



Committee on Customs Valuation

SIXTH REVIEW OF THE AGREEMENT ON PRESHIPMENT INSPECTION

REPORT BY THE SECRETARIAT¹

As agreed at the meeting of the Committee on Customs Valuation on 15 November 2023, the Secretariat was requested to prepare a factual report to assist Members in considering matters relating to preshipment inspection (PSI) during the Sixth Review of the WTO Agreement on Preshipment Inspection (PSI Agreement). This report outlines the structure of the PSI Agreement, summarizes prior reviews, contains information from Member notifications and other sources regarding the use of PSI programmes, and provides information relating to the Independent Entity, which was established to address disputes between PSI entities and exporters.

1 STRUCTURE OF THE PSI AGREEMENT

1.1. Preshipment inspection is the practice of employing specialized private entities to check shipment details (such as the quality, quantity, price, or customs classification) of imported goods. Under the PSI Agreement, user Members – those contracting for or mandating the use of PSI activities – are subject to several obligations under Article 2, including those relating to non-discrimination, transparency, protection of confidential business information, avoidance of unreasonable delays, the use of specific guidelines for conducting price verification, and the avoidance of conflicts of interest by PSI entities.

1.2. The obligations of exporting Members under Article 3 include non-discrimination in the application of domestic laws and regulations relating to PSI activities, prompt publication of such laws and regulations, and the provision of technical assistance where requested on mutually agreed terms.

1.3. The PSI Agreement also provides for a mechanism called the Independent Entity to conduct reviews of disputes between PSI entities and exporters (Article 4) and prescribes certain notification requirements (Article 5) and periodic review by Members (Article 6).

2 TRIENNIAL REVIEWS OF THE PSI AGREEMENT

2.1. Article 6 of the PSI Agreement provides that:

"At the end of the second year from the date of entry into force of the WTO Agreement and every three years thereafter, the Ministerial Conference shall review the provisions, implementation and operation of this Agreement, taking into account the objectives thereof and experience gained in its operation. As a result of such review, the Ministerial Conference may amend the provisions of the Agreement."

2.2. In November 1996, the General Council agreed to establish a Working Party under the Council for Trade in Goods to conduct the First Review under Article 6 of the PSI Agreement. The Working Party met during four formal meetings in 1997 and proceeded with its review along a four-track process. First, the Chair held informal consultations with Members. Second, Members provided submissions regarding their national experiences. Third, a survey was compiled on the basis of a questionnaire provided to Members. Fourth, Members exchanged views on the following issues: (i) price verification; (ii) confidentiality of business information; (iii) non-discriminatory

¹ This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members or to their rights and obligations under the WTO.

application of inspection criteria; (iv) transparency; (v) delays; (vi) on-site representation of PSI entities; (vii) operation of the Independent Entity; (viii) conflicts of interest; (ix) notifications; and (x) technical assistance. In a report provided to the General Council in December 1997 ([G/L/214](#)), the Working Party made seven recommendations to enhance implementation of the PSI Agreement. The term of the Working Party was extended to allow for additional exchanges of views on various issues.

2.3. In reports to the General Council in November 1998 ([G/L/273](#)) and March 1999 ([G/L/300](#)), the Working Party indicated that it held four formal meetings to exchange views on the following additional issues: (i) Code of Conduct/Practice for PSI entities, (ii) a standard inspection format; (iii) selective examination of shipments; (iv) auditing of PSI entities; (v) the promotion of competition among PSI entities; (vi) fee structure for PSI entities; (vii) the use of price data bases; (viii) trade facilitation; and (ix) technical assistance. During informal meetings, the views of various international organizations and associations were heard. The Working Party made several recommendations based on its review, including that "future monitoring of the Agreement should be undertaken initially by the Committee on Customs Valuation (the Committee), and that PSI should be a standing agenda item."

2.4. The Second Review was held during the meeting of the Committee on Customs Valuation in October 2006. The Chair reported to the General Council in December 2006 ([G/L/809](#)) that no submissions were received from Members in advance of the review and that two Members made statements at the meeting on the importance of continuing to monitor PSI activities.

