



# Ask the TIC

## An Update on Pre-shipment Inspections

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### WHEN IS A PRE-SHIPMENT INSPECTION REQUIRED?

Pre-shipment inspections are required of exports when mandated by the government of an importing country. Pre-shipment inspections may help ensure that the price charged by the exporter reflects the true value of the goods, prevent substandard goods from entering a country, and mitigate attempts to avoid the payment of customs duties.

The following countries currently require or request pre-shipment inspections:

Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Republic, Comoros, Republic of the Congo (Brazzaville), Democratic Republic of the Congo (Kinshasa), Côte d'Ivoire, Ecuador, Ethiopia, Guinea, India (see note below), Indonesia (see note below), Iran, Kenya (under review), Kuwait (see note below), Liberia, Madagascar, Malawi, Mali (under review), Mauritania, Mexico (see note below), Moldova (under review), Mozambique, Niger, Nigeria, Peru, Rwanda, Saudi Arabia (see note below), Senegal, Sierra Leone, Tanzania (Zanzibar only), Togo, Uzbekistan, and Venezuela.

Most countries on the list above request inspections for shipments above certain values. However, in some instances inspections are necessary for all imported products, regardless of value.

In some cases, a country may require pre-shipment inspections only for certain types of goods. For example, India requires a pre-shipment inspection only for certain steel products, and Indonesia for some steel and waste products. Mexico requires a pre-shipment inspection for a variety of goods if they do not qualify for NAFTA tariff preference. A few types of products shipped to Saudi Arabia and Kuwait must contain a "certificate of conformity." Though not referred to as a pre-shipment inspection, this certification verifies that the product conforms to the relevant standard by testing and inspection prior to shipment from the exporting county.

Pre-shipment inspection regulations change often, and contracts for pre-shipment inspections are reviewed periodically.

For more information, exporters can contact inspection companies, freight forwarders, or the U.S. Commerce Department's Trade Information Center.

### WHO CONDUCTS THE PRE-SHIPMENT INSPECTION?

Private organizations typically perform pre-shipment inspections. In most cases, importers can select from a shortlist of these organizations when planning inspections. However, sometimes one firm is appointed to carry out inspections for a given country on an exclusive basis. The following is a list of the most widely used private inspection companies:

Bivac/Bureau Veritas  
Tel: (305) 593-7878, [www.bivac.com](http://www.bivac.com)

Cotecna  
Tel: (305) 828-8141, [www.cotecna.com](http://www.cotecna.com)

Intertek  
Tel: (305) 513-3000, [www.itsfts.com](http://www.itsfts.com)

SGS  
Tel: (305) 592-0410, [www.gts.sgsamericas.com](http://www.gts.sgsamericas.com)

### WHAT IS THE PRE-SHIPMENT INSPECTION PROCESS?

Generally, an inspection company starts the inspection process when it receives a copy of the inspection order from the importing country. An inspection order states the value of goods, the names and addresses of the importer and the exporter, the country of supply, and the importer's declaration of customs code. The inspection company then contacts the exporter to arrange an inspection site and time.

The steps of the inspection are usually as follows:

- 1) The importer opens an import document or license.
- 2) The importer informs the inspection service in the country of import of a pending shipment, and either pays for the inspection up front or pays a percentage based on the value of the commercial invoice, depending on the terms of the importing country's inspection contract.
- 3) An inspection order is forwarded to the inspection company office in the country of export.
- 4) The inspection company contacts the exporter to arrange the date, time, and location for inspection. It also requests all required shipping documents and price information (invoices). The exporter must provide these documents in a timely manner to avoid demurrage or other penalties.

