

GOVERNMENT OF PAKISTAN
DIRECTORATE GENERAL OF CUSTOMS VALUATION
7TH FLOOR, CUSTOM HOUSE, KARACHI

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DETERMINATION OF CUSTOMS VALUES OF SOYABEAN MEAL (NON-GMO) UNDER SECTION 25-A OF THE CUSTOMS ACT, 1969

(Publication Value Reference No. 42/2024)

C. No. Misc/02/2014-I/331

Dated: 04th April, 2024

In exercise of the powers conferred under Section 25A of the Customs Act, 1969, the Customs values of Soyabean Meal (Non-GMO) are determined as follows:

2. Background of the valuation issue: It has been noticed that Soyabean Meal (Non-GMO) is imported into Pakistan from different origins and there is wide variation in declared values. The import value of this item during the 06 months (from July 2023 to December 2023) was Rs. 21.32 Billions. Since, the import of Soyabean Meal (Non-GMO) has increase substantially and the determination of customs values of this item is not done under Section 25A of Customs Act, 1969, an exercise has been undertaken by this Directorate to determine the same in line with values prevalent in the international market.

3. Stakeholders' participation in determination of Customs values: Meetings were convened on 01-02-2024, 26-02-2024 & 20-03-2024 which were attended by the relevant stakeholders including Pakistan Poultry Association. The issues pertaining to the valuation of subject goods were deliberated upon in detail in the afore-referred meetings. The participant also submitted their import documents i.e GDs, Invoices, Packing Lists etc and the same were considered for valuation of the subject goods. During the meetings, the importers shared their viewpoints as:

- i. Soyabean Meal is produced as a by-product of Soyabean oil Extraction and it is used in animal feed and food, principally as a food supplement.
- ii. Currently, there are 2 types of soybeans, namely GMO soybeans, and non-GMO soybeans. GMO soybeans are soybeans that have undergone genetic engineering for a specific purpose. Non-GMO soybeans are soybeans that do not have genetic engineering and still have natural properties.
- iii. The price rate of Soyabean meal of Non-GMO based is higher than that of GMO based and the price difference between them is around 30%. Due to GMO (Genetically Modified Organism) technology, crop yield has been increased in less cultivated area and other costing factors like water use during cultivation, is also minimized.
- iv. GMO Soyabean Meal is mostly produced in USA, Argentina and Brazil. These 3 countries constitute 95% production of GMO Soyabean Meal while Non-GMO Soyabean Meal is mainly produced in African region. At present, Non-GMO Soyabean Meal is being imported into Pakistan.
- v. The importers also confirmed that Afghanistan and Iran are not producers of Soyabean Meal and they have no impact regarding determination of values in international market. Moreover, they are also importing Soyabean Meal from other countries.

- vi. The importers also briefed about the current price range of Soyabean Meal (Non-GMO) and, as per their figure, it varies from 520 US\$/MT to 600 US\$/MT in the. They further added that the Customs Values of Soyabean Meal (Non-GMO) from African region should be around 500 US \$/MT and it would be feasible for all of the importers and the margin in customs values should be given on the basis of protein content and crop yield etc.
- vii. The importers also requested to consider other factors like crop yield analysis, demand/supply and protein content variation in Soyabean Meal while determining the Customs values of Soyabean Meal.
- vii. The Importers informed that prices of Soyabean Meal frequently change in the International Market; therefore, these values should be revised whenever there is a significant change in these prices. Further, they informed that due to restriction on import of GMO Soyabean Meal in Pakistan, prices of Non-GMO Soybean Meal are high and whenever such restrictions will be removed, prices of NO-GMO will also decline.

4. Analysis / Exercise done to determine Customs Values: Ninety (90) days' clearance data has been retrieved and the same has been scrutinized. Subsequently, market inquiry has been conducted and examined in the light of this Directorate's Office Order No.17/2014 dated 19-03-2014 and in terms of Section 25(7) read with Section 25(9) of the Customs Act, 1969. Subsequently, prices retrieved from the international publication, namely Food and Agriculture Commodity (Formerly Public Ledger) showing price trend of the subject goods in the international market, have also been examined. Moreover, Afghan Transit Trade data for the period from 01-07-2022 to 25-02-2024 has been analyzed. After analysis, it has transpired that Soyabean Meal is mostly imported from India by Afghanistan through Afghan Transit Trade (95%) and the item is being assessed mostly at the Customs Values of 0.60 USD/KG while the Import Data shows that Soyabean Meal (Non-GMO) exported to Pakistan from Afghanistan is being assessed currently at the Customs value of 0.271 USD/KG. Moreover, through Afghan Transit Trade, the import value has increased from 66.74 Million Pakistan Rupees (in FY 2021-22) to 9108.18 Million Pakistan Rupees in FY 2022-2023. Further, Import Data of Soyabean Meal for past four financial years has also been analyzed and it has transpired that, in Pakistan, there was no import of Soyabean Meal from Afghanistan and Iran before the last FY 2022-23 and it has increased significantly since the start of 2023.

5. Method (s) adopted to determine Customs values: Valuation methods specified in Section 25 of the Customs Act, 1969, are duly considered in sequential order to arrive at the 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 due to absence of information as required under sub-section (2) of Section 25 of Customs Act, 1969. Therefore, identical goods value method provided in Section 25(5) was examined for applicability to determine Customs values of subject goods. However, it was found that the same could not be solely relied upon due to absence of absolute demonstrable evidences of quantities and qualities. Information available was, hence, found incomplete. Subsequently, similar goods value method provided in Section 25(6) was also examined for applicability to determine Customs values of subject goods and was not considered (for application) due to afore-stated reasons. Moreover, Declared Values (DV) of similar goods had shown consistent variations. 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 conducted but could yield results to some extent because of variation in market prices. In line with statutory sequential order of Section 25, Computed value method, as provided in Section 25(8) of the Customs Act, 1969 was examined, but the same also could not be applied as the conversion cost from the constituent materials and allied expenses, in the country of export, were not available for manufacturing of Soyabean Meal. Subsequently, available data / information collected through international publication i.e. Food and Agriculture Commodity (Formerly Public Ledger) was thoroughly scrutinized and compared with the import data of the relevant period to determine Customs values. Finally, the Customs values of the subject goods have been determined under Section 25(9) read with Section 25(5) and in exercise of the powers conferred under Section 25A, and the proviso to Section 25A(1) 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.

6. Customs values of Soyabean Meal (Non-GMO): Soyabean Meal (Non-GMO), shall be assessed to duty / taxes at the Customs values as per following Table:

S. No.	Description of Goods	H.S Code	Proposed PCT for WeBOC	Origin	Customs Values C&F (US\$/KG)
(1)	(2)	(3)	(4)	(5)	(6)
1	Soyabean Meal (Non-GMO)	2304.0000	2304.0000.1000	All Origin	0.50

Note: Reduction of 15% shall be admissible on above determined values on account of freight charges, if goods are imported through land route and thereafter actual freight charges incurred for respective land import station shall be added.

7. 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.

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

9. 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, 7th Floor, Custom House, Karachi.

10. 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 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.

(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 Directors, 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, Bohri Road, Karachi.
- 20) The Webmaster, Federal Board of Revenue, Islamabad.
- 21) Guard File.