2.5. The Third Review was held during the meeting of the Committee on Customs Valuation in October 2014. The Chair reported to the General Council in November 2014 ([G/L/1081](#)) that no Member had provided either written submissions or oral statements during the review.

2.6. The Fourth Review was held during the meeting of the Committee on Customs Valuation in November 2017. The Chair reported to the General Council in May 2018 ([G/L/1236](#)) that no Member provided written submissions in advance of that meeting. Although the review was suspended in order to consider a proposal advanced by one Member at the meeting, the proposal was later withdrawn, and the review was concluded at the meeting held in April 2018.

2.7. The Fifth Review was launched at the meeting of the Committee on Customs Valuation in October 2020 and concluded in October 2021. The Chair reported to the General Council in October 2021 ([G/L/1409](#)) that he had offered to hold consultations and invited Members to provide written submissions. No written submissions were received but certain Members made statements that were reflected in the minutes of the meetings ([G/VAL/M/70](#), [G/VAL/M/71](#), and [G/VAL/M/72](#)).

2.8. The Sixth Review was launched during the last meeting of the Committee on Customs Valuation in November 2023.

3 NOTIFICATIONS AND OTHER SOURCES OF INFORMATION REGARDING THE USE OF PRESHPMENT INSPECTION

3.1. Article 5 of the PSI Agreement provides that:

"Members shall submit to the Secretariat copies of the laws and regulations by which they put this Agreement into force, as well as copies of any other laws and regulations relating to preshipment inspection, when the WTO Agreement enters into force with respect to the Member concerned. No changes in the laws and regulations relating to preshipment inspection shall be enforced before such changes have been officially published. They shall be notified to the Secretariat immediately after their publication. The Secretariat shall inform the Members of the availability of this information."

3.2. Information pertaining to notifications from Members pursuant to Article 5 of the PSI Agreement is regularly issued in the document series [G/PSI/N/1](#), which lists Member notifications in four categories: (i) laws and regulations putting the PSI Agreement into force; (ii) other laws and regulations relating to PSI; (iii) changes in laws and regulations relating to PSI; and (iv) Members notifying that they have no laws or regulations relating to PSI. Annex I contains information compiled in a format to allow Members to easily review that information, particularly in

instances where they have provided multiple notifications listed under different category headings.² Members may wish to review this information to ensure that it is accurate and complete, and to inform the Secretariat regarding any possible corrections or comments.

3.3. Moreover, Members may recall that the Agreement on Trade Facilitation (TFA) also contains certain obligations pertaining to PSI. Specifically, Article 10.5.1 of the TFA provides that Members shall not require the use of PSI in relation to tariff classification and customs valuation. Article 10.5.2 of the TFA recognizes the right to use types of PSI other than in relation to tariff classification and customs valuation but encourages Members not to introduce or apply new requirements regarding their use. Dates for the implementation of these specific provisions by Members may be found at <https://tfadatabase.org/implementation>.

3.4. In addition, Members are provided with certain information by an association representing PSI entities which lists countries that engage the services of those entities.³ Such information has been provided prior to each formal meeting of the Committee on Customs Valuation in the document series [G/VAL/W/63](#). As of 2023, this association has stated that it no longer has any PSI programmes to report as governed by the PSI Agreement ([G/VAL/W/63/Rev.31](#)).

4 INDEPENDENT ENTITY

4.1. Article 4 of the PSI Agreement governs the creation and operation of the Independent Entity, a mechanism to conduct reviews of disputes between PSI entities and exporters in cases involving an alleged violation of the Agreement, where the internal appeals procedure of the PSI entity has not resolved the dispute. Procedures in Article 4 relate to the initiation of disputes, the composition of review panels, the scope of review, and various other matters, including those relating to voting, timing of reviews, costs, and the binding nature of panel decisions.

