



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



No. C-10/KAPE/DC-PCT/2024

Dated: 29/05/2025

**PUBLIC NOTICE NO. 04/2025**

Subject: **CLASSIFICATION OF HR TRIMMING/END CUTTINGS**

**Background of the dispute/issue:**

Pakistan Association of Large Steel Producers (*herein after referred as 'PALSPs'*) vide representation No. PALSP 06082024/1 dated 06-08-2024 to the Member Customs-Operation, FBR and Pakistan Ship Breakers' Association (*herein after referred as 'PSBA'*) vide representation No. PSBAL1796/2024 dated 03-09-2024 to the Chief Collector of Customs, Appraisement (South), Karachi raised the matter purportedly pertaining to mis-classification of hot-rolled strips as scrap. Previously, similar matter was referred to the Classification Committee by the Federal Board of Revenue vide letter No. 1(1)App-Ops/2022 dated 24-01-2022.

2. Briefly, PALSP and PSBA have raised concerns regarding the classification of imported hot-rolled (HR) strips in irregularly wound coils, which have been mis-declared as trimming scrap under PCT Heading 7204.4100. Such mis-classification of goods is mainly due to the contention that the goods are variable in thickness & width, thus qualify for the classification under heading of waste & scrap i.e. 72.04. However, the associations assert that the HR strips are derived from prime-quality coils with uniform thickness. Physical inspections have confirmed that the strips are intact and exhibit uniform thickness, a fact that can be further verified through micrometer measurements at multiple points across the coils. Therefore, the strips are rightfully classified under HS Code 72.11, in their view:

**Proceedings:**

3. Meeting of the Classification Committee in this regard was held on 02-10-2024 attended by the authorized clearing agents of PSBA. During this meeting, the representatives provided documentary and visual evidence to support their position. They argued that 'hot-rolled

  
 Chief (IPS)  
 03-06/25 Uman Asghar  
 Chief (IPS)

(HR) trimmings' are off-cuts from the slitting machines that process coils for industrial use. When new HR coils are processed, they are cut to customer specifications, and the off-cuts from the cutting die are known as 'HR trimming scrap.' These HR trimmings are widely used by local industries in Pakistan and India for wire manufacturing, as they are inexpensive and serve as cost-effective intermediate goods. To further support their case, they presented visual evidence showing that these trimmings are being utilized by small-scale industries for wire production. Additionally, they referred '*Customs Ruling NY 186479 dated 17-10-2002-The tariff classification of flat-rolled steel coils from Canada*', issued by the Director, National Commodity Specialist Division, US Customs, that classified usable "off-cuts" from large steel coils under HS Code 72.11, rather than under 72.04,

4. Furthermore, Note-8 (a) of Chapter XV of the Pakistan Customs Tariff was referred to wherein 'waste & scrap' are defined as:

***"8(a) Waste and scrap***

*(i) All metal waste and scrap;*

*(ii) Metal goods definitely not usable as such because of breakage, cutting-up, wear or other reasons"*

Since the goods in question can be re-used in the manufacturing of wires, they cannot be classified as scrap based on the definition provided above. Therefore, the HR trimmings should not be classified under PCT Heading 72.04. Besides, the explanatory notes for Heading 72.04 were cited, which clarify that articles which, with or without repair or renovation, can be re-used for their original purposes or adapted for other uses, are excluded from the definition of 'waste and scrap.' Moreover, Serial No. x of para-1 of Chapter 1 of CGO 12/2002, dated 15-06-2002, was referenced, which gives the following definition of 'iron and steel scrap':

*(i) Articles which are not useable for industrial, construction or other purposes, without recovery of metal in the first instance by the processes of either "remelting" or "forging" as defined in the Explanatory Notes shall be treated as scrap classifiable under 73.03.*

*(ii) Articles which with repair or renovation, without first being recovered as metal, can be re-used for their original purposes or can be adapted for other uses, would not be classified as "scrap". Such goods shall be classified under their respective headings.*

