



FULL CORPORATE OFFER

February 9, 2021

From: SHIELDGUARD

Medical Glove Management Co. LLC.
433 North Camden Dr. Suite 601
Beverly Hills, CA 90210 USA

To: XXXXXXXXXXXXXXXXXXXX

Shieldguard is pleased to offer this FCO to supply your company with 50,000,000 (Fifty Million) boxes of gloves for 12 months with Shieldguard Premium Nitrile Glove at \$8.95, CIF, or \$8.75, FOB. We hereby state and represent that we confirm with full legal and corporate responsibility under penalty of perjury that we are ready, willing, and able to sell and deliver the following unencumbered commodity, as follows:

1. Commodity

Period	Commodity & Specification	Quantity	Price	Amount
12 month	Brand: SHIELDGUARD Delivery: CIF Powder-free; beaded cuff; non-latex; ambidextrous; texturized fingertip. 10% (S); 40% (M); 40% (L); 10% (XL).	50,000,000 per month	\$8.98	\$449,000,000.00*
With Roll and extension for one (1) year / 12 Months Total: \$5,388,000,000.00				

Or, we also would like to offer the production with FOB:

Period	Commodity & Specification	Quantity	Price	Amount
12 month	Brand: SHIELDGUARD Delivery: FOB Powder-free; beaded cuff; non-latex; ambidextrous; texturized fingertip. 10% (S); 40% (M); 40% (L); 10% (XL).	50,000,000 per month	\$8.75	\$437,500,000.00*
With Roll and extension for one (1) year / 12 Months Total: \$5,250,000,000.00				

2. Contract Quantity and Contract Period

- 2.1 Brand Name: Shieldguard – Powder Free Nitrile Gloves
- 2.2 Total Contract: 600,000,000 boxes/year

3. SOP

Please read “ **SHIELDGUARD PRODUCTION AND DISPATCH PROCEDURE**” on the page 11 of this document.

The offer is - valid until Mon., Feb. 15th - 5:00 p.m. EST

Respectfully Yours,



Peter Streit
Director
Shieldguard
By Medical Glove Management Co. LLC.
A Division of McKinley Investment, LLC.

February 9, 2021

LETTER OF ATTESTATION

To: XXXXXXXXXXXXXXXX

Dear M. XXXXXXXXXXXXX

This Letter confirms that:

This letter confirms that we, Medical Glove Management Co., LLC., a company owned by McKinley Investment, LLC., have an allotment of more than ONE billion boxes of nitrile gloves per month production for Shieldguard under our exclusive control and guaranteed by allocation agreements with manufactures. These one hundred billion boxes with the production schedule will be bi-weekly produced & available for our clients & valued distributors. We will also provide the product allocation statement from the primary manufacturer and other necessary papers after receiving BCL with the bank statement and/or MT199. Please find the aFachment to see the SOP of our procedure.

Shieldguard currently has no particular certificates or authorization issues with exporting it to the United States of America or any European countries. The factory has all the FDA, CE registration, and EN test certificates and also has FDA 510K premarket notices that include the nitrile gloves tested for use with chemotherapy drugs.

If you have more questions about our brand, please feel free to contact us at any time. We look forward to a long-term, respectful, and mutually beneficial business relationship.

Respectfully Yours,



Socheata Lek

Managing Director

Medical Glove Management Co. LLC.





WE PROTECT PEOPLE

SHIELDGUARD

WE SHIELD AND PROTECT BY MAKING EVERY TOUCH SAFE

An extraordinary premium glove with trusted,
advanced industry standards and quality.



*Shieldguard Premium Nitrile Gloves
(100 Gloves per box)*



SHIELDGUARD® PREMIUM NITRILE GLOVES

Our Nitrile gloves meet industry expectations, comply with FDA guidelines, and protect individuals from harsh chemicals and viruses. We use a unique blend that allows us to provide maximum protection at competitive pricing.

Shieldguard carefully evaluates each manufacturer through document reviews, certification and test report audits and on-site inspections. Our providers are compliant with international QMS and all required compliance certifications and testing methods specific to each product.



PRODUCT SPECIFICATION

PRODUCT NAME : SHIELDGUARD™ NITRILE EXAMINATION GLOVES NON-STERILE POWDER FREE

Special Features

- Latex-free, odor-free and powder-free
- Can withstand IPA washing (ISO Propyl Alcohol).
- Can be used in the food industry
- Ideal for professional health workers with latex allergy



Product Information: Nitrile 9" 4.0g Blue

Material	: Nitrile Rubber- This product does not contain a protein found in Natural Rubber Latex
Color	: Lavender Blue
Design	: Ambidextrous, sterile, beaded cuff, and Extra rough (textured) at fingertip surface.
Powder Content	: Test based on ASTM D-6124-06. Results: < 2.0mg dm ²
Sterilization	: Non-Sterile
Labeling Shelf Life	: Shall comply with the corresponding labeling specification and customer
Storage condition	: 3 years from the date of manufacture : Shall be stored in a cool, dry place and away from direct light

Packaging Details

Inner Box	100 pcs
Master Carton	1000 pcs (10 inner boxes)
20 feet container	1,562,000 pcs (1,562 Cartons)
40 feet HC container	3,151,000 pcs (3,151 Cartons)

Physical Dimensions

Length(mm) Min	Size	XS	S	M	L	XL
	Length	Min 240mm ± 10		Min 240mm ± 10		
Width (mm)	Size	XS	S	M	L	XL
	Width (+10)	70+10	80+10	95+10	110+10	120+10
Thickness	Palm	4.0 +/- 0.2 gram, Comparable to 4 mil glove				
	Finger	4.0 +/- 0.2 gram, Comparable to 4 mil glove				

Physical Properties

Characteristics	Before Ageing	After Ageing (70± 2°C for 166 ± 2 hrs)
Tensile Strength	14 mpa Min	14 mpa Min
Ultimate Elongation	500% Min	400% Min

DIRECTIONS FOR USE:

1. **Preparation for Use:** Ensure the selection of gloves with the correct size.

