



# Guide to Pre-shipment Inspections (PSI)

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# Guide to Pre-shipment Inspections (PSI)

A pre-shipment inspection (PSI) is a quality control process that verifies the quantity, quality, and conformity of goods before they are shipped from the supplier to the buyer. A PSI can help buyers avoid receiving defective or non-compliant products, reduce the risk of customs delays or rejections, and protect their reputation and brand image. A PSI can also help suppliers meet the buyer's expectations and specifications, avoid disputes or claims, and improve their customer satisfaction and loyalty.



QUALITY



QUANTITY



CONFORMITY



## Traditional Types of PSI companies:



### State owned inspection companies

Which are owned or partly owned by the government of the destination country. These companies may have a monopoly or a preference over the PSI market in their country. They may have more authority and influence over the customs clearance and duty collection process. They may also have more knowledge and experience of the local regulations and standards.



### Free-market companies

Which are privately owned, selling their services to the market. These companies may offer a range of inspection services, such as quality, quantity, safety, and conformity assessment. Some examples of free-market PSI companies are Intertek, Qima, SGS, and Bureau Veritas.

## Marketplace PSI:



### Marketplace companies

Which are online platforms that connect buyers and inspectors worldwide. These companies may offer a variety of inspection services, such as quality, quantity, safety, and conformity assessment. Some examples of marketplace PSI companies are Inspexion.com. These companies may have some advantages over the other types, such as speed, convenience, and cost-effectiveness. They may allow buyers to post a request for an inspection or audit, and get multiple offers from vetted professional inspectors quickly. They provide a secure payment system, a transparent rating system, and a dispute resolution mechanism.

# Key differences between PSI and PVoC

PSI (Pre-Shipment Inspection) and PVoC (Pre-Shipment Verification of Conformity) are both processes designed to ensure that exported goods comply with the regulations and standards of the importing country. However, there are some key differences between the two:



## SCOPE

**PSI:** This process primarily focuses on inspecting the quality, quantity, and packaging of the goods before they are shipped. It may not necessarily involve detailed testing for conformity with specific technical standards.

**PVoC:** This process involves verifying the conformity of the goods with the relevant standards and regulations of the importing country. It may include testing, inspection, and certification of the products.



## CERTIFICATION

**PSI:** The outcome of PSI is typically an inspection report that provides details about the condition, quality, and quantity of the goods.

**PVoC:** The outcome of PVoC is often a Certificate of Conformity (CoC), which attests that the products meet the required standards and regulations.



## AGENCIES INVOLVED:

**PSI:** PSI can be conducted by government agencies or independent inspection companies hired by either the exporter or the importer. The goal is to verify that the goods conform to the contractual requirements.

**PVoC:** PVoC is usually conducted by third-party inspection and certification bodies accredited by the importing country. These bodies are responsible for ensuring that the goods meet the specified standards.



## COVERAGE

**PSI:** PSI primarily focuses on the physical inspection of the goods to check their condition, quality, and quantity. It may not involve in-depth technical testing.

**PVoC:** PVoC is often more comprehensive and may include not only physical inspections but also laboratory testing of samples to ensure compliance with technical regulations and standards.



## APPLICATION

**PSI:** PSI is often used for a broader range of products and may be required based on the general need to ensure that the goods meet contractual and regulatory requirements.

**PVoC:** PVoC is commonly required for certain categories of products where technical specifications and standards are critical for health, safety, and environmental reasons.

While both PVoC and PSI are pre-shipment inspection processes, PVoC tends to have a stronger emphasis on technical conformity with standards, and it is often applied to specific product categories, whereas PSI is more general and focuses on the overall condition of the goods. The specific requirements and processes can vary by country and industry.

# Types of PSI's

## Product quality inspections



A product quality inspection involves checking a product's adherence to standards by examining a sample for aspects like appearance, function, performance, packaging, labeling, and compliance. Its purpose is to ensure products meet buyer expectations, preventing risks and costs of receiving faulty goods. Inspections can be done by the factory's team, the buyer, or a third-party company. Types include pre-shipment (before shipping) and pre-production (before manufacturing), crucial for quality control and customer satisfaction in international trade.

## Container loading inspections



A container loading inspection ensures correct and safe loading of products into shipping containers before sealing and transport. Typically conducted by an independent, accredited inspection agency at the supplier's site, it verifies that products meet buyer specifications and are safeguarded from damage during transit. This inspection helps reduce the risk of damage, identify defects before shipping, ensure proper product handling, check packaging compliance, and assess container quality. It concludes with a final report and loading process photos, providing confidence in the shipment.

