



GOVERNMENT OF PAKISTAN
COLLECTORATE OF CUSTOMS APPRAISEMENT (EAST)
CUSTOM HOUSE, KARACHI



No. C-112/KAPE/PCT/DC/2019

Dated: 23.01.2023

PUBLIC NOTICE NO. 03/2023

Subject: **CLASSIFICATION OF "LOCTITE LIOFOL LA 6020 IN THE LIGHT OF ONO-1093115-28032018 DATED 29TH MARCH, 2018**

Briefly facts of the case as reported are that M/s Henkel Industrial Adhesive Pakistan (Pvt) Ltd. imported a consignment declared to contain "Loctite Liofol LA 6020" vide GD No. KAPE-HC-149221 dated 22.02.2018 and sought clearance thereof under PCT Heading 1515.3000. The MCC Appraisal and facilitation (East) assessed the goods under PCT Heading 3907.9900 and framed contravention for mis-declaration of description and classification. Accordingly, the case was adjudicated vide Order-In-Original No.1093115-28032018 by Collectorate of Adjudication, Karachi. The adjudicating authority allowed release of the goods under Section 81 of the Customs Act, 1969 and referred the matter to Classification Centre for determination of Classification of the impugned goods.

2. Several hearings in the case were held and lastly on 03.12.2022 which were attended by representatives of importer, the Clearance Collectorate and members of the Classification Committee. The Departmental Representative contended that the impugned goods were liable to be classified under PCT heading 3907.9900. The representatives of M/s Henkel Industrial Adhesive Pakistan (Pvt) Ltd asserted that M/s Henkel Pakistan was a subsidiary of Henkel Germany and Henkel Group had its presence in more than 120 countries with strong ethical and compliance policies. The impugned product under subject mentioned GD was examined and tested from different laboratories and that HEJ Laboratory had categorically confirmed that the impugned goods were found to be as unmodified castor oil having naturally occurring polyester functionality and thus appropriately classifiable under PCT heading 1515.3000.

3. The Classification Committee considered the arguments and documents put forth by the two sides and also perused the relevant provisions of law dealing with the HS classification. Classification of any imported goods under Pakistan Customs Tariff is determined under the General Rules for the Interpretation (GIR) of First Schedule to the Customs Act, 1969. The Committee considered the PCT headings relied upon by the importer and the Clearance Collectorate as detailed hereunder:

FBR e-Dox No. 13604-R
Received in M (PR) Office on 26.01.2023

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15.15 *Other fixed vegetable or microbial fats and oils (including jojoba oil) an their fractions, whether or not refined, but not chemically modified.*

15.15.3000 - *Castor Oil & its fraction*

39.07 *Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms.*

- *Other Polyesters:*

3907.9100 -- *Unsaturated*

3907.9900 -- *Other*

4. The Classification Committee considered Explanatory Notes to HS Code 15.15 which is reproduced as under:

"Castor oil comes from the seeds of Ricinus communis. It is a non-drying, thick, generally colourless or lightly coloured oil, which was formerly used chiefly in medicine as a purgative, but is now used in industry as a plasticiser in lacquers or nitrocellulose, in the production of dibasic acids, elastomers or adhesives, surface-active agents, hydraulic fluids, etc"

5. The Classification Committee considered relevant Explanatory Notes to HS Code 39.07 which are reproduced as under:

This heading covers:

.....

(5) Polyesters. These polymers are characterised by the presence of carboxylic ester functions in the polymer chain and are obtained, for example, by condensation of a polyhydric alcohol and a polycarboxylic acid. They are thus distinguished from polyvinyl esters of heading 39.05 and polyacrylic esters of heading 39.06, in which the ester groups are substituents on the polymer chain. Polyesters include:

.....

(e) Other polyesters. These may be unsaturated or saturated.

Unsaturated polyesters are those which possess sufficient ethylenic unsaturation that they can readily be (or already have been) cross-linked with monomers containing ethylenic unsaturation to form thermosetting products. Unsaturated polyesters include polyallyl esters (see Item (b) above) and other polyesters (including oil-free alkyds) based on an unsaturated acid, for example, maleic or fumaric acid. These products, which are usually in the form of liquid prepolymers, are mainly used for producing glass fibre reinforced laminates and cast transparent thermosetting products.