Below is the correct glove size width:

Size	XS	S	M	L	XL
Width in mm (+10)	78	86	96	117	120

2. How to Use

- Dry hands before donning the gloves.
- Take out the product after checking the package.
- Gloves need to be donned carefully; do not apply excessive force to pull the gloves when donning.
- Keep the fingernails short and change gloves frequently to avoid tearing issues.
- The gloves should be discarded with an appropriate waste disposal container after use according to local disposal regulations.

3. Cautions for Use

- The product is for single use only.
- Does not contain natural rubber latex.

4. Storage Condition

- The atmosphere must always be conducive to the storage of the gloves.
- Gloves before and after opening for use shall be stored in a dark, cool, and dry place.
- Gloves need to avoid an area with excessive heat.
- The storage areas need to be controlled below 40°C/ 104 °F.
- Gloves need to be stored in areas with adequate air ventilation.
- Gloves need to be shielded from direct sunlight and fluorescent lighting.
- Gloves need to be stored far away from any energy radiating and heat-generating equipment.

5. Expiration Date

The shelf life of the gloves is 3 years from the date of manufacture.



All product specifications and data are subject to change to improve reliability, function or design or otherwise.

CERTIFICATES



MEDICAL MANAGEMENT SYSTEM CERTIFICATION STATUS

1. QUALITY MANAGEMENT SYSTEM CERTIFICATION BY BSI

- ISO 13485: 2016: Certification Number; MD 716521
- ISO 9001: 2015: Certification Number; FM 716518

2. US FDA 510(K)

- K162381:
Nitrile Powder Free Examination Gloves Tested For Use with Chemotherapy Drugs
- K152479
Nitrile Powder Free Examination Gloves
- Latex Powder Free Examination glove is in-progress

3. CE and EN TEST CERTIFICATES

SATRA EC Type-Exam Certificate

1. EN ISO 21420: 2020
 2. EN ISO 374-1:2016+A1:2018
 3. EN 374-2: 2019
 4. EN374-4: 2019
 5. EN374-5: 2016
 6. EN16523-1: 2015-A1: 2018
- Nitrile Powder Free Examination glove
EU Type-Examination Certificate Number: 2777/14960-01/E00-00
 - Latex Powder Free Examination glove
EU Type-Examination Certificate Number: 2777/15031-01/E00-00

4. TUV Rhienland or Songkhla Medical Sciences Lab Test Reports

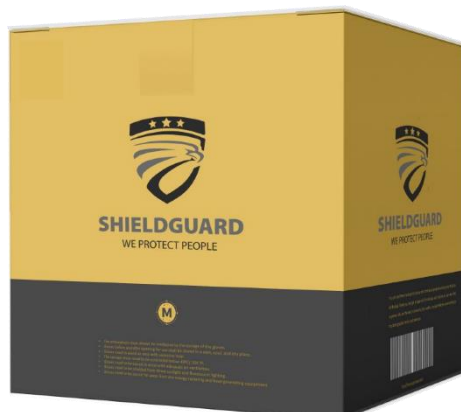
- Nitrile Powder Free Examination glove
- Latex Powder Free Examination glove
- EN455-1, EN455-2





WE PROTECT PEOPLE

SHIELDGUARD



PACKAGING INFORMATION

100 Gloves (50 Pair) Per Dispenser

Box 10 Boxes/ Carton

Box Dimension: 22 X 11 X 6.5cm

Carton Dimension: 34.5 X 25.5 X 24cm

1,562 Cartons/ 20ft container

3,151 Cartons/ 40ft container





BUSINESS INFORMATION

Business Management by
Medical Glove Management Co. LLC.

Manufactured by
Medical Glove Co. Ltd.

FDA, CE and all Medical Certificates by
Medical Glove Co. Ltd.

Distribution by
McKinley Group of Companies & Associates



Medical Glove (aka *Healthy Glove Co. Ltd.*) is a newly established medical glove manufacturing company with manufacturing plants located in the provinces of Krabi, south of Thailand. The company manages the production of Shieldguard and its allocations.



SHIELDGUARD PRODUCTION AND DISPATCH PROCEDURE

1. **Buyer and seller sign accepted Contract, returned in PDF with Pro forma Invoice and statement of supply.**
2. **Buyer shall instruct the bank to Swift a monthly revolving LC (MT700 with irrevocable, confirmed, and transferrable) per every month representing in the delivery as per production schedule ("Addendum A").**
3. **Seller receives L.C.**
4. **Production and Packaging starts.**
5. **Product will be ready at factory warehouses.**
6. **Factory issues Packing list.**
7. **Factory orders freight forwarders and brings containers.**
8. **Buyer orders "Pre-Inspection" service from S.G.S., and S.G.S. inspects Boxes and Cartons at the factory warehouses.**
9. **S.G.S. takes note of LOT numbers.**
10. **S.G.S. releases the cartons per container to be loaded while supervising the loading.**
11. **S.G.S. seals the container and takes down the seal number.**
12. **S.G.S. issues a certificate of the product loaded in the container - S.G.S. report for quantity and packing, and releases to the Buyer.**
13. **Freight forwarder issues H.C.L. (bill of collecting the container), and takes the container to the port, releases it to the shipping company, and customs clearance.**
14. **When the container is on the ship, the shipping company issues a Bill of Lading.**
15. **Factory/seller releases a copy of the Bill of Lading to the Seller, which Seller releases to the buyer or bank to bank.**
16. **Seller issues invoice to the buyer along with packing list, B.O.L.**
17. **Seller delivers the goods to the shipping company according to the delivery schedule and arranges for the goods to be brought to the ship.**
18. **Permitted cargo ship (B / L) 5 days free time for all containers in the cargo port.**
19. **Buyer is responsible for the payment of all costs related to the "Pre-Inspection" S.G.S. Report at the port of destination.**
20. **Once the goods have arrived at the port of departure the value of the goods shipped will be unlocked from the L/C.**
21. **100% of payment for each month's total value of goods will be released from the L.C. after the arrival of each shipment at the Port of Departure after Seller provides bill of lading, and packing invoice to Buyer, and before the goods are loaded on the freight vessel.**





GUIDELINES FOR EXPORTERS

PRE-SHIPMENT INSPECTION PROGRAMME

SGS

FOREWORD

In 1965 SGS pioneered Pre-shipment Inspection (PSI) programmes. Originally PSI only covered inspection of quality, quantity and export market price in order to safeguard the client government's foreign exchange reserves. In time this has evolved into a more comprehensive offering to include tariff classification, import eligibility (compliance with import regulations) and the provision of valuation information for customs purposes. Recent PSI programmes have implemented risk assessment and selective inspections, permitting thus to accelerate the verification process.