## Factory audit



A factory audit evaluates a supplier's facility, systems, capabilities, and performance against specific standards. It verifies product or service quality, quantity, and conformity, along with compliance with laws, regulations, and ethical practices. The audit also aids in identifying and mitigating potential risks in the supply chain, including defects, delays, disruptions, or violations.

## ISO 9000, and ISO 17020

ISO 9000 comprises standards outlining the requirements for a quality management system (QMS) in organizations, ensuring they meet customer and stakeholder expectations. Widely recognized internationally, these standards are utilized across various industries.



In pre-shipment inspections, ISO 9000 is pertinent for both inspection agencies and suppliers. For inspection agencies, ISO 9000 aids in establishing and maintaining a QMS, ensuring the quality and reliability of inspection services. Notably, ISO 9001 specifies QMS requirements, while ISO 9004 guides sustained success and performance improvement. These standards enhance agencies' credibility.

For suppliers, adhering to ISO 9000 improves production processes, product quality, and customer satisfaction. Implementing a QMS based on these standards ensures products meet buyer specifications, reducing the risk of defects and recalls. ISO 9000 also assists in compliance with destination market laws, regulations, and ethical practices, facilitating trade and customs clearance. Moreover, adherence to ISO 9000 grants suppliers a competitive edge and a positive global market reputation.



# WTO Agreement

Formally introduced in 1994 as part of an agreement aimed at elevating international trade standards under the General Agreement on Tariffs and Trade (GATT), later succeeded by the World Trade Organization (WTO), the Agreement on PSI recognizes the applicability of GATT principles to such activities.

## Article 2: Obligations of User Members



**Non-discrimination:** Activities are fair, objective, and equal for all exporters.



**Governmental Requirements:** Activities comply with paragraph 4 of Article III of GATT 1994.



**Site of Inspection:** Activities are performed in the customs territory of export or, if agreed or necessary, in the customs territory of manufacture.



**Standards:** Quantity and quality inspections are based on the standards agreed by the seller and the buyer or, if absent, on relevant international standards.



**Transparency:** Activities are conducted in a transparent manner and all the information, procedures, and criteria used for inspection are made available to exporters.



**Protection of Confidential Business Information:** Pre-shipment inspection entities treat all the information received as confidential and do not disclose it to third parties, except to the government entities that have contracted or mandated them.



**Provision of Information to Members on Request:** Provide information to Members on request about their preshipment inspection activities, including the names and addresses of the preshipment inspection entities contracted or mandated by them.

## Article 3: Obligations of Exporter Members



**Non-discrimination:** ensure that their laws and regulations relating to preshipment inspection activities are applied in a non-discriminatory manner.



**Transparency:** shall publish promptly all applicable laws and regulations relating to preshipment inspection activities in such a manner as to enable other governments and traders to become acquainted with them.



**Technical Assistance:** Shall offer to provide to user Members, if requested, technical assistance directed towards the achievement of the objectives of this Agreement on mutually agreed terms

Read the full agreement here: [https://www.wto.org/english/docs\\_e/legal\\_e/21-psi\\_e.htm](https://www.wto.org/english/docs_e/legal_e/21-psi_e.htm)

# General steps during a PSI.

## Inspection Visit:



The inspector travels to the factory or warehouse, coordinating the visit with the supplier.

## Quantity Verification:



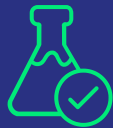
The inspector counts shipping cartons, ensuring correct quantities, destination, and accurate documents.

## Random Sampling:



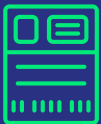
Products are sampled using statistical methods like AQL, with sample size determined by order specifics.

## Product-Specific Testing:



The inspector conducts various tests on sample products, checking quality, functionality, safety, and conformity.

## Packaging and Label Checks:



The inspector verifies packaging adequacy, security, and compliance with destination market requirements, including barcode checks.

## Visual Inspection:



Examination for visual defects and assessment of workmanship against quality standards.

## Functional Testing:



Testing for functional defects, safety, and reliability to ensure user and environmental safety.

## Carton Drop Test:



A random carton undergoes a drop test to assess packaging resistance and integrity.

