

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

**DETERMINATION OF CUSTOMS VALUES OF PHENOLIC RESIN, POLYURETHANE RESIN, MELAMINE RESIN AND EPOXIDE RESIN UNDER SECTION 25A OF THE CUSTOMS ACT, 1969**

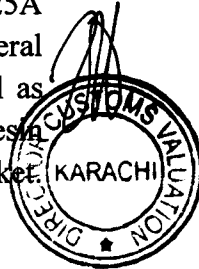
**(VALUATION RULING NO. 1873 /2024)**

C.No.Misc/26/2017-II/351

Dated: 05-04-2024

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs values of Phenolic Resin, Polyurethane Resin, Melamine Resin and Epoxide Resin are determined as follows:

**Background of the valuation issue:** Earlier, the Customs values of Phenolic Resin, Polyurethane Resin, Melamine Resin and Epoxide Resin were determined under Section 25A of the Customs Act, 1969 vide Valuation Ruling No.1482/2020 dated 05-11-2020. Several representations were received from Pakistan Footwear Manufacturers Association as well as other relevant stakeholders regarding redetermination of Customs values of Polyurethane Resin (Pre-polymer for shoe sole) afresh in line with values prevalent in the international market. Therefore, an exercise has been undertaken by this Directorate to determine the same.



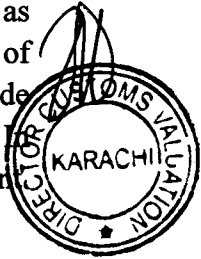
2. **Stakeholders' participation in determination of Customs values:** Meeting was convened on 20.03.2024 which was attended by all the relevant stakeholders. The issues pertaining to the valuation of subject goods were deliberated upon in detail in the afore-referred meeting. The stakeholders submitted their proposals and the same were considered pertaining to the valuation of subject goods.

3. **Analysis / Exercise done to determine Customs Values:** Majority of the importers informed that they import Polyurethane Resin Pre-Polymers for Shoe Sole i.e., Isocyanate, Polyol, and Catalyst from different origins. These Pre-polymers are manufactured by only a few companies worldwide and there is no price difference of Pre-polymers with respect to different origins. However, due to unavailability of Customs value of the said goods for origins other than China in the existing VR No. 1482/2020 dated 05-11-2020, they are facing difficulties at clearance stage. Mr. Mansoor Ehsan, Chairman of Pakistan Footwear Manufacturers Association (PFMA), stated that members of his association import the said goods from different origins such as China and Singapore. He was of the opinion that the current Customs value of Pre-polymer for Shoe Sole for China origin @US\$1.47/Kg is on a lower side and that their values vary between US\$1.80/Kg to US\$2.00/Kg. In view of the above,

he requested to determine a single Customs value of Polyurethane Resin Pre-polymer for Shoe Sole for all origins. On the other hand, representatives of local manufacturers contended that they import raw materials used for making pre-polymers for shoe sole. They claimed that there is a wide variation in declared values of importers for the same grade of Pre-Polymers imported at or about the same time. They were of the view that their overall cost of manufacturing Pre-polymers reaches US\$2.00/Kg, while some commercial importers are getting their pre-polymers cleared @US\$1.47/Kg. Therefore, they requested to determine Customs value of Pre-polymer for shoe sole as per current international market prices.

4. Representatives of M/s. Unique Sales Corporation and M/s. Henkel Adhesives Pakistan stated that Polyurethane system has different applications such as Sports, textile, automotive, and Footwear industry. They were of the opinion that the international prices of PU Resin (Liquid) have come down in the recent past due to excessive supply as compared to its demand. They further claimed that the current prices of components of PU Sole (Liquid) are almost the same for all origins and requested to determine the Customs value of PU Resin (Liquid) accordingly.

5. In addition to the above information/documents, ninety (90) days' clearance data has also been retrieved and the same has been scrutinized. It has been observed that major import of Polyurethane Resin is in the form of various grades of Pre-polymers for Shoe Sole such as JF-2009 (Isocyanate), JF-1014 (Polyol) and JF-3001 (Catalyst). Declared values on import of any of these Pre-Polymers of the same grade at or about the same time reflected wide variations. Documentary evidences provided by the stakeholders were also scrutinized. In addition to that, quotations obtained from Chinese suppliers have also been taken into account. All the above-referred data / information have been thoroughly analyzed.



