

**OFFICE OF THE COMMISSIONER OF CUSTOMS (IMPORT)**  
**JAWAHARLAL NEHRU CUSTOM HOUSE, SHEVA,**  
**TAL. : URAN, DISTT. : RAIGAD, MAHARASHTRA**

F. No.S/22-GEN-95/2003 (AM) Date : 25.08.2004

**STANDING ORDER No.41/2004**

Sub : Valuation of various Stainless Steel flat products .

Representations were received from indigenous Stainless Steel Manufacturers alleging heavy under valuation of imported hot rolled / cold rolled Stainless Steel flat products (coil sheet / plate, etc.).

Commissioner of Customs (Mumbai) to Member (Customs) (DOF NO. SG/Misc/224/SW/98 SIIB) suggesting that valuation of stainless steel goods be based on the LME price for 304 grade after making suitable adjustments for thickness, size, finish, etc. It was suggested that 10% discount be given for ex-stock/ stock lot/ seconds choice goods, 20% discount for defective goods and 15% discount for baby / puppy coil on the LME based value of prime

uniformity appears to have set in at the hands of different assessing officers. During September 2003, this Commissionerate undertook a review of the valuation pattern of stainless steel flat products and decided to adhere to the principles suggested in the letter dated 5th February, 1999 of the Chief Commissioner of Customs, Mumbai and accordingly following price structure for assessment of stainless steel sheets was devised -

Sl. No.	Description	Characteristics
1	Prime	Made to Order
2	Prime/ Ex-stock/ Stock	Mixed varieties (grades & sizes) supplied by manufacturer / supported by manufacturers invoice as ex-stock / stock
3	Second choice / Seconds / Secondary	Minor defects and classified as seconds by manufacturers supported by manufacturers invoice as ex-stock/ stock-lot

4	Defectives	Major physical disorders like dents, bends / deformations etc.
5	Baby / Puppy coils	Small coils of less than 1 MTs, mixed lot of different thickness / weights.

..2/-..

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**EXPLANATION**

MBQ = Metal Bulletin Quotation for grade 304 (Mean)

Grade Extra (min) = US \$ 300 PMT for Grade 316 / 316L

US \$ 400 PMT for Grade 309 / 309S

US \$ 700 PMT for Grade 310 / 310S

Finish Extra (min) = US \$ 100 PMT for PVC finish

**THICKNESS EXTRA IN FINISH 2B (base 2 mm)**

**US \$ 60 PMT for 1.5 mm**

US \$ 110 PMT for 1.2 mm

US \$ 130 PMT for 1.00 mm

US \$ 155 PMT for 0.9 mm

US \$ 190 PMT for 0.8 mm

US \$ 230 PMT for 0.7 mm

US \$ 320 PMT for 0.6 mm

US \$ 450 PMT for 0.5 mm

US \$ 570 PMT for 0.4 mm

**SIZE EXTRA**

Sheets / Plates @ US \$ 100 PMT

Width > 1500 mm @ US \$ 100 PMT

Width < 1500 mm @ US \$ 50 PMT

NIDB, details obtained from the Industry, reports from Custom stations and the available International price data. It was noticed that assessed values of stainless steel HR/ CR flat products were far below the corresponding international prices (even below 50%) in several case, particularly before November 2003. In many cases, the goods were declared as ex-stock, stock lot, stock surplus or defective apparently to justify the low prices. The

Bulletin;

(ii) Large scale under-valuation was noticed in respect of imports by Traders;

.3/-..

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(iii) Goods declared as ex stock, stock lot, stock surplus, etc. on examination were found to be generally of the same grade (generally 304) of varying thickness and sizes;

(iv) In some cases, goods were classified as CR coils, but described as HR coils; imports;

(vi) In certain cases, the same goods were declared as prime and ex-stock apparently to avail of the lower rate of duty, which is a contradiction in terms;

(vii) There was perceptible difference in the trend of valuation after November 2003 when this Custom House reviewed the valuation practices. Higher assessed values were noticed in the subsequent months. However, these assessments also failed to keep pace with the rising international prices by wide margins;

HR/CR stainless steel flat products based on the pre October 2003 valuation practice, in spite of the fact that up-to-date NIDB data were available to them;

(ix) Certain consignments were also assessed as defective goods at very low prices, and in some cases, lower than the price of corresponding stainless steel scrap.