4.2. The Independent Entity was established through an agreement between the WTO, the International Federation of Inspection Agencies (IFIA), and the International Chamber of Commerce (ICC), and was adopted by the General Council in December 1995 ([WT/L/125/Rev.1](#)). The Independent Entity is a subsidiary body of the Council on Trade in Goods. Pursuant to Article 4(b) of the PSI Agreement, a list of experts for independent review panels was established and circulated to Members in March 1996 ([G/PSI/IE/1](#)).⁴ The Independent Entity commenced operations in May 1996 ([G/PSI/IE/2](#)).

4.3. Since its inception, the Independent Entity has received two requests for review arising from disputes between an exporter and a PSI entity, both of which resulted in panel decisions that were issued in October 2005 ([G/PSI/IE/R/1](#)) and October 2006 ([G/PSI/IE/R/2](#)), respectively.

4.4. In February 2023, the Independent External Auditor issued a performance audit report that contained a recommendation regarding the Independent Entity as follows:

"RECOMMENDATION No. 1. Close the support fund of the Independent Entity - Pre-Shipment Inspection, inactive since 2006, and terminate the agreement that created it because it is no longer needed." ([WT/BFA/W/622](#), pp. 18-19)

4.5. Pursuant to the arrangements for the operation of the Independent Entity ([WT/L/125/Rev.1](#)), exporters and PSI entities are required to provide, prior to the initiation of a review, an advance deposit in the amount of CHF 17,500 to cover estimated costs of the review. Several PSI entities agreed to provide this advance deposit on a standing basis, resulting in a present account amounting to CHF 88,000 ([WT/BFA/W/622](#), pp. 14 and 41). This is the "support fund" to which the Independent External Auditor refers in its report. In addition, in December 2023, the Secretariat was contacted by a PSI entity that stated that it no longer engaged in PSI activities and that it was requesting a refund of its deposited amount of CHF 17,500.

² Annex II lists for each Member the type of notification(s) received, if any, and the document symbol and date of the first communication circulated by the Secretariat regarding that notification.

³ This association, previously known as the International Federation of Inspection Agencies (IFIA), changed its name to TIC Council in 2019. (See also para. 4.2).

⁴ The list of experts was updated once in April 1997 ([G/PSI/IE/1/Rev.1](#)).

4.6. As part of the Sixth Triennial Review, Members may wish to consider what action to take in response to the recommendation of the Independent External Auditor.

