the values of

the goods are on a downward trend and a fresh Valuation Ruling may be issued accordingly. In addition thereto, the importers requested to cover hot melt adhesive in solid form under the scope of VR. The importers were requested to submit the relevant documents in order to substantiate their contentions.

4. **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.

5. **Customs values for Hot Melt Adhesive (Glue Stick / Granules/ Chips/ Pellets/ Solid and other forms), hereinafter specified** shall be assessed to duty/taxes on the minimum Customs values as under:

Sr. No.	Description	PCT code	Proposed PCT for WeBOC	Origin	Customs Values C&F (US\$/Kg)
1	Hot melt Adhesive (Glue Stick)	3506.9190	3506.9190.1000	All Origins	2.86
2	Hot melt Adhesive (Granules/Chips and Pellets)	3506.9190	3506.9190.1100	China, UAE, Saudia Arabia, Indonesia, Malaysia, Thailand	3.50
			3506.9190.1200	Japan, Europe, USA, Canada	4.37
			3506.9190.1300	Other Origins	3.90
3	Hot melt Adhesive (Solid & other forms)	3506.9190	3506.9190.1400	China, UAE, Saudia Arabia, Indonesia, Malaysia, Thailand	2.76
			3506.9190.1500	Japan, Europe, USA, Canada	3.45
			3506.9190.1600	Other Origins	3.10


6. In cases where declared / transaction values are higher than the Customs values determined in this Ruling or higher evidential data is available of stipulated period of 90 days, the assessing officer shall apply those values in terms of Sub-Section 25(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.

7. **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 25A of the Customs Act, 1969.

8. **Review of the value determined vide this Valuation Ruling:** A review petition may be filed against this Ruling, as provided under Section 25D 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.

9. 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 Directorate General immediately. The Customs values determined in the Valuation Ruling are for the descriptions and specifications as mentioned herein. HS Codes are mentioned for illustrative purposes so that Valuation Ruling values are made accessible to assessing officers. The assessment shall be finalized in the correct classifications after fulfilling requisite formalities relating to importability or other certifications 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 of the Customs Act, 1969 or any other law in vogue therein.

10. ***This ruling supersedes Valuation Ruling No. 1027/2017 dated 02-02-2017.***


(Syed Fawad Ali Shah)
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, Appraisalment (South) Custom House, Karachi.
- 4) The Chief Collector of Customs, Enforcement (South), Custom House, Karachi.
- 5) The Chief Collector of Customs, Appraisalment (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 Balochistan, Custom House, Quetta.
- 9) The Chief Collector of Customs Khyber Pakhtunkhwa, Custom House, Peshawar.
- 10) The Director General, Intelligence and Investigation-FBR, Islamabad.

- 11) The Director General, PCA& Internal Audit, Karachi.
- 12) The Director General, IOCO, Karachi
- 13) The Director General, Transit Trade, Custom House Karachi
- 14) The Directors, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 15) The Director, Transit Trade, Custom House Karachi
- 16) The Director, Directorate of Customs Valuation, Lahore.
- 17) The Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading in One Customs & WEBOC database system.
- 18) The Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
- 19) The Chambers of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
- 20) The Karachi Customs Agents Group, Bohri Road, Karachi.
- 21) The Webmaster, Federal Board of Revenue, Islamabad.
- 22) Guard File.