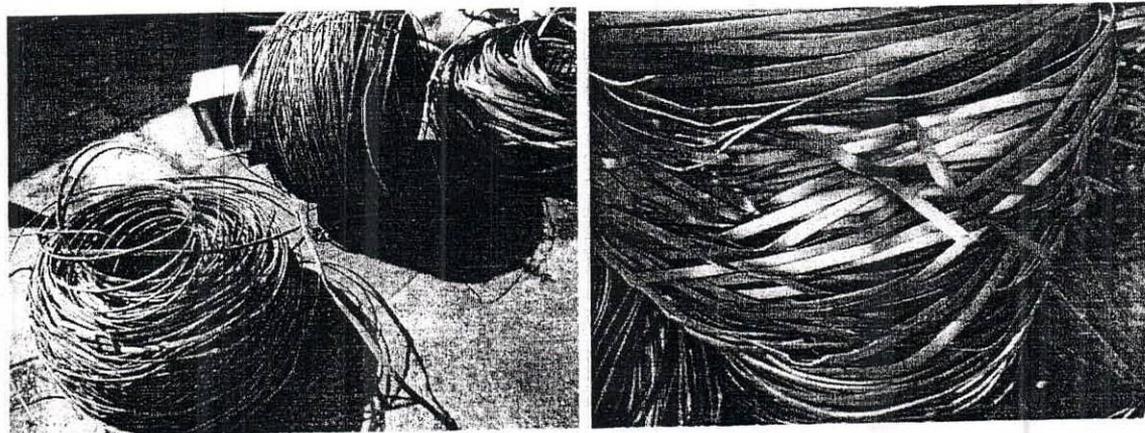
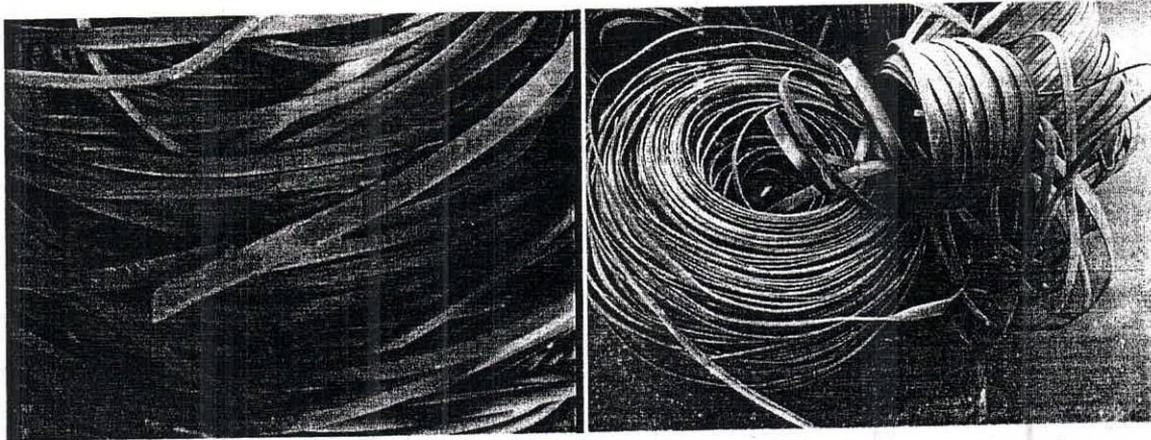
(iii) *The real test for classification under 73.03 or other heads is whether the article can be adapted to the original or other uses without recovery of metal. For this purpose, the original shape of article is not of material consideration unless the article is in a useable shape.* For example, if a pipe with a number of holes cannot be retrieved and reused as pipe and has to be melted or forged for recovery of metal, it shall be classified as 'scrap' and not as 'pipe'. But another pipe with a few repairable holes can be classified as 'pipes'.

