



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

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**The Collectors of Customs**, Model Customs Collectorates, Appraisement (East/ West) / Port Qasim / Preventive), Karachi / Lahore (Appraisement/Preventive) / Multan / Islamabad / Sambrial(Sialkot) / Faisalabad / Hyderabad / Quetta/ Peshawar/ Gawadar/ Gilgit-Baltistan

**DETERMINATION OF CUSTOMS VALUES OF**  
**MEDIUM DENSITY FIBER BOARD (MDF BOARD) AND ITS VALUE ADDED**  
**PRODUCTS UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969**

(VALUATION RULING NO. 8/15 / 2016)

No. Misc/01/2007-III

29th  
Dated: January, 2016

In exercise of the powers conferred under Section 25-A of the Customs Act, 1969, the Customs values of Medium Density Fiber Board (MDF Board) and its Value added products are determined as follows:-

2. **Background of the valuation issue:** Customs values of Medium Density Fiber Board (MDF Board) were determined vide Valuation Ruling No.631/2013 dated 31.12.2013, followed by corrigendum dated 11-2-2015. The trade community including the Karachi Chamber of Commerce & Industry was demanding revision in prices of this commodity owing to downward trend in prices of these goods in international market and since the existing ruling is more than two years old. The importers of goods from Sri Lanka submitted representations that the separate value determined for goods of Srilanka origin in previous Valuation ruling is not providing level playing field to them as there is not difference in price of the goods imported from Srilanka and other origins. Therefore the value of Srilanka origin goods may be kept at par with other origins. The Federal Board of Revenue and the Karachi Chamber of Commerce and Industry also forwarded similar request and alongwith recommendations of the Consulate General of the Democratic Socialist Republic of Sri Lanka for consideration. Ms Al Noor Sugar Mills Limited also made various representations to this Directorate General, Chief Collector of Customs, Appraisement (South), Karachi and the Directorate General of Intelligence and Investigation-FBR stating therein that the value added MDF Board, despite being a high value item, is being cleared on the value of raw MDF Board through gross misdeclaration as no value is fixed for the value added products. Accordingly in order to ascertain the current prices prevailing in the international market, an exercise to determine the customs values of Medium Density Fiber Board (MDF Board) and its value added products were under taken by this Directorate General.

3. **Stakeholder's participation in determination of Customs values:** First meeting with the stakeholders was held on 30-12-2015. It was attended by commercial importers including Karachi Timber Merchants Association as well as local manufacturers of MDF Board such as representatives of Al Noor sugar Mills, Ms Thal Pvt Ltd and MS Peshawar Particle Board. Before meeting all participants were requested to bring all relevant documents, test reports, literature, Sales Tax invoice, GDs and other relevant papers alongwith their proposals in writing. However none of the participants brought any of the aforementioned documents during the meeting. Despite foregoing, the issues confronting the importers and local Industry were





discussed threadbare and they were advised to bring all these documents during the next meeting to be held to finalize the issues. Thereafter another meeting was held on 28.01.2016. It was also attended by a large number of Commercial importers including Karachi Timber Merchants Association as well as local manufacturers of MDF Board. Though the participants were again requested to submit all aforementioned documents however most of them did not provide the same thereby making it difficult to arrive at fair value of the products. The importers importing from Srilanka reiterated their previous demand of keeping the values of Srilankan origin at par with other origins in order to provide level playing field and fair competition to them. In contrast their competitors provided few stray evidences showing import of MDF Board from Srilanka to India at a higher price and stated the goods from Sri Lanka are being under invoiced while importing into Pakistan, therefore their value may not be decreased as it will put other importers at disadvantageous position. However since they did not substantiate their contention with solid documents therefore these few stray evidences could not be relied upon to determine the fair value of the goods. The other importers stated to lower the value of raw MDF Board due to recent decline in international market. The local manufacturers such as M/s. Al-Noor Sugar Mills requested that Value Added Medium Density Fiber Board (MDF Board) may be added in valuation ruling so that the mis-declaration by some importers can be discouraged and injury to local industry can be avoided. However, they did admit that price of raw MDF Board in the international market has declined therefore; existing values of raw MDF Board may be considered for downward revision. When the participants were asked that the import data shows no or very less import of value added product where as these products are freely/abundantly available in the market which shows that the contention of the local; manufacturer correct. All participants remained silent. This was sufficient to establish that these products are being imported through gross mis-declaration. Another local manufacturer MS Peshawar Particle Board, Peshawar requested that the value of the imported MDF Board should not be revised downward in order to protect the local industry. In support of their contention they only provided costing of their own product rather than any justification/evidences of international prices in support of their contention.

4. In order to ascertain the correct value, this Directorate General conducted independent market enquiry to arrive at fair value of the raw as well as value added MDF Boards. Extensive research was also conducted on various websites to arrive at fair value of the goods.