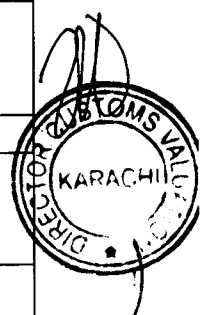
6. **Method (s) adopted to determine Customs values:** Valuation methods specified in Section 25 of the Customs Act, 1969, were duly applied in their sequential order to arrive at the Customs value of subject goods. The transaction value method as provided in sub-section (1) of Section 25 of the Customs Act, 1969, was considered. However, owing to the fact that the prices of the subject goods have changed in the international market and after observing variations in the declared values of the last 90 days data, this Directorate did not consider sub-section (1) of Section 25 of the Customs Act, 1969. Next, identical goods value method provided in Section 25(5) was examined for applicability to determine Customs values of subject goods. The data provided some reference; however, it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidences of quantities and qualities and variation in declarations as stated above. Information available was, hence, found incomplete. Subsequently, similar goods value method provided in Section 25(6) was examined for applicability to determine Customs value of subject goods. The assessed values in similar goods import data of different types of Resins for the last 90 days of various origins reflected values as per previous VR No. 1482/2020 dated 05-11-2020 or on a higher side because of the consistent variation in Declared Values (DVs). Hence, this method was also found inapplicable. Market enquiry as envisaged under Sub-Section (7) of Section 25 of the Customs Act, 1969 was also considered. However, being industrial goods, these Resins were not readily available in the local market. In line with statutory sequential order of section 25, Computed value method, as provided in Section 25(8) of the Customs Act, 1969 was also examined on the basis of calculation sheets provided by local manufacturers. However, the same could also not be completely relied upon due to the absence of exact information of

different suppliers' cost of manufacturing. Finally, the Customs values of the subject goods have been determined in terms of Section 25(9) read with Section 25(5), and Customs Rule 121(2) of Customs Rules, 2001 which provides that the methods of valuation, to be employed under sub-section (9) of section 25 of the Act, may be inclusive of those laid down in sub-sections (1), (5), (6), (7) and (8) of the said section but a reasonable flexibility in the application of such methods would be in conformity with the aims and provisions of sub-section (9) of that section.

**7. Customs values of Phenolic Resin, Polyurethane Resin, Melamine Resin and Epoxide Resin:**— Phenolic Resin, Polyurethane Resin, Melamine Resin and Epoxide Resin, hereinafter specified, shall be assessed to duty / taxes at the Customs values as per the following table:

S.No	Description of Goods	Origin	PCT	Proposed PCT for WeBOC	Customs Values (C&F) US\$/Kg
(1)	(2)	(3)	(4)	(5)	(6)
1	Phenolic Resin	China/ South Africa/ Turkey	3909.4000	3909.4000.1000	1.80
2		Korea		3909.4000.1100	2.20
3		Europe		3909.4000.1200	2.35
4	Polyurethane Resin (Liquid Form)	China/ Korea/ Malaysia/ Singapore	3909.5000	3909.5000.1000	2.70
5		Europe		3909.5000.1100	3.02
6	Polyurethane Resin (Granules, Pellets Form)	China	3909.5000	3909.5000.1200	3.50
7	Polyurethane Resin (Pre Polymer for Shoe Sole)	All Origins		3909.5000.1300	1.90
8	Melamine Resin	China	3909.2000	3909.2000.1000	1.50
9		Taiwan		3909.2000.1100	1.80
10	Epoxide Resin	China/ Taiwan	3907.3000	3907.3000.1000	2.90
11		Korea/ U.A.E		3907.3000.1100	3.00

*Note: Epoxide Resin imported by Paint Industry shall be assessed by the Collectorates under Section 25 of the Customs Act, 1969.*



8. In cases, where declared 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 officers shall take into account the difference between air freight and sea freight while applying the Customs values in this Ruling.

9. **Validity of this Valuation Ruling:** This Ruling, containing the Customs values for assessment of subject imported goods, shall be applicable until and unless the same is

rescinded or revised by the competent authority in terms of sub-section (4) of Section 25A of the Customs Act, 1969.

10. **Revision of the values determined vide this Valuation Ruling:** If aggrieved, a revision petition may be filed against this ruling as provided under Section 25D of the Customs Act, 1969, within 30 days from the date of its issuance, before the Director General, Directorate General of Customs Valuation, 7<sup>th</sup> Floor, Custom House, Karachi.

11. The Collectors of Customs may kindly ensure that the values given in this Valuation Ruling are applied by the concerned staff without fail. Any anomaly observed may kindly be brought to the notice of this Directorate immediately. Customs values determined in the Ruling are for the description and specification as mentioned in the table above of this Ruling. 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 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 15 of the Customs Act, 1969 or any other law in vogue therein.

12. ***This Ruling supersedes the Valuation Ruling No. 1482/2020 dated 05-11-2020.***

  
(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, 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, 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 Director, Intelligence & Investigation, Karachi / Lahore / Islamabad/ Quetta/ Peshawar/ Faisalabad.
- 14) The Director, 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 (KCAA), Bohri Road, Karachi.
- 20) The Webmaster, Federal Board of Revenue, Islamabad.
- 21) Guard File.