ANNEX I

Member	Notification Type	Document Symbol	Date
Afghanistan	4. No PSI laws/regs	G/PSI/N/1/Rev.3/Add.1	11/06/2018
Albania	2. Laws/regs re PSI	G/PSI/N/1/Add.11	24/06/2008
Angola	4. No PSI laws/regs	G/PSI/N/1/Rev.3/Add.2	21/12/2018
Antigua and Barbuda			
Argentina	3. Changes to PSI laws/regs	G/PSI/N/1/Add.9	21/03/2001
	1. PSI in force	G/PSI/N/1/Add.7	24/02/1998
Armenia	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
Australia	4. No PSI laws/regs	G/PSI/N/1/Add.7	24/02/1998
Bahrain, Kingdom of	4. No PSI laws/regs	G/PSI/N/1/Add.6	06/06/1997
Bangladesh	2. Laws/regs re PSI	G/PSI/N/1/Add.10	19/07/2004
Barbados			
Belize			
Benin	2. Laws/regs re PSI	G/PSI/N/1/Add.5	03/02/1997
Bolivia, Plurinational State of	3. Changes to PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
	2. Laws/regs re PSI	G/PSI/N/1/Add.5	03/02/1997
Botswana	4. No PSI laws/regs	G/PSI/N/1/Rev.5/Add.1	14/10/2021
Brazil	4. No PSI laws/regs	G/PSI/N/1/Rev.3/Add.2	21/12/2018
	1. PSI in force	G/PSI/N/1/Add.5	03/02/1997
Brunei Darussalam	4. No PSI laws/regs	G/PSI/N/1/Add.5	03/02/1997
Burkina Faso	2. Laws/regs re PSI	G/PSI/N/1/Add.5	03/02/1997
Burundi	2. Laws/regs re PSI	G/PSI/N/1/Add.10	19/07/2004
Cabo Verde			
Cambodia	4. No PSI laws/regs	G/PSI/N/1/Add.12	26/04/2010
Cameroon			
Canada	4. No PSI laws/regs	G/PSI/N/1/Add.3	12/07/1996
Central African Rep.	2. Laws/regs re PSI	G/PSI/N/1/Rev.4/Add.6	14/01/2021
	2. Laws/regs re PSI	G/PSI/N/1/Add.12	26/04/2010
Chad	4. No PSI laws/regs	G/PSI/N/1/Add.9	21/03/2001
	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
Chile	4. No PSI laws/regs	G/PSI/N/1	31/03/1995
China	1. PSI in force	G/PSI/N/1/Rev.4/Add.1	23/10/2019
Colombia	2. Laws/regs re PSI	G/PSI/N/1/Add.2	26/07/1995
Congo	2. Laws/regs re PSI	G/PSI/N/1/Rev.2/Add.1	31/03/2015
Costa Rica	4. No PSI laws/regs	G/PSI/N/1/Add.1	08/06/1995
Côte d'Ivoire	2. Laws/regs re PSI	G/PSI/N/1/Add.7	24/02/1998
	2. Laws/regs re PSI	G/PSI/N/1/Add.4	09/10/1996
Cuba	4. No PSI laws/regs	G/PSI/N/1/Add.3	12/07/1996
Dem. Rep. of Congo	2. Laws/regs re PSI	G/PSI/N/1/Add.11	24/06/2008
Djibouti			
Dominica	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
Dominican Republic	4. No PSI laws/regs	G/PSI/N/1/Add.15	27/06/2011
Ecuador	1. PSI in force	G/PSI/N/1/Add.8	28/09/1999
Egypt	2. Laws/regs re PSI	G/PSI/N/1/Rev.4/Add.4	25/09/2020
	2. Laws/regs re PSI	G/PSI/N/1/Rev.3/Add.3	29/05/2019
El Salvador	4. No PSI laws/regs	G/PSI/N/1/Add.6	06/06/1997
Eswatini			
European Union	2. Laws/regs re PSI	G/PSI/N/1/Add.10	19/07/2004
	1. PSI in force	G/PSI/N/1	31/03/1995
Fiji	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
	4. No PSI laws/regs	G/PSI/N/1/Add.6	06/06/1997
Gabon	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
The Gambia	4. No PSI laws/regs	G/PSI/N/1/Rev.1/Add.4	01/05/2014
	4. No PSI laws/regs	G/PSI/N/1/Add.14	11/01/2011
Georgia	2. Laws/regs re PSI	G/PSI/N/1/Add.10	19/07/2004
Ghana	3. Changes to PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
	2. Laws/regs re PSI	G/PSI/N/1/Add.4	09/10/1996
Grenada	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
Guatemala	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
	4. No PSI laws/regs	G/PSI/N/1/Add.9	21/03/2001
Guinea	2. Laws/regs re PSI	G/PSI/N/1/Add.10	19/07/2004
Guinea-Bissau			
Guyana	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
Haiti	2. Laws/regs re PSI	G/PSI/N/1/Add.8	28/09/1999
Honduras	4. No PSI laws/regs	G/PSI/N/1/Add.5	03/02/1997

