

Customs values on import of soaps enhanced

The Directorate General of Customs Valuation Karachi has amended its valuation ruling and revised upward customs values on the import of soaps for protection of the local industry, encouraging manufacturing of this item at domestic stage. Syed Tanvir Ahmed, Director General, Customs Valuation Karachi has issued order-in-review number 217 of 2016 here Thursday.

Sources told *Business Recorder* here on Thursday that the domestic soap industry has been given due protection through the said order-in-review issued by the directorate. The viewpoint of both the local manufacturers and importers have been given due consideration before issuance of amended ruling.

According to the order, taking into account the prices of raw materials and market inquiry the values of soap have been fixed as follows: Customs values have been enhanced on the import of Aspen, Aveeno, Canus, Cetaphil, Clinique, Defence Soap, Dermazinc zinc, G Sensr Excel, Goat's Milk Soap, Neutrogena, "ONE" Natural Body Soap, Prada, Sweet Honey, Customs Value (C & F) US \$/ Kg 9.50; Body Shop Soap, Cerave, Cuticura, JF, Kirk' Castile, Lilie De Vallee, Oilum, Palmers, Qrshi Demaghi, SheaMoiture, Stillman's, Sun Feather, Tom's, Tone, Yes To, Customs Value (C & F) US \$/ Kg 4.50; Burt's Bees, Caress, velvet blis, Dettol, Dermacide, Derma Care, Dial, Doctor Woods, Dove, (Creamy Men's cure), Enrgizr Max, Hi Tone, Mysore, Oilatum, Olay, Olivee, Olivia, Skin Doctor, Yardley, South of France, Yong Chin/YC (wooden packing), Customs Value (C & F) US \$/ Kg 3.50; Avon, Benzacide, Brut, Calendox, Camay, Coast, Dalan, Enchanteur, Froton, Fruity, Glysolid GlycerineD, Hydrolatum, Irish Spring, Iohnsons & Johnsons, Lava, Lever 2000, Lux, Nivea, Old Spice, Palmolive, Pears, Pure Natural, Romano Classic, Safe' Guard, Shea, Shield, Spring, Zest Scented, Fa, Customs Value (C & F) US \$/ Kg 1.50; Bee and Flower, Classic White, Cleopatra, Himalaya, Ivory, Vaseline, Cinthol, Royal Leather, Imperial Lather (Cussons), Customs Value (C & F) US \$/ Kg 1.50; Diana, Dura Lady, S Nat & Soft, Lace Bath, Pamela, Yong ChinlYC, Dr James, Yoko, Customs Value (C & F) US \$/ Kg 1.25; Arqus, Asepso, Ava, Blitz, Charm, Crown Leather, Delux Palm, Fruiti Scented, Hotel, IRIS, 10, Lervia, Lilly Gold, Miss London, Paradise, Parisa, Piva, Sanify, Silken, Switso, Vasolive, White Balance, Harmony, Joly May, Lark, Miss Paris, Savannah, Silk (Low-end brands), Customs Value (C & F) US \$/ Kg 0.92; Admire, Alya, Amorish, Anita, Anna, Aven Liesel, Avena, Bea, BeaFruity, Blesso, Bling, Blossom, Bonita, Deep, Diva, Doll, Essentialz, Eva, Eve, Every Day, Flavia, Fruitina, Fruitis Fruity, Fruter Fruity, Giv, Glo, Godrej, Grace, Ivan, Jolie, La Bella, Lace Creamy, Lilly, Lexus, Lotus, Luv, Lykis, May, Midas, Morena, Olina, Orchid, Ozona, Plush, Royal, Safah, Sahara, Safex, Secret Garden, Sofree, Soft Pearl, Sol, Suave, Tuti Fruiti, Yea, Vuru Crown Leather, Suhannah, Crown Gold, Crown Imperial, Royal Imperial, Fena, Relax, D'Lux (Low-end brands), Customs Value (C & F) US \$/ Kg 0.82.

The new customs values of other brands revealed that the soaps imported from Europe/USA/Canada, the customs value (C & F) US \$/Kg 7.00; Middle East/Saudi Arabia/Turkey, Customs Value (C & F) US \$/Kg 2.50; Other Origins (low end brands), Customs Value (C & F) US \$/Kg 1.00 and facial liquid soaps/wash (in tube) shall be assessed @2.5 percent higher value than the value determined above.