PSI programmes continue to play a significant role in facilitating trade not only in the speed of customs' clearance, but also in minimising unfair competition between importers and the local industry. This has encouraged exports and contributed to the expansion of foreign investment.

This brochure is intended to provide exporters with a general overview of the Pre-shipment Inspection (PSI) programme which SGS is mandated to implement on behalf of governments to verify their country's imports.

The information contained herein is based on that prevailing at the time of publication and does not cover every situation which might arise. Since some of the procedures vary according to the specific requirements of the country of importation, SGS has also prepared "Data Sheets for the Trade" available from the SGS website at: www.sgs.com/ivp/psi

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A. INTRODUCTION

1. SCOPE

Depending upon the requirements of the user government, the scope of inspection may include the verification of the goods in respect of quality, quantity, export market price, value for Customs purposes, Customs classification and import eligibility.

The quality and quantity inspection may be for the purpose of verifying: a) that the goods conform to contractual specifications, and/or b) the value and Customs tariff code for Customs purposes.

The result of the inspection is confirmed in a Report of Findings.

2. OBJECTIVES

The main objectives of PSI include:

2.1. CORRECT ASSESSMENT OF IMPORT DUTIES AND TAXES

(based on SGS technical advice/opinions relating to value and classification of goods)

2.2. TRADE FACILITATION TO:

- Enhance Customs clearance procedures (in speed and efficiency);
- Minimise unfair competition to local industry and between other importers or exporters (by uniform application of import regulations, Customs value and classification);
- Encourage foreign investment (by transparency and predictability of procedures).

2.3. FOREIGN EXCHANGE CONSERVATION AND/OR PROTECTION OF IMPORTERS' INTERESTS

(by minimisation of overinvoicing and detection of quality and quantity discrepancies and/or non-compliance with health/safety regulations).

3. WTO AGREEMENTS

3.1. WTO AGREEMENT ON PRE-SHIPMENT INSPECTION

The World Trade Organisation (WTO) Agreement on Pre-shipment Inspection requires inspection companies engaged in Pre-shipment inspection activities, contracted or mandated by Governments, to follow certain procedures when inspecting goods in the WTO Member countries which are destined to WTO Member countries.

SGS is committed to carrying out inspection in accordance with this Agreement which relates to: execution of inspections in a non-discriminatory and transparent manner, site of inspection, inspection standards, protection of confidential business information, avoidance of conflicts of interest, avoidance of delays, price verification procedures for establishing the export market price and appeals procedures.

Exporters who feel that SGS has not complied with this Agreement are invited to complain or appeal to the SGS office which carried out the inspection. After appeal to SGS, the exporter is also entitled to refer the matter to an Independent Review. Further information may be found in Section B.11.

3.2. WTO AGREEMENT ON CUSTOMS VALUATION

WTO Member countries are required to implement the WTO Agreement on Customs Valuation, "ACV," (officially entitled the Agreement on Implementation of Article VII of GATT 1994), although developing country members may postpone implementation for the first few years after becoming a WTO member. Whenever the importing country has implemented ACV, SGS carries out its price verification for Customs purposes based on the ACV methodology outlined in detail under Section D of this brochure. For information on whether ACV, or another valuation method, is in force in a particular country, please refer to the SGS country Data Sheets for the Trade.

4. INTERNATIONAL FEDERATION OF INSPECTION AGENCIES (IFIA)

SGS is a member of the International Federation of Inspection Agencies (IFIA) and abides by the IFIA Code of Practice for Government Mandated Pre-shipment Inspections which is based on the WTO Agreement on PSI. A copy of the IFIA Code of Practice is available on the IFIA website (www.ifia-federation.org) or upon request from the SGS office in your country.

5. SGS CODE OF INTEGRITY AND PROFESSIONAL CONDUCT

To assure the integrity of SGS services and practices, which is the cornerstone of the reputation of SGS, all employees are required to comply with the SGS Code of Integrity and Professional Conduct which stipulates rules of professional behaviour in all dealings for the SGS Group. Details are available at the SGS website www.sgs.com

6. INSPECTION FEES

SGS' fees for carrying out the inspection are borne either by the Government of the importing country or the importer or the exporter. Nevertheless, SGS reserves the right to invoice the seller in the following situations:

- a. in the event of abortive inspection visits, idle time or prolonged duration of inspection due to non standard process of container vanning; or
- b. if, by agreement with the seller, SGS carries out inspection but does not subsequently receive a valid Service Request/Import Licence from the country of importation or
- c. if the exporter agrees to settle the inspection fee on behalf of the importer and obtain subsequent reimbursement.

PRE-SHIPMENT INSPECTION PROGRAMME

1

SGS

- Receives Service Request from importing country
- Sends Request for Detailed Information to seller
- Commences preliminary price verification

2

SELLER

- Completes Request for Detailed Information and returns to SGS together with relevant documents.

3

SGS

- Reviews documents
- As applicable:
 - Fixes inspection date or confirm n° of inspection required
 - Carries out physical inspection
 - Provides supplier and/or seller with the physical inspection result.

4

SELLER

- If the inspection result is satisfactory (or if no inspection is required) seller may proceed with shipment (may check with SGS if any doubts concerning issuance of Clean Report of Findings)
- Submits to SGS the final documents required (see SGS Country Data Sheets for the Trade).