Member	Notification Type	Document Symbol	Date
Hong Kong, China	4. No PSI laws/regs	G/PSI/N/1	31/03/1995
Iceland	4. No PSI laws/regs	G/PSI/N/1/Add.4	09/10/1996
India	2. Laws/regs re PSI	G/PSI/N/1/Add.4	09/10/1996
Indonesia	3. Changes to PSI laws/regs	G/PSI/N/1/Add.6	06/06/1997
	2. Laws/regs re PSI	G/PSI/N/1/Add.1	08/06/1995
Israel	4. No PSI laws/regs	G/PSI/N/1/Add.5	03/02/1997
Jamaica	2. Laws/regs re PSI	G/PSI/N/1/Add.4	09/10/1996
Japan	2. Laws/regs re PSI	G/PSI/N/1	31/03/1995
Jordan	4. No PSI laws/regs	G/PSI/N/1/Add.11	24/06/2008
	4. No PSI laws/regs	G/PSI/N/1/Add.9	21/03/2001
Kazakhstan	4. No PSI laws/regs	G/PSI/N/1/Rev.2/Add.3	03/10/2016
Kenya			
Korea, Republic of	2. Laws/regs re PSI	G/PSI/N/1/Add.8	28/09/1999
Kuwait, the State of	2. Laws/regs re PSI	G/PSI/N/1/Add.7	24/02/1998
Kyrgyz Republic	4. No PSI laws/regs	G/PSI/N/1/Add.9	21/03/2001
Lao, People's Democratic Republic	4. No PSI laws/regs	G/PSI/N/1/Rev.1/Add.2	16/07/2013
Lesotho	4. No PSI laws/regs	G/PSI/N/1/Rev.1/Add.1	06/05/2013
	4. No PSI laws/regs	G/PSI/N/1/Add.12	26/04/2010
Liberia			
Liechtenstein	1. PSI in force	G/PSI/N/1/Add.7	24/02/1998
Macao, China	4. No PSI laws/regs	G/PSI/N/1/Rev.1	11/10/2012
Madagascar	2. Laws/regs re PSI	G/PSI/N/1/Add.8	28/09/1999
	2. Laws/regs re PSI	G/PSI/N/1/Add.4	09/10/1996
Malawi	4. No PSI laws/regs	G/PSI/N/1/Rev.2/Add.2	05/06/2015
Malaysia	4. No PSI laws/regs	G/PSI/N/1/Add.3	12/07/1996
Maldives	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
Mali	2. Laws/regs re PSI	G/PSI/N/1/Rev.1/Add.1	06/05/2013
	2. Laws/regs re PSI	G/PSI/N/1/Add.7	24/02/1998
Mauritania			
Mauritius	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
Mexico	2. Laws/regs re PSI	G/PSI/N/1/Add.8	28/09/1999
Moldova, Rep. of	1. PSI in force	G/PSI/N/1/Add.10	19/07/2004
Mongolia	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
	4. No PSI laws/regs	G/PSI/N/1/Add.7	24/02/1998
Montenegro	4. No PSI laws/regs	G/PSI/N/1/Rev.4/Add.5	11/12/2020
Morocco			
Mozambique	2. Laws/regs re PSI	G/PSI/N/1/Add.11	24/06/2008
Myanmar	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
Namibia	4. No PSI laws/regs	G/PSI/N/1/Add.6	06/06/1997
Nepal			
New Zealand	4. No PSI laws/regs	G/PSI/N/1/Add.5	03/02/1997
Nicaragua	4. No PSI laws/regs	G/PSI/N/1/Add.13	22/09/2010
	4. No PSI laws/regs	G/PSI/N/1/Add.4	09/10/1996
Niger	4. No PSI laws/regs	G/PSI/N/1/Rev.5/Add.3	24/03/2023
	3. Changes to PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
	2. Laws/regs re PSI	G/PSI/N/1/Add.7	24/02/1998
	2. Laws/regs re PSI	G/PSI/N/1/Add.5	03/02/1997
Nigeria	2. Laws/regs re PSI	G/PSI/N/1/Add.7	24/02/1998
North Macedonia			
Norway	4. No PSI laws/regs	G/PSI/N/1/Add.3	12/07/1996
Oman	4. No PSI laws/regs	G/PSI/N/1/Add.12	26/04/2010
	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
	4. No PSI laws/regs	G/PSI/N/1/Add.9	21/03/2001
Pakistan	2. Laws/regs re PSI	G/PSI/N/1/Add.1	08/06/1995
Panama	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
Papua New Guinea	2. Laws/regs re PSI	G/PSI/N/1/Add.10	19/07/2004
Paraguay	2. Laws/regs re PSI	G/PSI/N/1/Add.6	06/06/1997
Peru	3. Changes to PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
	3. Changes to PSI laws/regs	G/PSI/N/1/Add.7	24/02/1998
	2. Laws/regs re PSI	G/PSI/N/1/Add.6	06/06/1997
	2. Laws/regs re PSI	G/PSI/N/1/Add.3	12/07/1996
Philippines	2. Laws/regs re PSI	G/PSI/N/1/Add.4	09/10/1996
Qatar	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
Russian Federation	2. Laws/regs re PSI	G/PSI/N/1/Rev.1	11/10/2012
Rwanda			
Saint Kitts and Nevis	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
Saint Lucia	1. PSI in force	G/PSI/N/1/Rev.3/Add.4	16/10/2019