Bulletin (London Metal Exchange LME prices). Metal Bulletin prices indicated that during the past one year period up to February, 2004, the base prices of 304 grade remained in the range of US\$ 1400 1500 PMT CIF for East Asian Ports. However, the Metal Bulletin prices were not inclusive of alloy surcharge, a value adjustment for the cost of alloying elements. In view of the substantial surge in price of alloying elements such as Nickel, Chromium & Molybdenum, the Metal Bulletin reported that from its 23rd February 2004 issue, prices of stainless steel flat products included alloy-surcharges. The current price of 304 grade products reported by Metal Bulletin is

decide the grade and the price of the stainless steel. The major alloying metals which affect the value of stainless steel are Nickel (Ni), Chromium (Cr) and Molybdenum (Mo). Since the prices of these metals (especially Nickel) have

.4/-..

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prices reported in the Metal Bulletin prior to 23rd February 2004. Alloy surcharges applicable to the 304 grade flat products for the previous months are reported in Stainless Steel Review magazine (published by MEPCG International Ltd., USA) as below (January 2004 issue) :

2003		
	Aug.	Sept.
USD PMT	475	474
Euro PMT	355	395
(e)	:- estimate	

7. In order to verify the declared value the following points may be taken into consideration during assessment of Stainless Steel flat products:

products inclusive of alloy surcharge, it could be taken as the basis for determining the value of goods of grade 304;

the Metal Bulletin price of 304 grade after appropriate adjustments for the difference in composition, mainly on the basis of concentration of Nickel, Chromium and / or Molybdenum, which are the main alloying elements that influence the price of various grades of Stainless Steel. Composition of various grades is given in the Annexure.

required to be made on account of difference in thickness and size of the goods. A few illustrations of such calculations are also given in the Annexure.

(iv) It should be ensured that price specifications (grade, thickness, size etc.) are declared by the importer before assessment and the same should be verified at the time of examination;

(v) Careful scrutiny is needed in respect of consignments declared as ex-stock, stock lot, seconds, defective, etc., so as to prevent deliberate under valuation.

.5/-..

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storage. Therefore, any claim of lower valuation for the goods declared as ex stock, stock lot, etc., from the prevailing International prices should not be accepted as a matter of routine. In any case, declarations below 10% of the reference prices calculated for the relevant grade (see illustration in the Annexure) are potential cases of

valuation based on estimated prices for the relevant grades / sizes (see illustration in the Annexure). In cases where a single price is declared for the whole consignment, it would be appropriate to arrive at the reference price on a weighted average basis from the estimated prices of different grades / sizes. In this regard, it should be kept in view that majority of imports are of 304 grade and the Metal Bulletin prices are for a minimum 2 mm thickness which is generally the lowest price acceptable for the 300 series.

possibility of the cold rolled products being declared as hot rolled products to evade Anti Dumping duty. It is ascertained from the industry that goods below 2 mm thickness are generally cold rolled products. Similarly, the Country of Origin certificate should also be verified to check mis-declaration regarding country of manufacture to avoid Anti Dumping duty.

the minimum price structure as well as characteristics reflected at para 3 should be adopted for the purpose of valuation of such goods. As regards, addition of value for grade extra to determine the value of 316 Grade, 309 Grade and 310 Grade of Stainless Steel flat products etc., same should be adopted as reflected

9. Above guidelines are only for arriving at the reference prices so as to check the declared values. Individual cases have to be examined on merits for the acceptance or rejection of declared value, and re-determination of value as appropriate, by following the procedure laid down under the Customs Valuation Rules, 1988.

.6/-..

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viewed very seriously.

11. This issues with the approval of Chief Commissioner of Customs

**Sd/-**  
**(NAJIB SHAH)**  
**COMMISSIONER OF CUSTOMS (IMPORT)**

Copy to :

Delhi

(2) The Chief Commissioner of Customs, Mumbai Zone I/ Zone II/ Zone III/ Ahmedabad Zone/ Banglore Zone/ Chennai Zone/ Delhi Zone/ Kolkata Zone/ Patna Zone.  
Custom House, Ballard Estate, Mumbai.

(4) All Additional / Joint/ Deputy/ Assistant Commissioners / Appraising Officers,  
Jawaharlal Nehru Custom House, Sheva, Distt. : Raigad.

(5)

.7/-..

