

Pre-Shipment Inspection Certificate

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One of the biggest risks for a foreign customer importing your products involves trying to make sure that the goods shipped conform with the agreed upon product specifications. To address this concern, some foreign customers audit the supplier before shipment. Other foreign buyers demand open account terms to give them time to inspect and evaluate the products before paying the supplier. Some foreign buyers demand a pre-shipment inspection of the goods.

Pre-shipment inspection refers to the process of examining through sampling the products to determine whether they conform to contract requirements, or to an industry specific standard or quality or fitness for the intended purpose of the buyer. A frequently used testing procedure is a statistical procedure used to measure a specific number of units in a random sampling process to evaluate/determine the acceptability of the entire shipment. This process involves the determining the maximum number of defects permitted,

Pre-shipment inspections typically work this way:

- The importer contacts the inspection company to request/order a pre-shipment inspection
- The inspection company receives relevant documentation from the importer
- The inspection company calls the exporter and a time and place for inspection is set
- The inspector travels to the relevant exporter facility to inspect the goods
- The inspector writes a report to the importer stating whether the goods are in conformity with the written specifications agreed by the buyer and seller that were provided to the inspection company.

If a product fails inspection or testing, the buyer can demand correction of the deficiencies identified. Failing that, the seller can avail itself of any remedy or recourse identified in the contract. For example, if contractually permissible, the seller can accept the non-conforming goods at a reduced price.