- 5) The inspection is performed.
- 6) If no discrepancies are noted during the inspection, and once all final documents are received from the importer and exporter, a “clean report of findings” is issued confirming the shipment’s value, customs classification, and clearance. The final documents required for issuance of the “clean report of findings” vary by contract but most often include a final invoice and bill of lading or air waybill.
- 7) The goods are shipped to the importing country.
- 8) The importer uses the inspection report to get the imported goods released from customs. If goods reach the border of the importing country without inspection, they usually have to be re-exported to a nearby country for inspection prior to re-entry or are subject to heavy penalties.



### WHO ARRANGES AND PAYS FOR THE INSPECTION?

Although the importer is responsible for arranging the pre-shipment inspection, the exporter must make the goods available for inspection in the country of origin. Delays in the process can lead to problems with the shipment and/or increased costs for the exporter. Therefore, it is in the best interest of exporters to work with their freight forwarders to ensure that all information is accurate and is provided to the inspection company immediately after notification of the requested inspection. Requirements for pre-shipment inspections are sometimes spelled out in letters of credit or other documents.

Inspection costs are generally paid either by the importer or by the government of the importing country. However in some cases, the inspection agency may invoice the seller in the event of supplementary inspection visits. The costs associated with presenting the goods for inspection (such as unpacking, handling, testing, sampling, and repackaging) are the responsibility of the seller.



### HOW DO I APPEAL THE FINDINGS?

To appeal the findings of a pre-shipment inspection, contact the inspection company’s appeals officer. Provide, in writing, to the inspection company the facts concerning the specific transaction in question, the nature of the grievance, and suggested solution.

If exporting to a member country of the World Trade Organization, the WTO agreement on pre-shipment inspections spells out the responsibilities of the exporter and the inspection company. Detailed information on the agreement is available at [www.export.gov/tcc](http://www.export.gov/tcc) or by phoning the Office of Multilateral Affairs, U.S. Department of Commerce, at (202) 482-0603.



### ARE THERE OTHER CERTIFICATION INSPECTIONS SPECIFIC TO AGRICULTURAL PRODUCTS?

Several agencies within the U.S. Department of Agriculture provide inspection services when certificates are required to clear agricultural and food products through customs abroad. Sanitary and phytosanitary (plant health) certificates, which are normally issued to protect U.S. consumers, can also be used for international trade purposes.

The Federal Grain Inspection Service (FGIS) conducts inspections of rice, peas, beans, lentils, all grains, and grain-based processed products. Export quality inspection at the time of shipment is mandatory for bulk or bagged grains and oilseeds under the U.S. Grain Standards Act, including barley, canola, corn, flaxseed, mixed grain, oats, rye, sorghum, soybeans, sunflower seed, triticale, and wheat. (Non-waterborne shipments bound for Canada and Mexico are exempted, however, under the North American Free Trade Agreement.) FGIS is required by law to perform these inspections (for a fee), and it provides the only official grain quality and quantity inspections in the United States. However, some contracts may specify that a particular private firm must perform an inspection as well. For more information about grain inspection, please contact FGIS at (202) 720-0252.

The Animal and Plant Health Inspection Service (APHIS) assists exporters in meeting the plant quarantine import requirements of foreign countries. APHIS conducts inspections to certify that certain products, such as fruits, vegetables, plants, seeds, grains and grain products, lumber, and logs are free from quarantined pests and conform with the phytosanitary regulations of the importing country. For additional information about these inspections, phone APHIS at (301) 734-8537, or see the “Ask the TIC” article on inspection certificates in the March 2002 issue of *Export America*.

Additional certifications may be required in some cases. See other “Ask the TIC” articles on export procedures and requirements at [www.export.gov/tic](http://www.export.gov/tic). ■

#### FOR MORE INFORMATION

The International Trade Administration of the U.S. Department of Commerce operates the Trade Information Center (TIC) for the 19 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. government’s export promotion programs and activities. You, too, can “Ask the TIC” by calling (800) USA-TRADE (872-8723), toll-free, Monday through Friday, 8:30 a.m. to 5:30 p.m. EST. Or visit the TIC at [www.export.gov/tic](http://www.export.gov/tic).