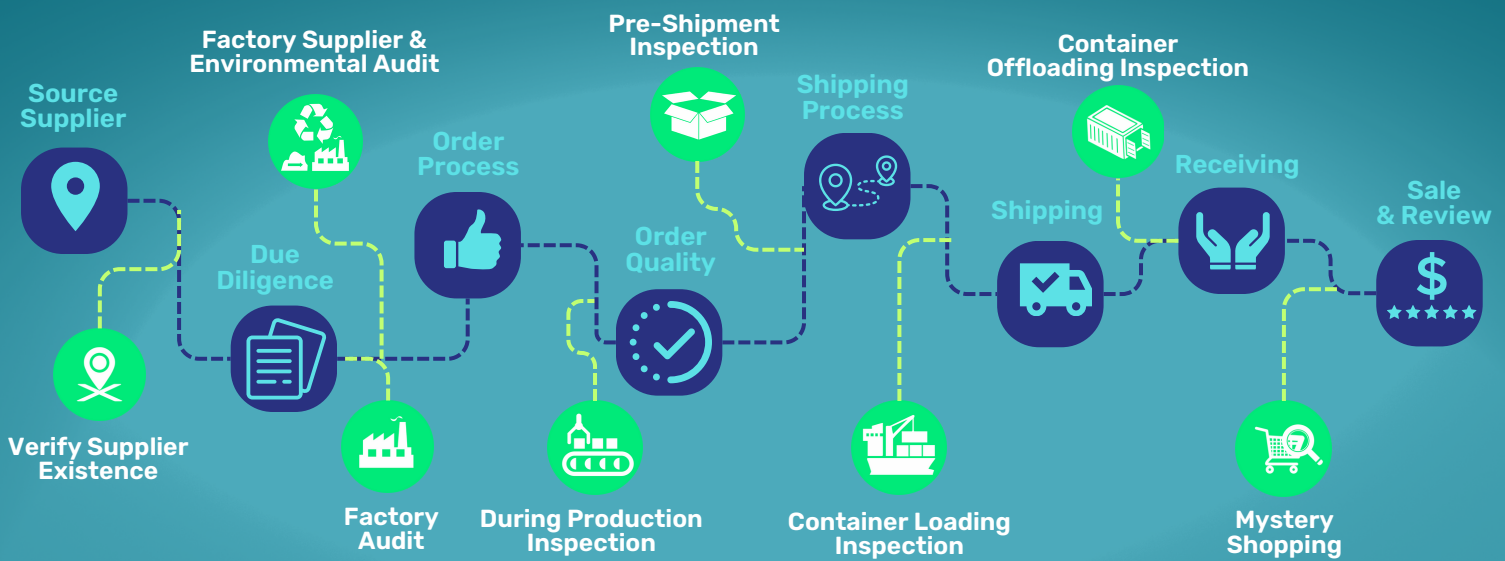
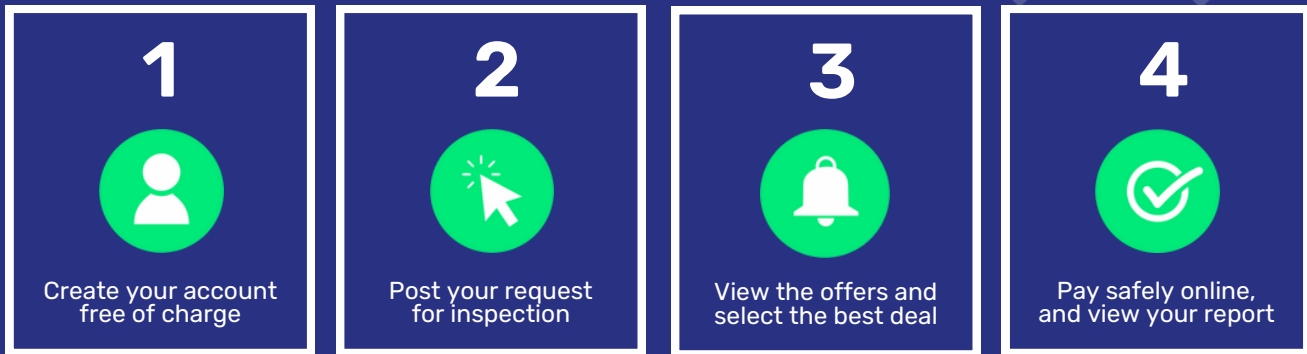
## Finalize Inspection Report and Send:



The inspector completes and sends a comprehensive report to the buyer, supplier, and inspection company, outlining results, findings, photos, and recommendations, along with pass/fail status and order acceptance or rejection.



# Book your PSI through Inspexion



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 [info@inspexion.com](mailto:info@inspexion.com)

[www.inspexion.com](http://www.inspexion.com)

Corporate & Government Enquiries  
(+971) 5 65 36 32 27   
[jeanmichel.marnoto@inspexion.com](mailto:jeanmichel.marnoto@inspexion.com)