5

SGS

- Finalises price verification, customs classification and verification of import eligibility
- Prepares Clean Report of Findings, provided documents and all aspects of inspection are satisfactory
- Issues Clean Report of Findings and, where applicable, Security Label to seller.

B. GENERAL ADMINISTRATIVE PROCEDURES

1. INITIAL NOTIFICATION

Pre-shipment inspection is initiated by SGS when it receives notice either from the importing country, or the seller, that an export needs to be inspected.

1.1. NOTICE FROM THE IMPORTING COUNTRY

SGS normally receives directly from the importing country a copy of a Service Request (SR) which may also be the Import Licence or Foreign Exchange Allocation Licence. The SR states, where applicable: the description and value of the goods, the name and address of the seller and importer, the country of supply of the goods and the importer's declaration of customs code.

In such cases, SGS automatically advises the seller by sending a Request for Detailed Information (RDI) form which should be completed and returned to SGS. The RDI form requests, where applicable: copies of the documents relating to the export transaction; valuation information; product data-sheets; packing list; test certificates; price lists; information on location of goods and date available for inspection. This form also lists the publications, relating to the inspection process, available to exporters.

A specimen of the RDI form is to be found on the SGS website at www.sgs.com/psi_rdi

1.2. NOTICE FROM THE SELLER

Failing to receive a RDI Form from SGS, the seller may contact the SGS office in the country of supply to arrange inspection by providing a copy of the SR and/or Letter of Credit, if available, and the information and documents as per the RDI Form. For convenience, the RDI Form on the SGS website may be used.

SGS will check that a Service Request is registered, so that an inspection may be scheduled. However, subject to prior authorisation from the importer, and provision of sufficient guarantee covering the inspection fee, an inspection may be carried out prior to the arrival of the original SR.

2. PRELIMINARY PRICE VERIFICATION

- a. After receipt of initial notification, SGS undertakes, where possible, a preliminary price verification, based upon the SR and/or other contractual documents received. SGS may, where necessary, contact the seller to obtain additional information or explanation to facilitate price verification or to support the seller's price. Depending upon the regulations of the importing country, (for guidance please refer to the SGS country Data Sheets for the Trade on the SGS website) price verification is undertaken to establish an opinion of: (I) an export market price and/or (II) a value for customs purposes. Details under Section D.
- b. Upon request of the seller, prior to physical inspection, SGS will issue an Advice of Preliminary Price Verification indicating, where applicable: (I) The seller's price and/or exchange rate will be accepted, provided the goods presented to SGS inspection conform with the documents on which the preliminary price verification was carried out. (II) the SGS opinion of value for Customs purposes. Such Advice will be subject to receipt by SGS of the relevant documents such as the sales contract, proforma invoice and Service Request.

It should be noted that: (I) An acceptance of the seller's price and/or exchange rate will not be withdrawn provided the goods presented to SGS inspection conform with the documents on which the preliminary price verification was carried out; (II) An SGS opinion for the guidance of the Customs Authorities is not necessarily the value which will be accepted for Customs duty purposes in the country of importation.

3. CUSTOMS CLASSIFICATION

When required by the government of the importing country, SGS forms an opinion of the Customs Classification Code based upon the Customs Tariff Book and Rules of Classification of the country of importation. The Customs Classification Code determines the tariff rate on the basis of which the importer will be required to pay import duties.

4. COMPLIANCE WITH CONTRACTUAL SPECIFICATIONS

When required by the government of the importing country, SGS will check that the specifications of the goods presented for inspection conform with the contract and/or proforma invoice and/or Service Request. However, in some cases, the regulations of the importing country may prescribe that the goods comply with certain product standards or requirements. Nevertheless SGS inspection does not relieve sellers from their contractual obligations.

5. IMPORT ELIGIBILITY

Most countries require SGS to check that the importation conforms with their import regulations. For example:

- a. Product labelling: SGS will check that the goods conform to any special requirements for the labelling of certain products, especially pharmaceuticals and foodstuffs. Further information available in the SGS country Data Sheets for the Trade.
- b. Expiry dates and shelf-life: SGS will verify expiry dates and remaining shelf-life according to the regulations or government requirements of the country of importation. For example, government requirements often prescribe that the minimum remaining shelf-life should be at least 50 percent of the manufacturer's recommended shelf-life in respect of pharmaceutical products, and 75 percent in respect of vaccines and biological products.

6. PHYSICAL INSPECTION

PSI programmes generally include physical inspection for the purpose of verifying that the goods correspond to the documents provided in respect of: goods description, quantity and specification and, where applicable, the import regulations of the importing country (e.g. labelling, health, safety, etc.). The physical inspection may also provide additional information to support price verification and customs classification.

Traditionally, this inspection is performed on every shipment. Nevertheless, depending on the requirements of the importing country, the necessity to examine every shipment may be reduced by using risk profiling techniques. These are either determined by the user government, or based on a quality assurance inspection programme under which SGS carries out quality assurance audits of the manufacturer's premises and/or distribution centres. SGS systematically informs the seller, after receipt of the RDI Form, of the physical inspection requirements.

Further details are to be found under Section C. Specific country requirements are contained in the SGS country Data Sheets for the Trade.

7. FINAL PRICE VERIFICATION AND CLASSIFICATION

Based on the results of inspection and appropriate final documents, SGS finalises the price verification and the SGS opinion of Customs classification code. When the preliminary price verification has not resulted in any unresolved questions, and the inspection result and other documents received are consistent with the preliminary documentation, SGS will not normally require any additional information. The main exception would be if the terms of sale require reference to prices at the date of shipment.

8. SHIPMENT OF THE GOODS

The seller is advised to check with SGS prior to shipment if the physical inspection results have been satisfactory.

If unsatisfactory, the results are either conditional or rejected. In both instances the seller should endeavor to solve the problem with SGS.