Based on the aforementioned arguments, the association proposed the classification of the "HR trimming scrap" under either Heading 72.11, which covers *"Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated, or coated,"* or under Heading 72.13, which covers *"Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel."*

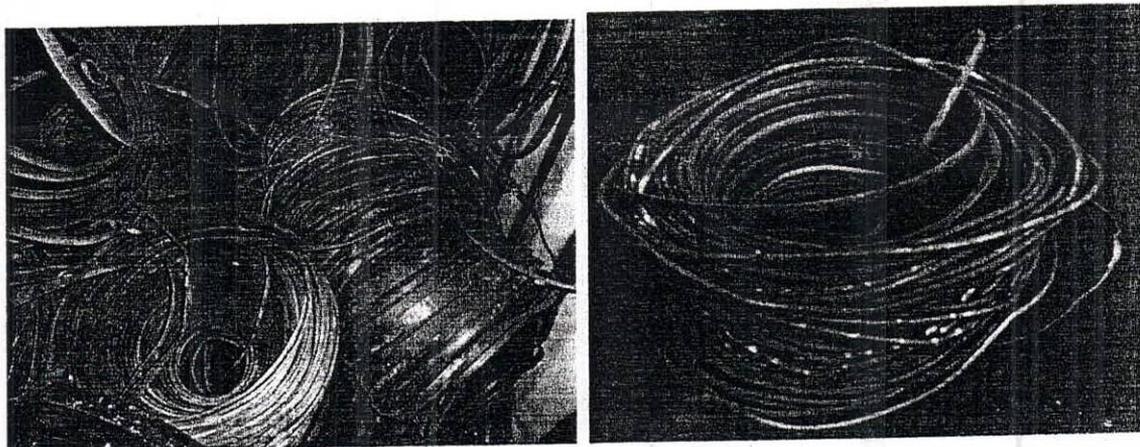
5. To ascertain the appropriate classification of HR end cutting/trimming scrap, a meeting was convened on November 20, 2024, attended by representatives of M/s Adil Mehboob Steel Mills, M/s Hattar Steel Re-rolling, M/s Pioneer Steel, M/s Madina Steel Works, M/s Siraj Steel Industries, M/s Fatmi Wires, M/s Nazir Industries, M/s Unity Recycling, and M/s Madni Steel Impex. During the hearing, it was expressed by their representatives that end cuttings/trimmings are scrap or by-products of hot-rolled (HR) coils, trimmed off the edges or ends during the finishing process. These trimmings typically have imperfections and variations in width and thickness, are irregular in shape and size, and are wound into uneven bundles. Due to these characteristics, they cannot be used for applications requiring uniform dimensions, such as wire drawing. Instead, they are primarily used for re-melting to produce new steel, as they are cost-effective and require less heat and processing. It was acknowledged by some representatives that if these goods have uniform dimensions, they could be classified as articles rather than scrap. However, they emphasized that such cases are exceptions, as the majority of end cuttings are utilized for re-melting. The representatives further referred to a committee decision (C. No 153-ASO/Detection/2016/5111 dated December 1, 2016), issued by the then Model Customs Collectorate, Custom House, Multan, wherein it was concluded that such end cuttings/trimmings are generally unsuitable for uses other than metal recovery/re-melting and as imported and presented are correctly classified under PCT Code 7204.4100 as *"Turnings, shavings, chips, milling waste, sawdust, filings, trimmings, and stampings, whether or not in bundles."*

Law and Analysis:

6. The Committee examined the issue in detail. Basic controversy revolves around the condition of the goods at import stage. PSBA asserts that the goods possess uniform width and thickness, while the importers of the impugned goods contend that these have irregular width and thickness. To ascertain condition of the goods, their images scanned in different Goods Declarations were analyzed. Few of these images are as under:



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7. Scrutiny of the images transpired that the goods are non-uniform (in terms of width & thickness) end side cutting of HR sheets /coils, evidencing that these are cuttings of edges of coils during the finishing process. The Committee examined all the proposed headings i.e. 72.04 (7204.4100, 7204.4190, 7204.4990), 72.11 and 72.13. The said headings have the following distinguishing condition and aspects:-

