

WORLD TRADE ORGANIZATION

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Working Party on Preshipment Inspection

REPORT (1998) OF THE WORKING PARTY ON PRESHIPMENT INSPECTION

1. The Working Party on Preshipment Inspection was established by the General Council at its meeting of 7, 8, and 13 November 1996. The terms of reference of the Working Party when it was established were as follows:

"to conduct the review provided for under Article 6 of the Agreement on preshipment Inspection and to report to the General Council through the Council for Trade in Goods in December 1997".

2. The Working Party presented its report to the General Council at its meeting of 10 December 1997. It was adopted and circulated in document G/L/214. Among its recommendations, the Working Party recommended that the life of the Working Party be extended for another year. The report stated:

"8. The life of the Working Party shall be extended for one year to exchange views on a Code of Conduct/Practice for PSI entities; a standard inspection format; selective examination of shipments; auditing of PSI entities; the promotion of competition among PSI entities; fee structures for PSI entities; and the use, to user Members, of building price data bases".

The Working Party also recommended that other future work include:

"9. An assessment of technical assistance activities should be undertaken, in accordance with Article 3 of the Agreement, and draw upon the assessment of technical assistance activities under consideration in the Committee on Customs Valuation and the integrated framework for trade-related technical assistance endorsed by the WTO High-Level Meeting for Least Developed Countries. Technical assistance activities, which should be administered on a request basis, could include areas such as tariff and customs administration reforms; simplification and modernization of systems and procedures; and the development of an adequate legal, administrative, and physical infrastructure".

3. Following adoption of this report, the Working Party has held four formal meetings this year. These meetings were held on 19 March, 12 June, 6 October and on 11 November 1998. In addition, five informal meetings were held, on 20 April, 12 June, 6 October, 30 October 1998 and on 11 November 1998.

4. At the first meeting, the Swiss delegation circulated a proposal for a model agreement on preshipment inspection, contained in document G/PSI/WP/W/16; at the second meeting the United States circulated a communication discussing the issues in the working programme, contained in G/PSI/WP/W/17; and at the third meeting the European Communities and the United States circulated communications on some of the items in the work programme in documents G/PSI/WP/W/19 and G/PSI/WP/W/20 respectively. At the formal meetings, the Working Party exchanged views on all the issues contained in its work programme, as detailed in recommendation 8 of G/L/214. During the informal meetings of 12 June, 6 October, and 11 November, the Working Party heard presentations from

representatives of the International Chamber of Commerce, the International Federation of Inspection Agencies, UNCTAD, an auditing company called SWIPCO, and the World Customs Organization.

5. The discussions in the formal meetings and presentations at the informal meetings have been extremely useful in furthering the Working Party's understanding of the issues in its work programme, as well as the practice of preshipment inspection in general. They have served as a catalyst for opening up discussions among Members as well as facilitating dialogue between Members and the preshipment inspection companies. The Working Party is encouraged by the recent progress in its work and, therefore, recommends that its life be extended until 31 March 1999 in order to conclude its work. This time will additionally allow the Working Party to exchange views on the new item, trade facilitation, put on its agenda following a request by the Chairman of the Council for Trade in Goods, and to provide the requested input for the consideration of the Council on Trade in Goods on this subject-matter.