Member	Notification Type	Document Symbol	Date
Saint Vincent & the Grenadines	4. No PSI laws/regs	G/PSI/N/1/Add.3	12/07/1996
Samoa	4. No PSI laws/regs	G/PSI/N/1/Rev.1/Add.3	18/07/2013
Saudi Arabia, Kingdom of	4. No PSI laws/regs	G/PSI/N/1/Add.11	24/06/2008
Senegal	2. Laws/regs re PSI	G/PSI/N/1/Add.4	09/10/1996
Seychelles	4. No PSI laws/regs	G/PSI/N/1/Rev.4/Add.3	21/09/2020
Sierra Leone			
Singapore	4. No PSI laws/regs	G/PSI/N/1/Add.2	26/07/1995
Solomon Islands			
South Africa	4. No PSI laws/regs	G/PSI/N/1/Add.5	03/02/1997
Sri Lanka	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
Suriname	2. Laws/regs re PSI	G/PSI/N/1/Add.8	28/09/1999
	4. No PSI laws/regs	G/PSI/N/1/Add.3	12/07/1996
Switzerland	1. PSI in force	G/PSI/N/1/Add.2	26/07/1995
Chinese Taipei	2. Laws/regs re PSI	G/PSI/N/1/Add.10	19/07/2004
Tajikistan			
Tanzania			
Thailand	4. No PSI laws/regs	G/PSI/N/1/Add.17	04/06/2012
Togo	4. No PSI laws/regs	G/PSI/N/1/Add.16	23/03/2012
Tonga	4. No PSI laws/regs	G/PSI/N/1/Rev.4/Add.2	15/06/2020
Trinidad and Tobago	4. No PSI laws/regs	G/PSI/N/1/Add.11	24/06/2008
	4. No PSI laws/regs	G/PSI/N/1/Add.8	28/09/1999
Tunisia	4. No PSI laws/regs	G/PSI/N/1/Add.5	03/02/1997
Türkiye	2. Laws/regs re PSI	G/PSI/N/1/Add.7	24/02/1998
Uganda	2. Laws/regs re PSI	G/PSI/N/1/Add.4	09/10/1996
Ukraine			
United Arab Emirates	4. No PSI laws/regs	G/PSI/N/1/Add.5	03/02/1997
United Kingdom	4. No PSI laws/regs	G/PSI/N/1/Rev.5/Add.2	21/10/2022
United States of America	4. No PSI laws/regs	G/PSI/N/1/Add.4	09/10/1996
Uruguay	1. PSI in force	G/PSI/N/1/Add.4	09/10/1996
Vanuatu	4. No PSI laws/regs	G/PSI/N/1/Rev.2/Add.3	03/10/2016
Venezuela, Bol. Rep. of	2. Laws/regs re PSI	G/PSI/N/1/Add.10	19/07/2004
Viet Nam	4. No PSI laws/regs	G/PSI/N/1/Rev.6	01/11/2023
Yemen			
Zambia	4. No PSI laws/regs	G/PSI/N/1/Add.10	19/07/2004
Zimbabwe	4. No PSI laws/regs	G/PSI/N/1/Add.3	12/07/1996