**72.04: Ferrous waste and scrap; remelting scrap ingots of iron or steel.**

- i. All metal waste and scrap (from the manufacture or mechanical working of iron or steel)
- ii. Articles of iron & steel definitely not usable as such because of breakage, cutting-up, wear or other reasons.
- iii. Articles which, with or without repair or renovation, can be re-used for their original purposes or can be adapted for other uses are excluded from the purview of heading 72.04.
- iv. It also excludes articles which can be refashioned into other goods without first being recovered as metal

**72.11: Flat- rolled products of iron or non- alloy steel, of a width of less than 600 mm, not clad, plated or coated.**

- i. Coils of successively superimposed layers.
- ii. straight lengths, which if of a thickness less than 4.75 mm are of a width measuring at least ten times the thickness or if of a thickness of 4.75 mm or more are of a width which exceeds 150 mm and measures at least twice the thickness.

**72.13: Bars and rods, hot- rolled, in irregularly wound coils, of iron or non- alloy steel.**

- i. Hot-rolled products in irregularly wound coils, which have a solid cross-section in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles or other convex polygons (including flattened circles and "modified rectangles", of which two opposite sides are convex arcs, the other two sides being straight, of equal length and parallel).

**Ruling:**

8. To classify goods under heading 72.11 the goods must be in the form of "coils of successively superimposed layers." The HR end side cuttings are presented in irregularly wound coils, as evident from the images. Consequently, these goods do not fall under the purview of heading 72.11. Similarly, to classify goods under heading 72.13, the product must have a solid cross-section in specific shapes such as circles, segments of circles, ovals, rectangles (including squares) triangle or other convex polygons. These include flattened circle and modified rectangles where two opposite sides are convex arcs, and the longitude side are straight equal to

length, and parallel. Upon scrutiny of the images, it is evident that the longitudinal sides of these cuttings are not parallel, with irregular uneven and damaged edges. Besides, though note 1(1) to Chapter 72 states the goods classifiable under 72.13 may have deformations produced during the rolling process, however, the explanatory notes of heading 72.13 clarify that such indentations and protuberances must be specifically designed to enhance bonding with concrete. In this case the uneven edges of goods are not purposefully designed or incorporated but are instead result of the slitting of sheets or coils during the finishing process. Besides, there is no claim from the relevant association that these goods are being utilized in construction sector. The goods thus do not meet the requirements of classification under heading 72.13.

9. Considering the condition of goods at the import stage, as detailed above, the committee opines that the goods cannot be excluded from being classified as scrap of iron and steel under heading 7204. To determine the appropriate classification of goods under heading 72.04, the Committee conducted a detailed discussion on the available sub-headings. Following are the subheadings of 72.04.

72.04	Ferrous waste and scrap: remelting scrap of ingots of iron or steel
	- Other waste and scrap:
7204.4100	-- Turnings, shavings, chips, milling waste, sawdust, fillings, trimming and stampings, whether or not in bundles.
	-- other
7204.4910	--- Re-rollable
7204.4920	--- Waste and scrap of auto parts
7204.4930	--- Waste and scrap of auto parts in pressed bundle condition
7204.4940	--- Waste and scrap of compressors
7204.4990	--- Other
7204.5000	-Remelting scrap ingots

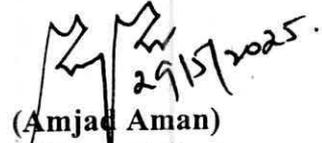
Subheading 7204.4100 pertains to turnings, shavings, chips, milling waste, sawdust, fillings, trimmings and stampings, whether or not in bundles. Although, the imported goods are commonly referred to as trimming/cuttings, the technical definition of trimmings refers to small pieces left after cutting. As evident from the above images the goods consist in continuous length with un-even and non-uniform thickness and width. These characteristics thus do not align with the technical definition of trimming scrap or its likes.