9. THE REPORT OF FINDINGS

9.1. TYPES OF REPORTS OF FINDINGS

Upon completion of the PSI inspection SGS' opinion is expressed in a Report of Findings which falls into two categories:

- a. Satisfactory result. SGS issues:
 - A Clean Report of Findings (CRF) which, where applicable, is complemented by
 - A Security Label Confirmation of Issuance of CRF: for seller's L/C negotiation/payment purposes.
- b. Discrepancy result. SGS issues:
 - A Discrepancy Report or
 - A Non-Negotiable Report of Findings (NNRF).

9.2. CLEAN REPORT OF FINDINGS (CRF)

- Issuance: The CRF, or equivalent, is normally issued within 2 working days (1 day for airfreight or exports to neighbouring countries) of receipt of the necessary correct final documents and a satisfactory result in all aspects of the inspection.
- Requirements: The final documents required vary according to the import requirements of each country, but always include a copy of the seller's final Commercial Invoice and, frequently, may require a copy of the Bill of Lading or Air Waybill. Details are contained in the SGS country Data Sheets for the Trade which also advise whether the documents may be sent by the exporter to the SGS office handling the inspection, or by the importer to the SGS Liaison Office in the country of importation. In order to avoid delays in the issuance of the CRF it is recommended that the documents be submitted to SGS as soon as available.
- Despatch: The original CRF is generally provided to the importer for Customs clearance purposes.

Upon request, SGS will issue to the seller, for information purposes, a copy of the CRF.

9.3. SECURITY LABEL CONFIRMATION OF ISSUANCE OF CRF

When required for L/C negotiation/payment purposes, SGS returns to the seller a copy of the seller's final invoice on which has been affixed a Security Label confirming that a CRF has been issued.

9.4. DISCREPANCY REPORT

If an inspection results in discrepancies which cannot be promptly rectified, thereby preventing a CRF from being issued, SGS will issue a "Discrepancy Report", giving reasons for non-issuance of the CRF, normally within either 2 working days of receipt of final documents or 1 month of the inspection, whichever is sooner. In such cases, SGS will be happy to advise exporters of the steps which need to be taken, where applicable, in order for a CRF to be issued.

9.5. NON-NEGOTIABLE REPORT OF FINDINGS (NNRF)

The regulations of some importing countries require SGS to issue a Non-Negotiable Report of Findings" (NNRF) instead of a Discrepancy Report. The NNRF cannot be used for payment purposes without the approval of the authorities of the importing country.

10. COMPLAINTS AND APPEALS

SGS is committed to execute Pre-shipment inspections, on behalf of governments, in accordance with the procedures outlined in these "Guidelines for Exporters" and the WTO Agreement on Pre-shipment Inspection. Any exporter who feels that these procedures have not been complied with is invited to contact the SGS office which performed the inspection as per the following procedure:

10.1. COMPLAINTS

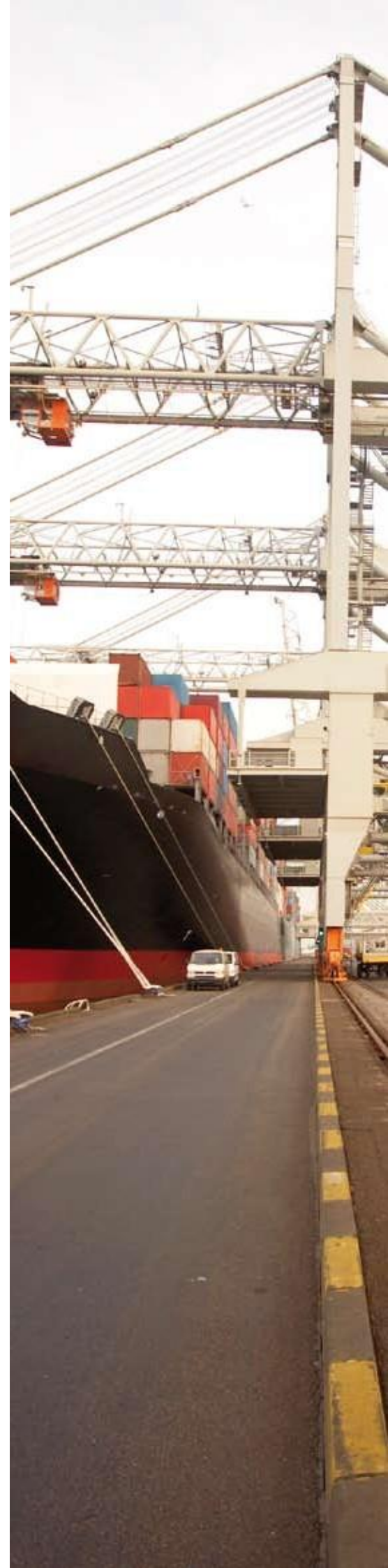
- a. In the first instance, exporters with complaints about Pre-shipment inspection activities should contact the Managing Director, Governments and Institutions Services (GIS) at the SGS office concerned.
- b. The GIS Manager undertakes to investigate the complaint and respond promptly.
- c. If the exporter is dissatisfied with the response, he may proceed to an Appeal as per point 10.2 below.

10.2. APPEALS

- a. Exporters with grievances that have not been resolved by discussion with the GIS Manager, under the complaints procedure of point 10.1 above, may appeal to the Managing Director of the SGS affiliate in the country concerned, by completing and submitting a "Pre-shipment Inspection Internal Appeal Form". A specimen of this form is to be found in the Annex to this brochure. For convenience, this specimen may be photocopied and filled out or, alternatively, may be obtained from the SGS website: www.sgs.com/ivp/psi
- b. The SGS Managing Director undertakes to investigate the grievance and responds to the exporter, normally within two working days of receipt of a completed "Pre-shipment Inspection Internal Appeal Form", by either: (I) giving the result of the appeal, or (II) advising that further investigation is required and that the result will follow as soon as possible, but within 10 working days.

