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1. Preshipment inspection (PSI) companies have long served private-sector buyers and sellers to ensure that the quantity and quality of goods to be traded conform to sales contract specifications. Government-contracted, comprehensive PSI service first arose in the 1960s. Government contracts with PSI companies have consisted of foreign exchange contracts (where the government's objective is to prevent capital flight through over-invoicing) and/or customs contracts (where the objective is to prevent loss of customs revenue as a result of undervaluation or misclassification of the goods). PSI companies may also verify product origin, compile statistics, and provide technical assistance.

2. The Agreement on Preshipment Inspection (PSI Agreement), negotiated in the Uruguay Round, applies to all government-mandated PSI activities carried out on the territory of Members (in the country of export, prior to exportation). Article 2 of the Agreement regulates user Members (those who contract for PSI services) and Article 3 applies to exporter Members. Article 4 provides for an independent entity to settle disputes between exporters and PSI companies. This entity was duly established in 1996¹, and has settled two such disputes.²

3. The PSI Agreement did not create any administering body. Since 1999, the PSI Agreement has been monitored by the Committee on Customs Valuation, which has maintained a standing agenda item on PSI. Four reviews of the PSI Agreement have been concluded, by a Working Party on Preshipment Inspection in 1996-99³, and by the Committee on Customs Valuation in 2006, 2014, 2018, and 2021.⁴

4. The final report on the first review noted in 1999 that:

The objectives of government-mandated Preshipment Inspection (PSI) programmes have evolved since the early 1960s. Initially they were used almost exclusively to address exchange control concerns, but in more recent years, as trade has become liberalized and exchange controls have been removed, the emphasis of PSI programmes has shifted towards revenue collection. Primarily PSI aims to detect false invoicing, and ensure governments receive the correct revenue...All Members have accepted that recourse to PSI is a transitional measure to be used only until their national customs authorities are in the position to carry out these tasks on their own.⁵

5. Since 1999, the Secretariat has issued periodic lists of countries with PSI programmes. As of March 1999, 35 countries had PSI programmes⁶, but a June 2010 Secretariat Note reported "a marked reduction in traditional PSI programmes with considerable growth in more modern programmes that are less intrusive for exporters".⁷

Current as of: July 2022

¹ [WT/L/125/Rev.1](#).

² [G/PSI/IE/R/1](#); [G/PSI/IE/R/2](#).

³ [G/L/300](#).

⁴ [G/L/809](#); [G/L/1081](#); [G/L/1236](#); and [G/L/1409](#).

⁵ [G/L/300](#), paras. 5 and 7.

⁶ [G/L/300](#), para. 6.

⁷ [G/L/300](#), Annex A; [G/VAL/W/63/Rev.13](#).