



UNITED NATIONS
ECONOMIC COMMISSION FOR EUROPE

ECE/TRADE/237

**UN/CEFACT
RECOMMENDATION ON PRESHIPMENT INSPECTION**

RECOMMENDATION No. 27, *first edition, adopted by the*
United Nations Centre for the Facilitation of Procedures and Practices for Administration, Commerce and
Transport

Geneva, June 1999

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I. PREAMBLE

At its fourteenth and sixteenth sessions, held in September 1981 and 1982, the Working Party on Facilitation of International Trade Procedures adopted Recommendation No.18, « Facilitation Measures Related To International Trade Procedures » which included a recommendation to discourage the use of preshipment inspection

Since then, the World Trade Organization (WTO) has adopted the Agreement on Preshipment Inspection and the World Customs Organization (WCO) has published the Declaration Concerning Integrity in Customs and, in co-operation with other international organizations, is promoting a programme of reform and modernization for Custom Administrations.

In view of these developments, the UN Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT), which has replaced the Working Party on Facilitation of International Trade Procedures, undertook to produce a separate recommendation discouraging the practice of preshipment inspection (PSI) in general while supporting the WTO instrument regarding preshipment inspection where such inspections are considered necessary as an interim measure.

II. RECOMMENDATION

In March 1999, at its fifth session, UN/CEFACT adopted the following Recommendation:

"The UN Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT),

- *being aware that excessive administrative and official formalities constitute non-tariff barriers to trade which can cause delays and additional costs;*
- *noting that a number of Governments require inspection prior to the shipment of goods from the exporting country; and*
- *recalling its earlier recommendation discouraging the use of preshipment inspection, recommends that preshipment inspection (PSI) should not be made a regulatory requirement.*

Where in certain circumstances the interim recourse to

PSI is still considered necessary, UN/CEFACT recommends that:

- *PSI should be considered as a short- term measure and the procedure should be reviewed every twelve to eighteen months to ensure fulfilment of objectives;*
- *a deadline, which should not exceed five years, should be established for removing regulatory PSI procedures;*
- *the WTO Agreement on Preshipment inspection should be formally adhered to.*

Where PSI is used to carry out Customs related activities, UN/CEFACT recommends that:

- *Governments and Customs administrations formally adopt the WCO Arusha Declaration Concerning Integrity in Customs;*
- *a comprehensive programme of Customs reform and modernization, with adequate resources, be combined with the introduction of the PSI program; and*
- *maximum use be made of available PSI information.*

At the session representatives attended from:

Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Czech Republic, Denmark, Finland, France, Germany, Hungary, Iceland, Iran (Islamic Republic of), Israel, Japan, Lebanon, Luxembourg, Netherlands, Nigeria, Norway, Poland, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland and United States of America. The European Community was also represented.

The following inter-governmental organizations participated: Danube Commission (CD), the Organization of the Islamic Conference (OIC), the World Customs Organization (WCO) and the Bank for International Settlements (BIS).

The following United Nations bodies were also represented:

The Economic Commission for Africa (ECA), the United Nations Economic and Social Commission for Western Asia (ESCWA), the United Nations Commission on International Trade Law

(UNCITRAL), and the United Nations Conference on Trade and Development (UNCTAD).

The following non-governmental organizations participated:

International Rail Transport Committee (CIT), International Article Numbering Association (EAN), European Electronic Messaging Association (EEMA), International Association of Ports and Harbours (IAPH), International Chamber of Commerce (ICC), International Electro-technical Commission (IEC), International Road Union (IRU), International Organization for Standardization (ISO), Society for Worldwide Interbank Financial Telecommunications (S.W.I.F.T) and the United Towns Agency for North-South Cooperation.

Observers present at the invitation of the secretariat included representatives from the Electronic Commerce Europe Association (ECEA), Association of Committees on Simplified Procedures for International within the European Community and the European Free Trade Association (EUROPRO) and the International Federation of Inspection Agencies (IFIA).

III. EXPLANATORY TEXT

1. For more than 100 years, private sector buyers and sellers have resorted to the practice of inspecting goods before their shipment in order to ensure that the quantity and quality of the goods to be traded conform to the specifications of the sales contract.
2. During the last twenty-five years, this purely commercial practice in some importing countries was made an official requirement, particularly in countries where it was felt that Customs and other official agencies were inefficient (thereby prejudicing the revenue collection and enabling corrupt practices and fraud).
3. The negative effects of PSI in causing delays and increased costs and involving sometimes onerous procedures were reported to the UN/ECE Working Party on Facilitation of Trade Procedures already in 1976 with the observation that PSI acted against the international trade facilitation effort and that remedial action was warranted.
4. In September 1981, the UN/ECE Working Party on Facilitation of

International Trade Procedures adopted a Recommendation No 18 on "Facilitation measures related to international trade procedures".

5. As a result of its discussions of this subject, the Working Party adopted one recommended measure (8.2) on "Discouragement of pre-shipment inspection", worded as follows:

"The present trend towards increased pre-shipment inspection of goods for purposes other than phytosanitary, sanitary and veterinary controls causes serious concern because of its implications in the form of costs and delays. This practice should be discouraged. When there is legitimate need for inspection, the authorities concerned should accept certificates issued by official control bodies in the country of export."

6. As part of its continuous review of Recommendations on Trade Facilitation, noting the substantial increase in the use of PSI and taking into account the active interest in the problem of pre-shipment inspection, demonstrated through initiatives in international fora, including the World Customs Organization, the World Trade Organization and the International Chamber of Commerce, UN/CEFACT agreed to adopt a separate Recommendation on the subject, reaffirming its previous position and taking into account recent developments, notably the adoption by the WTO of the "Agreement on Preshipment Inspection", the WCO of the "Declaration concerning integrity in Customs" (Arusha Declaration), and the development by UNCTAD of 19 Trade Facilitation Recommendations regarding Customs practices.

7. The purpose of the present Recommendation, therefore, is for UN/CEFACT to reaffirm its concern in regard to pre-shipment inspection, to lend support to the WTO and WCO instruments, and the UNCTAD Customs Recommendations on the subject, and to strengthen these initiatives by recommending time limits on the use of PSI.