11. INDEPENDENT REVIEWS

In accordance with the WTO Agreement on Pre-shipment Inspection, Article 4, exporters who are of the opinion that SGS has not carried out the Pre-shipment inspection in compliance with its obligations under the provisions of the Agreement may, at least two working days after submission to SGS of a completed "Pre-shipment Inspection Appeal Form", as per point 10.2a) above, refer the dispute to an Independent Review. Details are contained in a separate publication available upon request from the SGS Office in your country.



C. PHYSICAL INSPECTION PROCEDURES

1. ARRANGEMENTS FOR PHYSICAL INSPECTION

1.1. INSPECTION REQUEST FROM THE SELLER

Upon receipt from the seller of the RDI form or advice providing details of the location of the goods and date on which the inspection is required, SGS contacts the person indicated by the seller in order to finalise the inspection arrangements.

If the SGS office receiving the RDI form or inspection request is not the country of inspection of the goods, it will be transferred to the office in the country of inspection.

Note: Some importing countries appoint different inspection companies for different geographical areas. In such cases it may be necessary to transfer the file to another inspection company responsible for the country in which the goods will be inspected.

1.2. PLACE OF INSPECTION

The physical inspection is normally carried out by the SGS office in the Country of exportation/supply of the goods and, whenever possible, in the manufacturer's or supplier's premises. Inspection of bulk cargoes is usually undertaken at time of loading of the ocean vessel. Occasionally, it may be necessary for SGS to carry out inspections during production or witness tests at the manufacturer's premises. Sellers should liaise with SGS in advance if there is any doubt concerning the suitability of the proposed inspection location.

1.3. DATE OF INSPECTION

In order to facilitate inspection planning SGS normally requests sellers to give, whenever possible, 3 working days' advance notice of the date on which they wish the inspection to be carried out. Nevertheless, in cases of emergencies, every effort will be made by SGS to undertake the inspection earlier.

Once an inspection date has been agreed by SGS and the seller, SGS undertakes to carry out the inspection on that date unless the inspection is rescheduled by mutual agreement, or the inspector is prevented from carrying out the inspection by the seller/inspection site, or by force majeure.

2. PRESENTATION OF GOODS FOR INSPECTION

Sellers are responsible for ensuring that:

- a. The goods are presented to SGS in a satisfactory location to facilitate a proper inspection and, where applicable, sampling or testing. Goods should be presented in operational condition where functional testing is relevant.
- b. Reasonable facilities and assistance are provided to the SGS inspector(s), where applicable, such as sufficient labour to handle the goods including unpacking or repacking, facilities to weigh the goods, witness manufacturer's tests, conduct SGS tests, etc.

3. INSPECTION STANDARDS

Unless the government of the importing country stipulates to the contrary, SGS will execute quality and quantity inspections in accordance with the standards defined by the seller and the buyer in the purchase agreement or, in the absence of such standards, relevant international standards.

4. LABORATORY ANALYSIS AND TESTING

In addition to witnessing manufacturer's tests, where applicable, SGS may request from sellers copies of the manufacturer's or independent test/laboratory analysis certificates. SGS may also, where appropriate, submit samples to a SGS or independent laboratory for analysis or testing.

5. SAMPLES

Samples will only be taken and retained in accordance with customary quality control procedures, it being the seller's responsibility to replace any samples drawn. SGS will store samples for three months; thereafter they will be disposed of unless the seller requests in writing that they be returned.

6. INSPECTION AND SEALING OF "FULL CONTAINER LOADS" (FCL)

The authorities of some countries require that SGS witness the stuffing and carry out the sealing of "Full Container Loads" (FCL). In such cases, sellers may be required to

give advance notice to SGS of container stuffing arrangements. Where appropriate, the date of inspection will be scheduled to coincide with the container stuffing. For advice on applicability, please consult the SGS country Data Sheets for the Trade.

7. CAPITAL PROJECTS

For capital projects, it may be necessary for SGS to carry out inspections during production and to witness the manufacturer's tests. In such cases, SGS will liaise with sellers so that the inspections can be planned to fit-in with the manufacturer's schedules.

8. SECOND-HAND GOODS

Some countries do not allow imports of second-hand goods, reconditioned goods or goods which are in a "not new" condition without a special licence or permission: please refer to the SGS country Data Sheets for the Trade for further information. In any case, SGS cannot accept goods in a not new condition unless indicated in the Service Request and/or proforma invoice and/or contract, or unless the importer subsequently confirms in writing his acceptance of the goods. Where appropriate, SGS may be required to see the goods in running condition and, consequently, sellers are advised to check with SGS, where applicable, before dismantling and packing.

9. PHYSICAL INSPECTION RESULTS

When the physical inspection is completed, the inspector submits his report to the SGS office, then the result of inspection will be communicated to the seller and, where applicable, at the place of inspection.

The result will state: satisfactory, conditional or unsatisfactory. The seller is welcome to present his views in writing to SGS, in the event of any query regarding the issuance of a conditional or unsatisfactory inspection result.

9.1. SATISFACTORY

This confirms that the result of physical inspection is satisfactory provided the seller proceeds with shipment within 2 months of the date of inspection, unless a shorter validity period is stipulated. Nevertheless, the seller is advised to check with SGS if there are any doubts concerning the acceptance of the consignment in respect of price or import eligibility.

9.2. CONDITIONAL

This implies that the result is acceptable, subject to certain conditions such as a satisfactory laboratory test/analysis, or the submission of an acceptance test certificate or other relevant document. In all other respects, the conditions as per a satisfactory result apply (9.1 above).

9.3. UNSATISFACTORY

An unsatisfactory result implies that a Clean Report of Findings cannot be issued without a rectification of the discrepancy or advice of acceptance from the country of importation. The two main types of unsatisfactory results are:

9.3.1. Quality and quantity

- a. Any discrepancies identified by the inspector with regard to quantity and/or quality will be indicated. Such discrepancies may be resolved either by: (I) the seller rectifying the discrepancies, or (II) SGS receiving, usually via the SGS Liaison Office in the country of importation, the importer's confirmation of acceptance subject to this being in conformity with the import regulations. In some cases, an amendment to the Service Request may also be required.
- b. If re-inspection is required at a later date, the seller should make arrangements for another inspection. If the seller is in disagreement with the inspector's findings he may immediately contact the SGS office.