5. **Method adopted to determine customs values:** Valuation methods given in Section 25 of the Customs Act, 1969 were applied sequentially to address the valuation issue in hand. Transaction value method under Sub-Section (1) of Section 25 of the Act, 1969, was found inapplicable because it is generally known to all that most of the invoices are manipulated/fabricated locally, hence, total reliance thereon cannot be made to ascertain the correct transactional value. Identical / similar goods value methods provided in Sub-Sections (5) & (6) of Section 25 ibid were examined for applicability to the valuation issue in the instant case but due to the reason as mentioned in the case of sub section(i) above the same were also not applied in toto. Market enquiry as envisaged under Section 25(7) of the Customs Act, 1969 was also conducted by this Directorate to determine fair value of the goods. However, it also cannot be relied on solely as all types of raw Board as well as value added were not readily available in the market. The computed method as provided under Section 25(8) of the Customs Act, 1969 could not be applied as the conversion costs from constituent material at the country of export were not available. Finally, import data obtained from PRAL was analyzed and international prices from various sources on internet were also checked. All the information so gathered was





evaluated and analyzed for the purpose of determination of customs values. Consequently, the customs values of Medium Density Fiber Board (MDF Board) and various MDF Value added products have been determined under Section 25(9) of the Customs Act, 1969.

6. **Customs Values of Medium Density Fiber Board (MDF Board):** Customs values of Medium Density Fiber Board (MDF Board) and various MDF Value added products *hereinafter specified*, shall be assessed to duty/taxes on the Customs values as under:-

#### PART-A

S.No.	Description of goods	Specifications	PCT Heading	WeBOC PCT	Origin	Custom values (C&F) USS
01	Medium Density Fiber Board	2.2mm to 3mm	4411.1200 4411.1300 4411.1400	4411.1200.1000 4411.1300.1000 4411.1400.1000	Sri Lanka, Malaysia, Indonesia, Thailand, China, Vietnam, New Zealand and Turkey	0.306/kg or 255/CBM whichever is higher
			4411.1200 4411.1300 4411.1400	4411.1200.1100 4411.1300.1100 4411.1400.1100	Others	0.333/kg or 279/CBM whichever is higher
02	Medium Density Fiber Board	3.01mm to 6mm	4411.1200 4411.1300 4411.1400	4411.1200.1200 4411.1300.1200 4411.1400.1200	Sri Lanka, Malaysia, Indonesia, Thailand, China, Vietnam, New Zealand and Turkey	0.308/kg or 250/CBM whichever is higher
			4411.1200 4411.1300 4411.1400	4411.1200.1200 4411.1300.1200 4411.1400.1200	Others	0.335/kg or 274/CBM whichever is higher
03	Medium Density Fiber Board	6.01mm to 9.9mm	4411.1200 4411.1300 4411.1400	4411.1200.1300 4411.1300.1300 4411.1400.1300	Sri Lanka, Malaysia, Indonesia, Thailand, China, Vietnam, New Zealand and Turkey	0.300/kg or 239/CBM whichever is higher
			4411.1200 4411.1300 4411.1400	4411.1200.1300 4411.1300.1300 4411.1400.1300	Others	0.327/kg or 263/CBM whichever is higher



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04	Medium Density Fiber Board	10mm to 14.9mm	4411.1200	4411.1200.1400	Sri Lanka, Malaysia, Indonesia Thailand, China, Vietnam, New Zealand and Turkey	0.300/kg or 235/CBM whichever is higher
			4411.1300	4411.1300.1400		
			4411.1400	4411.1400.1400		
05	Medium Density Fiber Board	15mm to 25mm	4411.1200	4411.1200.1500	Sri Lanka, Malaysia, Indonesia Thailand, China, Vietnam, New Zealand and Turkey	0.308/kg or 230/CBM whichever is higher
			4411.1300	4411.1300.1500		
			4411.1400	4411.1400.1500		
			4411.1200	4411.1200.1500	Others	0.327/kg or 258/CBM whichever is higher
			4411.1300	4411.1300.1400		
			4411.1400	4411.1400.1400		
			4411.1200	4411.1200.1500	Others	0.335/kg or 254/CBM whichever is higher
			4411.1300	4411.1300.1500		
			4411.1400	4411.1400.1500		

**PART-B**  
**VALUE ADDED MEDIUM DENSITY FIBER BOARD**

S.No.	Description of goods	Specifications	PCT Heading	WeBOC PCT	Origin	PROPOSED C&F VALUE US\$
01	Medium Density Fiber Board	2.2mm to 3mm	4411.1200 4411.1300 4411.1400	4411.1200.1600 4411.1300.1600 4411.1400.1600	Sri Lanka, Malaysia, Indonesia Thailand, China, Vietnam, New Zealand and Turkey	1.597/kg or 1430/CBM whichever is higher
	UV					3.141/kg or 2814/CBM whichever is higher
	ACRYLIC					4.376/kg or 3920/CBM whichever is higher
	EMBOSED					2.606/kg or 2334/CBM whichever is higher
	ALUMINIUM					