Based on these observations, the Classification Committee concludes that the appropriate classification for the imported product declared as "HR Trimmings / Cuttings" and having the above specification is under subheading 7204.4990 ("-Other"), being the most appropriate PCT heading available in the current scheme of Pakistan Customs Tariff.

10. 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 representatives of association and importers 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.

11. This ruling is issued in accordance with Chapter-II (Classification) of CGO 12/2002 dated 15.06.2002, following deliberations held by the Classification Committee constituted thereunder, and with concurrence from the current Classification Committee constituted under CGO. 02 of 2025 dated 24.03.2025. Any appeal against this determination/decision shall lie with the Board in terms of Rule 2 of the Pakistan Rules provided in the preamble of the First Schedule to the Customs Act, 1969.

  
(Amjad Aman)

Additional Collector

Secretary to the Classification Committee

**Copy for information to:**

1. Member (Customs-Policy), Federal Board of Revenue, Islamabad.
2. Member (Customs-Operations), Federal Board of Revenue, Islamabad.
3. Member (Customs-Legal & Accounting), Federal Board of Revenue, Islamabad.
4. Member (FATE), Federal Board of Revenue, Islamabad.
5. The Chief (Tariff & Trade), Federal Board of Revenue, Islamabad.
6. The Chief Collector of Customs (Appraisalment) South, Custom House, Karachi.
7. The Chief Collector of Customs (Enforcement) Islamabad.
8. The Chief Collector of Customs (Exports / IOCO), Custom House, Karachi.
9. The Chief Collector of Customs (Appraisalment) Central, Custom House, Lahore.
10. The Chief Collector of Customs (North), Custom House, Islamabad.
11. The Chief Collector of Customs (Khyber Pakhtunkhwa), Custom House, Peshawar.
12. The Chief Collector of Customs (Baluchistan), Custom House, Quetta.
13. The Secretary (Tariff -I), Federal Board of Revenue, Islamabad
14. All Collectors / Directors of Customs.
15. Ship Breaker Association, M-1, Mezzanine Floor, Horizon Tower, P/No. 2/6, Commercial Block-3, Scheme No.5, Near Bilawal House, Clifton, Karachi.
16. Pakistan Association of Large Steel Producers, Office No. 403-D, Evacue Trust Complex, Sector F-5/1, Agha Khan Road, Islamabad.
17. M/s. Adil Mahboob Steel Mills, Located at Near Awan Chowk, Behind grind Station, Gujranwala.
18. M/s. Hattar Steel Re-rolling Mills, Plot No. 6,7,8, 9 & 26, Phase-IV, Hattar Industrial Estate, Hattar, Haripur.
19. M/s. Pioneer Steels, Room No. 8, 1st Floor, Jubilee Centre, opp New Memon Masjid, M.A. Jinah Road, Karachi.
20. M/s. Madina Steel Works, STD Ghorli Wali, Near Academy Lagpat Nagar, Shahdra.
21. M/s. Siraj Steel Industries (Pvt) Ltd, Plot No. 17-A, New Industrial Area, Mirpur.
22. M/s. Fatmi Wires, C-386, Hub Chowki, Baluchistan.
23. M/s. Nazir Industries, 5 Kanal Factory Building, Jalil Town, Gujranwala.

24. Unity Recycling Industries, Plot No. 1786 to 1940, Ittehad Town, Muhammad Khan Colony, Block-O, Karachi west, Baldia Town.
25. M/s. Madni Steel Impex, Dewan Road Khwaja Nagar Ismail Pura, Eminabad, Gujranwala, Kamonke
26. The Karachi Chamber of Commerce & Industry, Karachi.
27. The Federation of Pakistan Chambers of Commerce and Industry, Karachi.
28. Mr. M. Bisharat, HOC Scrap Committee, Karachi Customs Agents Association, Karachi.
29. Mr. Hashim Razzaq, MMC, Karachi Customs Agents Association.
30. Notice Board.

  
(Amjad Aman)

Additional Collector

Secretary to the Classification Committee