9.3.2. Eligibility

In those cases where the government of the importing country requires SGS to check that the consignment conforms with certain import regulations, such as labelling, health requirements, etc., SGS will advise the seller for appropriate action if the inspection reveals a discrepancy.



D. PRICE VERIFICATION

1. PURPOSE

SGS undertakes price verification of the goods in order to provide technical advice or opinions to the government of the importing country on either:

- a. **A Value for Customs Purposes** to facilitate the assessment by Customs of the dutiable value, which will be used as a basis for the payment of import duties and taxes by the importer, and/or
- b. **An Export Market Price** which is used for foreign exchange or government information purposes.

2. VALUE FOR CUSTOMS PURPOSES

2.1. VALUATION METHODOLOGIES

SGS follows the Customs Valuation methodologies and requirements of the importing countries (as per WTO Agreement on PSI, Article 2.20, footnote 4) which are normally based on either:

- a. **The WTO Agreement on Customs Valuation (ACV)** or
- b. **The Brussels Definition of Value (BDV).**

A few countries require SGS to give an opinion based on the export market price (see 3.3). The SGS country Data Sheets for the Trade advise the particular valuation methodology for each country concerned.

The provision by SGS of a technical advice on a Value for Customs Purposes does not interfere with the price contracted between buyer and seller: no revision to the commercial invoice is required.

2.2. WTO AGREEMENT ON CUSTOMS VALUATION (ACV)

2.2.1. Reference Publications

The basis of ACV is:

- I The WTO "Agreement on Implementation of Article VII of GATT (1994)" commonly referred to as the "Agreement on Customs Valuation" (ACV) and formerly known as GATT Valuation Code.
- II The WTO Ministerial "Decision regarding cases where Customs administrations have reasons to doubt the truth or accuracy of the declared value".

Although these authoritative publications, may be consulted for full details at www.wto.org, the following text serves as a guideline based on SGS interpretation.

2.2.2. Methodology Overview

The ACV sets forth six different methods of valuation in order of preference. The first method should be used unless certain conditions are not complied with; in such case one proceeds to the other methods (2 to 6) in hierarchical order of preference.

ACV VALUATION METHODS

Method 1: Transaction Value of the Imported Goods:

the Customs Value should be the Transaction Value, i.e. the price actually paid or payable when sold for export but subject to:

- Compliance with the Transaction Valuation Conditions (see 2.2.4) and
- Adjustment, where applicable by Adjusting Factors (see 2.2.8)
- Customs being satisfied with the truth or accuracy of the declared Transaction Value (as per the WTO Ministerial Decision).

This method is not applicable if :

- There is no export sale and hence no transaction value (e.g. goods sent free of charge, goods sent on a consignment basis, goods on hire)
- The Transaction Valuation Conditions are not fulfilled
- Customs have doubts about the truth or accuracy of the declared information.

In such cases, the valuation shall be carried out by one of the other methods in the following hierarchical order of application:

Method 2: Transaction Value of Identical Goods:

based on customs values, previously accepted in conformity with Method 1, of other transactions of identical

goods sold for exportation to the country of importation at or about the same time taking into account, where applicable, differences in commercial level, quantity and cost of transport.

Method 3: Transaction Value of Similar Goods:

based on customs values, previously accepted in conformity with Method 1, of other transactions of similar goods sold for exportation to the country of importation at or about the same time taking into account, where applicable, differences in commercial level, quantity and cost of transport.

Method 4: Deductive

based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity, at or about the same time, to unrelated persons with deductions (e.g. transport costs in country of importation, commissions or profit and expenses, customs duties, etc.) to arrive at the CFR price at point of entry.

Method 5: Computed Value

based on cost of materials, fabrication and profit in the country of production.

Method 6: Fall-back

based on the previous methods but with greater flexibility (e.g. for identical or similar goods: flexibly interpreted or goods produced in other countries may be used as a basis.¹

2.2.3. Role of Pre-shipment Inspection

The main role of SGS, in the context of ACV, is to provide technical advice to the Customs Administration by supplying valuation opinions/information in the Report of Findings, that:

- I Indicates if there is compliance with the Transaction Valuation Conditions, including relationships between buyers and sellers as per 2.2.4 below (ACV Article 1);
- II Indicates applicable Adjusting Factors (e.g. commissions, royalties and assists) as per 2.2.8 below (ACV Article 8);
- III May give reasons to doubt the truth or accuracy of the declared transaction value thereby enabling Customs to focus on those transactions which may be worthy of further examination;
- IV Is a source of reference for other transactions of identical or similar goods in conformance with valuation Methods 2, 3 & 6 of ACV.²

2.2.4. Transaction Valuation Conditions

I Method 1 may only be used if certain conditions stated under ACV Article 1.1 are complied with (see Figure 1,

page 12)

- II In the event of:
 - Compliance with all Transaction Valuation Conditions, or
 - Compliance with all Transaction Valuation Conditions except a relationship between buyer and seller: SGS proceeds to 2.2.5 to
 - verify the Declared Transaction Value (DTV), and
 - for related buyers and sellers: verify that the relationship has not influenced the price.³
 - Non compliance with any conditions

SGS proceeds to provide information based on Methods 2, 3 or 6 (see 2.2.6 on the next page).