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**ANNEXURE**

**DIRECTORATE OF VALUATION GUIDELINES  
CN VALUATION OF STAINLESS STEEL FLAT PRODUCTS**

**A. Composition of Stainless Steel**

Grade	% Chromium (average)
304	18 20 : (19)
316	16 18 : (17)
309	22 - 24 : (23)
310	24 26 : (25)

**B. Metal bulletin prices (23rd July, 2004)**

(i) Stainless Steel CIF East Asia port Mean Price  
Grade 304 2 mm CR Coil : US \$ 2150 2400 PMT US\$ 2275 PMT

Grade 304 HR sheets : US \$ 2050 2300 PMT US\$ 2175 PMT

(ii) Nickel : US \$ 15160 15170 PMT US\$ 15165 PMT

(iii) Chromium : US \$ 4400 4600 PMT US\$ 4500 PMT

(iv) Molybdenum : US \$ 14.00 15.00 per lbs US\$ 14.5 per lbs  
(US \$ 30864.4 33069 PMT) (US\$ 31966.7 PMT)

**C. Price Adjustments to 304 grade :**

(i) Thickness extra in finish 2B (base 2 mm)

US \$ 60 PMT for 1.5 mm  
US \$ 110 PMT for 1.2 mm  
US \$ 130 PMT for 1.00 mm  
US \$ 155 PMT for 0.9 mm  
US \$ 190 PMT for 0.8 mm  
US \$ 230 PMT for 0.7 mm

US \$ 320 PMT for 0.6 mm  
US \$ 450 PMT for 0.5 mm  
US \$ 570 PMT for 0.4 mm

(ii) Size extra

Width > 1500 mm @ US \$ 100 PMT

**D. Sample Calculation of comparable prices (as on 23<sup>rd</sup> July, 2004)**

(1) CR Coils 304 grade, 1 mm thickness of 1700 mm width

Metal Bulletin price for 2 mm : US \$ 2275 PMT  
Mean Value --

Thickness extra for 1 mm : US \$ 130 PMT  
Width extra for 1700 mm : US \$ 100 PMT

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Total estimated Price : US \$ 2505 PMT  
..8/-..

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(2) HR Sheets 309 grade, 900 mm width

Basic price of 304 grade : US \$ 2275 PMT  
Difference in percentage of : Chromium Nickel Molybdenum  
alloying elements for grade +4% + 4.25% Nil  
309, compared to grade 304

Estimated price of 309 grade = 304 grade + 4% Cr. + 4.25 Nickel  
= 2275 + 180 + 644.51  
= US\$ 3099.51 PMT

(3) CR coil grade 316, 0.8 mm thick, width 800 mm

Basic price of 304 grade : US \$ 2275 PMT  
CR coil  
Difference in percentage of : Chromium Nickel Molybdenum  
alloying elements  
in grade 316 compared to - 2% + 2.75% + 2.5%  
grade 304

Estimated price of = 2275 (90) + (417) + (799.15)  
316 grade (2 mm) = US \$ 3401 for 2 mm  
thickness extra + 190 for 0.8 mm

(4) HR Sheets 310 grade, 3 mm thickness, 600 mm width

Basic price for HR sheets (MB) : US \$ 2275 PMT  
Difference in percentage of : Chromium Nickel Molybdenum  
alloying elements in : +6% + 11.25% Nil  
grade 310 compared to  
304 grade

Estimated price = US \$ 2275 + 270 + US\$ 1706  
= US \$ 4251 PMT

**Minimum  
Pricing  
Structure**  
MBQ + Grade  
Extra + Finish  
Extra Size  
extra +  
Thickness  
extra + Freight  
@ US\$ 50  
PMT  
+ Insurance

(MBQ + Grade  
extra + Finish  
Extra) less by  
maximum  
10% + freight  
@ US\$ 50  
PMT +  
Insurance

(MBQ +Grade  
extra +  
Finish Extra  
)less maximum  
by 10% +  
freight @ US\$  
50 PMT +  
Insurance.

(MBQ + Grade  
extra) less  
maximum  
20% + freight  
@ US\$ 50  
PMT +  
Insurance

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(MBQ + Grade  
extra + Finish  
Extra) less  
maximum  
15% + freight  
@ US\$ 50  
PMT +  
Insurance.

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			2004			
Oct.	Nov.	Dec.	Jan.	Feb.	March	April
				(e)	(e)	(e)
530	590	700	800	1025	1100	1200
435	500	540	615	715	835	860



% Nickel (average)	% Molybdenum (average)
8-10.5 : (9.25)	----
10-14 : (12)	2-3 : (2.5)
12-15 : (13.5)	----
19-22 : (20.5)	----