

**MULTILATERAL TRADE  
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PRESHIPMENT INSPECTION

Communication from the Nordic Countries

The following communication, introduced on behalf of the Nordic countries by the delegation of Sweden at the meeting of the Negotiating Group on 1 May 1990, is circulated to members of the Group at their request.

1. The Nordic countries have taken note of and studied with great interest written proposals and statements on preshipment inspection by other delegations. We have also made both general and more specific comments on those proposals earlier on. As we now enter a new phase of negotiations - starting to draft an actual text of an agreement or arrangement on preshipment inspection - the Nordic countries find it appropriate to make a more general statement on certain issues that are considered to be of particular importance from the Nordic point of view.
2. The Nordic countries note that a number of developing countries in order to permit the importation of goods require preshipment inspection to be carried out in exporting countries.
3. The Nordic countries recognize that a number of developing countries at present deem their infrastructures to be insufficient to manage the control of compliance with national laws and regulations on foreign exchange and trade. We also recognize the specific needs of developing countries to ensure the proper distribution of scarce foreign currency resources and to combat fraud in their trade relations. We further recognize, of course, the importance of ensuring the correct implementation of customs duties and other import regulations.
4. The Nordic countries therefore also recognize the needs of a number of developing countries to seek assistance in the carrying out of these tasks. We believe that it is necessary to look at the most useful and appropriate forms of practical assistance in this field with an open mind. Thus it should not be a prerequisite that such assistance could only be provided by PSI companies.

5. The assistance should in our view serve the goal of enabling the countries concerned to gradually take over the management of these tasks themselves. In order to economize on scarce financial resources the aim should be to ensure that the services utilized are objective, neutral, effective, technically competent and applied in a consistent, non-discriminatory and uniform manner.

6. The Nordic countries maintain the view that administrative requirements and procedures relating to international trade should be minimized to the extent possible and that preshipment inspection does constitute an administrative requirement and in this respect an additional burden on trade. It is important to ensure that the trade hampering effects of any mandatory preshipment activities are minimized. On the other hand, we recognize the right of each country to protect itself against fraudulent practices and that the exercising of this right should not in itself be considered as an undue barrier to trade.

7. To pursue these aims, an agreement on preshipment inspection should, in the view of the Nordic countries, focus on aspects relevant to the smooth functioning of trade between the countries concerned. It should cover all government-mandated preshipment inspection activities, but leave out all such activities carried out on a mutually agreed and voluntary basis.

8. It is of particular importance to ensure the avoidance of delays in commercial transactions. To this end the governments of importing and exporting countries have equal responsibilities to inform importers and exporters sufficiently in advance of the relevant laws, regulations and other rules on preshipment inspection to be applied in their respective territories. All relevant national requirements must be published and notified to the GATT. In order to avoid delays it is also necessary to agree on clear rules and time-limits for inspection, especially with regard to price verification which must be completed well in advance of exportation.

9. Any laws, regulations and other rules relevant to preshipment inspection must be in conformity with the rules and principles of the GATT. Under this general condition, the autonomous right of each contracting party to regulate and to settle disputes between entities operating within its own territory must be recognized, even if a party in such a dispute acts upon a mandate from a foreign government.

10. Normally, however, there should be no interference from governments, of either the exporting or the importing country, in the settlement of disputes between private companies or between companies and authorities involved in preshipment inspection. To the extent that disputes cannot be settled between the respective parties involved, they should be settled by a national arbitration board or court in the exporting country. Provisions, time-limits, etc. for the effective functioning of national

dispute settlement would have to be agreed between contracting parties. The conclusions reached on national levels must normally be respected by the government of the importing country. Therefore no specific dispute settlement mechanism for preshipment inspection would seem to be called for in the GATT. Disputes on preshipment inspection between contracting parties should be dealt with under the general dispute settlement provisions of the GATT.

11. These are a few of the issues considered by the Nordic countries to be of major importance in the context of preshipment inspection. It is not intended to be an exhaustive list either in respect of relevant issues or level of detail. Several issues of great importance have been dealt with more specifically by other delegations and we look forward to participating in more detailed discussions on possible rules with regard to e.g. price verification, avoidance of delays, quality control, transparency and confidentiality.

12. In conclusion, I wish to reiterate the interest of the Nordic countries in an agreement or arrangement on preshipment inspection. We believe that such an agreement or arrangement would be of value for both importing and exporting countries under the present circumstances. But we also hope that such an agreement or arrangement at some time in the future will become obsolete - not because of a low level of commitments, since our objectives should be both serious and ambitious in that respect - but because the countries having recourse to preshipment inspection today will have found other means, within their own territories and where appropriate in cooperation with authorities in exporting countries as well as relevant international organizations, to ensure the most effective and reliable customs and currency controls. To this end adequate technical assistance should be made available. A key principle of an agreement on preshipment inspection as well as in any other GATT agreement must be to promote a freer and better functioning multilateral trading system. An agreement on preshipment inspection should be binding to all contracting parties.