The values of soap noodles were also discussed during hearing and it emerged that it was being cleared on low value. Therefore, the value of soap noodles are linked with ICIS prices: Soap Noodles linked with ICIS price 80/20, 90/10 with appropriate adjustments.

DG Valuation said that the record of the case has been examined and the arguments forwarded by the applicant as well as departmental representative during the course of hearing have been considered. The petitioner contended that that the Respondent (Director Valuation Karachi) has fixed the value of toilet soaps without determining the same in terms of section 25 of the Customs act, 1969. Admittedly, the Director Valuation Karachi has fixed the customs values of toilet soap according to their brands and has very conveniently ignored the most crucial fact that the variance in country of origin makes a market difference in the actual cost of an item ie Toilet soaps. Therefore the impugned valuation ruling is invalid & vague.

The petitioner contended that the impugned Valuation Ruling has adopted and retained the same format/structure that was part of earlier Valuation Rulings 737/15, and 702/14 ie brands of different origin have been clubbed together from Serial No (1) to serial No (8). Both the Valuation Rulings lacked the warrant of law and failed to adhere to the statutory requirements as laid down in section 25 of the Customs Act, 1969. The recognised brands of different products require to be equated with the country of origin. Therefore, the Valuation Ruling NO.702/14 and 737/15 were both declared as void. The declared and actually transaction value of toilet soaps imported by the Petitioner and other importers is between the values of \$350/MT and \$450/MT and not as incorrectly determined by the Respondent earlier vide Valuation Ruling No 702/14 and 737/15. The petitioner had, inter alia, point out that prices of commodities such as oil have decreased by almost 40-50% over the last one year or so and, resultantly, the costs of raw materials (such as palm oil, etc) of soap have also dramatically decreased. Director Valuation has purportedly applied sub section (9) without making due consideration required under the law and in ignorance of Rule-I 10 and 121.

The directorate general fixed a meeting and all the petitioners, importers and manufacturers of Toilet Soap participated and submitted their point of views separately. Consequently, all the participants were directed to come up on next date with their concrete opinion. Next date was fixed for 20-07-2016 at 11.30 am. All the manufacturers of Toilet Soap participated the commercial importer were represented. He was present on behalf of the petitioners I importers of toilet soap. He requested after consulting with their clients that the matter may be decided keeping in view of the written submissions made by the counsel already on behalf of the importers.

The manufacturer's contention is that Soap Noodles (intermediary raw material of soap) prices in international market are around US \$800/MT (80/20 quality). They added that minimum prices of any low brand Toilet Soap are at Rs 30-35/piece in the local market. No category of Toilet Soap is less than the value of US \$1000/MT, therefore, the values of last two categories of valuation ruling which is fixed at \$660/MT and \$750/MT are disputed categories mentioned at S No 07 & 08 may be merged in one category and may be valued above US \$1100/MT. They further submitted that six brands ie Harmony, Jolie, Lark, Mis Paris, Savanna and silk may be shifted from S No 08 to Serial No 07 and two brands ie Cinthol and Royal Leather may be

shifted from S No 07 to Serial No 05. 'Fa' brand may be shifted from S No 07 to S No 04 likewise, Dove brand mentioned at S No 06 may be shifted to S No 03 at column No 02.

In view of the said facts market inquiry was conducted. The inquiry revealed that the higher brand are very expensive ('Natural Body Soap', is around Rs 270 - 300 per 100 gram bar means Rs 2700 - 3000 per kg or around \$27/kg selling price)]. These category soaps ('Clinique' etc), work back above \$9/kg as against previous ruling of \$5.70. Similarly in next category the value of 'Stillmans' is around RS.165 - 175 per 100 gm bar. The major dispute is in category 7 & 8. In this category the importers accepted that no toilet soap is less than Rs 32 - 35/bar in the market. This works out to at \$820/MT. The fatty contents of these soaps are minimum 70%. Foreign soaps has 70% - 79 percent fatty contents. The prices of raw material in the market also range between \$600 - \$800/MT, the directorate added.

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