Saturated polyesters include polymers based on terephthalic acid, for example, poly(butylene terephthalate), and saturated oil-free alkyd resins. They are largely used for textile fibres and films."

6. The Classification Committee analyzed the issue in the light of test reports of Custom House Laboratory and HEJ Lab. The Custom House Lab vide its Receipt No. 085643 has analyzed the sample as under:-

“The sample on test by general method of testing gave the following results:-

State Straw color cleared liquid

Solubility..... insoluble in water

Density0.9596 gm/cm³

Refractive Index1.4768

It form adhesive like film with isocyanate.

In view of the above test results the sample is one part of two component system based on modified polyol castor oil (whether castor oil is modified or not could not be ascertained at the level of our laboratory).”

7. The Committee observed that the fact as to whether or not the impugned goods were modified were not ascertained by Custom House Lab, therefore, the samples were forwarded to HEJ Lab by the Collectorate vide Ref.C.No.2(208) KAPE/DC-II/Test Analysis-WeBoc-2014 dated 16.03.2018. The HEJ Lab vide its report No. Ref.Dec-TEC-QF-30, dated 19.03.2018 reported as under:-

Measurement / Results:

The given sample was analyzed by Fourier Transform Infrared Spectroscopic (FTIR) technique, Chemical & Physical methods. The results were found to be as follows:-

Tests	Results
<i>State</i>	<i>Transparent Liquid</i>
<i>Color</i>	<i>Pale Yellow</i>
<i>Odor</i>	<i>Blended</i>
<i>Chemically</i>	<i>Castor Oil</i>
<i>Hydroxyl Value</i>	<i>165.3 mg KOH/g</i>

Remarks:

In the light of tests carried out, the given sample “Loctite Liofol LA 6020” was found to be as unmodified castor oil (having naturally occurring polyester functionality).”

8. The Classification Committee observed that as per reported facts mentioned above, the sample is found to be unmodified castor oil having naturally occurring polyester functionality which substantiates that it is not a synthetic polymer produced by chemical synthesis, therefore, the product ‘Loctite Liofol LA 6020’ having specific properties as per the aforementioned Lab results/remarks, in view of the Classification Committee is appropriately classifiable under PCT heading 1515.3000 in terms of Rule 1 of the General Rules of Interpretation.

9. The above classification determination is specific to the product whose details/specifications have been given above. Further, the ruling is based on the documents and information provided by the Collectorate/importer and shall be treated as annulled if it is found


at any subsequent stage that the same was obtained by providing incorrect, false, misleading or incomplete information.

10. This Public Notice is issued in terms of Chapter-II (Classification) of CGO 12/2002 dated 15.06.2002.


(Mushtaq Ali Shahani)
Additional Collector of Customs/
Chairman Classification Committee

Copy for information to:

1. The Member Customs (Policy / Operations), Federal Board of Revenue, Islamabad.
2. The Member (Customs Legal & Accounting), Federal Board of Revenue, Islamabad.
3. The Member (FATE), Federal Board of Revenue, Islamabad with the request to publish this ruling on FBR website.
4. The Chief Collector of Customs (Appraisalment) South, Custom House, Karachi.
5. The Chief Collector of Customs (Enforcement) South, Custom House, Karachi.
6. The Chief Collector of Customs (Appraisalment) Central, Custom House, Lahore.
7. The Chief Collector of Customs (Enforcement) Central, Custom House, Lahore.
8. The Chief Collector of Customs (North), Custom House, Islamabad.
9. The Chief Collector of Customs (Balochistan), Custom House, Quetta.
10. The Collectorate of Customs, Appraisalment (East/West/PMBQ), Karachi.
11. The Director, Reforms and Automation (R&A), Custom House, Karachi with the request to incorporate this ruling in WeBoC.
12. The Project Director, WeBoCGlo, Custom House, Karachi for necessary action.
13. The Director, Directorate of Post Clearance Audit (Central), Lahore
14. M/s Henkel Industrial Adhesive Pakistan (Pvt) Ltd.
15. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
16. The Karachi Chamber of Commerce & Industry, Karachi.
17. The Karachi Customs Agents Association, Karachi.
18. Notice Board.


(Mushtaq Ali Shahani)
Additional Collector of Customs/
Chairman Classification Committee