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	MELAMINE					0.367/kg or 306/CBM whichever is higher
02	Medium Density Fiber Board	3.01mm to 6mm	4411.1200 4411.1300 4411.1400	4411.1200.1700 4411.1300.1700 4411.1400.1700	Sri Lanka, Malaysia, Indonesia Thailand, China, Vietnam, New Zealand and Turkey	1.813/kg or 1015/CBM whichever is higher
	UV ACRYLIC					2.573 /kg or 1440/CBM whichever is higher
	EMBOSED					4.406/kg or 2467/CBM whichever is higher
	ALUMINIUM					2.620/kg or 1467/CBM whichever is higher
	MELAMINE					0.370/kg or 300/CBM whichever is higher
03	Medium Density Fiber Board	6.01mm to 9.9mm	4411.1200 4411.1300 4411.1400	4411.1200.1800 4411.1300.1800 4411.1400.1800	Sri Lanka, Malaysia, Indonesia Thailand, China, Vietnam, New Zealand and Turkey	1.552/kg or 632/CBM whichever is higher
	UV ACRYLIC					2.185/kg or 890/CBM whichever is higher
	EMBOSED					2.818/kg or 1147/CBM whichever is higher
	ALUMINIUM					1.868/kg or 760/CBM whichever is higher
	MELAMINE					0.360/k or 287/CBM whichever is higher g



04	Medium Density Fiber Board	10mm to 14.9mm	4411.1200 4411.1300 4411.1400	4411.1200.1900 4411.1300.1900 4411.1400.1900	Sri Lanka, Malaysia, Indonesia Thailand, China, Vietnam, New Zealand and Turkey	0.975 or 483/CBM whichever is higher /kg
	UV					1.32/kg or 655/CBM whichever is higher
	ACRYLIC					1.666/kg or 826/CBM whichever is higher
	EMBOSED					1.148/kg or 569/CBM whichever is higher
	ALUMINIUM					0.354/kg or 254282/CBM whichever is higher
05	MELAMINE	15mm to 25mm	4411.1200 4411.1300 4411.1400	4411.1200.2000 4411.1300.2000 4411.1400.2000	Sri Lanka, Malaysia, Indonesia Thailand, China, Vietnam, New Zealand and Turkey	0.898/kg or 482/CBM whichever is higher
	Medium Density Fiber Board					1.064/kg or 572/CBM whichever is higher
	UV					1.053/kg or 566/CBM whichever is higher
	ACRYLIC					0.768/kg or 413/CBM whichever is higher
	EMBOSED					0.370/kg or 276/CBM whichever is higher
	ALUMINIUM					
	MELAMINE					

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 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.

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 issue, before the Director General, Directorate General of Customs Valuation, 7<sup>th</sup> Floor, Custom House, Karachi.

10. 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 for redressal.

11. *This Valuation Ruling supersedes Valuation Ruling No.631/2013 dated 31.12.2013 and its corrigendum dated 11-2-2015*

  
( **Manzoor Hussain Memon** )  
Director

Copy for information to : -

1. Member (Customs), F.B.R., Islamabad.
2. Director General, Customs Valuation, Custom House, Karachi.
3. Chief Collector of Customs, South (Appraisalment), Custom House, Karachi.
4. Chief Collector of Customs, South (Enforcement), Custom House, Karachi.
5. Chief Collector of Customs (Central), Lahore.
6. Chief Collector of Customs (North), Islamabad.
7. Director General, Intelligence and Investigation, Islamabad.
8. Director General, Audit (Customs & Petroleum), 1st floor, PT&T Audit Building, Mauje-e-Darya Raod, Lahore.
9. Director General, Post Clearance Audit (PCA), Islamabad.
10. Director General, Internal Audit, (Customs), Islamabad.
11. Director, Intelligence & Investigation, Karachi/Lahore/Islamabad/Quetta/Peshawar/Faisalabd.
12. Director, Customs Valuation (Camp Office), Custom House, Lahore.
13. Deputy Director (HQ), Directorate General of Customs Valuation, Karachi, for uploading this Ruling in WeBOC and deleting the Valuation Ruling No. No.631/2013 dated 31.12.2013 and its corrigendum dated 11-2-2015
14. Chairman (Valuation Committee), FPCC&I, Federation House, Clifton, Karachi.
15. Chamber of Commerce & Industry, Karachi, Lahore, Islamabad, Hyderabad, Quetta & Peshawar.
16. Law Section, Customs Valuation, 7<sup>th</sup> Floor, Custom House, Karachi.
17. Review Section, Customs Valuation, 7<sup>th</sup> floor, Custom House, Karachi.