2.2.5. SGS Information under Method 1: Verification of the Declared Transaction Value (“DTV”)⁴

- I SGS establishes if either there are reasons to doubt the DTV or, in the case of related buyers and sellers, whether the relationship influenced the price, by “testing” it against the SGS price data base of:
 - Other transactions with the country of importation, of identical or similar goods, taking into account, where applicable, the Valuation Decisions received from the Customs Administration or Appeal Body in Country of Importation.
 - In the absence of information on other transactions, non-transactional data (e.g. quotations, prices lists, information from trade experts) relevant to the country of importation, of identical or similar goods of the same country of origin.
- II When carrying out the above mentioned test, SGS takes into account, where applicable:
 - Adjusting Factors (see 2.2.8 below)
 - Differences in commercial level and/or quantity and/or cost of transport.
- III If the DTV is:
 - At the same level or higher than the lowest price in the range of identical or similar goods the DTV is accepted by SGS as the Customs Value (dutiable value).
 - Below the lowest price in the range:
 - SGS requests the seller for additional information to explain the price. If satisfactory information is received, the DTV is accepted by SGS as the Customs Value.
 - In the absence of satisfactory information, reasonable doubts about the truth or accuracy of the DTV will have to be established.

FIGURE 1 : TRANSACTION VALUATION CONDITIONS

CONDITIONS	EXCEPTIONS
1. No restrictions on use or disposition of the goods by the buyer.	1. Restrictions: <ul style="list-style-type: none">• limiting geographical area of resale• not affecting the value of the goods
2. The sale or price is not subject to a condition or consideration for which a value cannot be determined (e.g. the sale is conditional upon the buyer also buying other goods, etc.)	2. Conditions or considerations relating to production or marketing of the goods.
3. No part of the proceeds of the subsequent resale, disposal or use of the goods accrues directly or indirectly to the seller.	3. Unless adjustment made as per Adjusting Factors (see section 2.2.8).
4. Buyer & seller are not related (as defined in ACV Article 15.4)	4. If related: the relationship should either not influence the price or the value should approximate to valuation by Methods 2, 3, 4 or 5 (see section 2.2.5 (I)).

2.2.6. SGS Information under the other Methods

If the Transaction Valuation Conditions, as per 2.2.4 above, are not satisfied, SGS, where possible, forms a Valuation Opinion of the goods based on Methods 2, 3, or 6 in order of preference. If required, SGS may also provide technical assistance to Customs on Methods 4 or 5.⁵

- I Methods 2 or 3: by comparison with the lowest price in the range of previously accepted transactions, which are still acceptable, at or about the same time, to the same country of importation, of identical goods or, if not available, similar goods of the same country of origin. Where applicable, adjustments are made for differences in commercial level and/or quantity and/ or cost of transport.
- II Methods 4 & 5: upon request of Customs SGS may also provide technical assistance.
- III Method 6: by applying methods 2 or 3 more flexibly including transactions to the country of importation from other countries of origin.

2.2.7. The Report of Findings (ROF)

SGS issues the ROF stating the SGS Valuation Opinion (VO), for the guidance of Customs, which will reflect one of the following:

- I The Declared Transaction Value (DTV), taking into consideration the Adjusting Factors where necessary, or
- II A reason to doubt the truth or accuracy of the DTV, or ⁶
- III If the Transaction Valuation Conditions are not complied with: an opinion based on Methods 2, 3 or 6 depending upon the availability of information. (Additionally, information on Methods 4 or 5 if required by Customs.)

2.2.8. Adjusting Factors

I Definition

Adjusting Factors are the various elements, such as commission, costs of packing, and buyer assists, that must be added to the price actually paid or payable for the imported goods to arrive at the Transaction Value of those goods.

II Adjusting Factors Applicable in All Cases

In determining the Transaction Value, there shall be added to the price actually paid or payable for the goods:

- a. The following, to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods :
 - commission and brokerage, except buying commissions;
 - the cost of containers which are treated as being one for Customs purposes with the goods in question;
 - the cost of packing whether for labour or materials;
- b. “Assists”: the value, apportioned as appropriate, of the following goods and services where supplied directly or indirectly by the buyer free of charge or at reduced cost, for use in connection with the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable:
 - materials, components, parts and similar items incorporated in the imported goods;
 - tools, dies, moulds and similar items used in the production of the imported goods;
 - materials consumed in the production of the imported goods;
 - engineering, development, artwork, design work, plans and sketches undertaken elsewhere than in the country of importation and necessary for the production of the imported goods;
- c. Royalties and licence fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable.
- d. The value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller.

III Adjusting Factors Applicable if Legislation of the Country of Importation so Provides

The following adjusting factors may be taken into consideration, wholly or in part, as provided in the laws and regulations of the country of importation:

- The cost of transport of the imported goods to the port or place of importation.
- Loading, unloading and handling charges associated with the transport of the imported goods to the port or place of importation; and
- The cost of insurance.

IV Exclusions

No additions shall be made to the price actually paid or payable in determining the customs value except as provided in this Section. In particular, the following elements shall not be taken into account:

- All discounts except retrospective discounts
- The following charges, even if included in the commercial invoice, provided they are separately declared:
 - Interest charges for deferred payment;
 - Post-importation charges (e.g. inland transportation charges from the port or place of entry to the final destination, installation or erection charges, etc.);
 - Duties & Taxes in the country of importation.

V Objective and Quantifiable Data

Additions to the price actually paid or payable shall be made only on the basis of objective and quantifiable data.

2.3. BRUSSELS DEFINITION OF VALUE (BDV)

2.3.1. Reference Publications

The basis of Customs valuation is laid down in “Customs Valuation: Convention, Recommendations, Opinions, Notes and Studies” and “Customs Valuation: Explanatory Notes to the Brussels Definition of Value”. Although these official authoritative publications may be consulted for full details at www.wcoomd.org, the following text serves as a guideline based on SGS’ interpretation.

2.3.2. Definition

The value for Customs purposes shall be the normal price, that is to say, the price which the goods would fetch on sale in the open market between a buyer and a seller independent of each other.⁷

2.3.3. Procedure for establishing the SGS opinion of value for Customs purposes

- I SGS establishes an opinion of value for Customs purposes by comparing the seller's invoice price with the prices at which identical or similar goods are sold or offered for sale to the country of importation taking into account, where applicable :
 - a. the conditions for determining the normal price: see section 2.3.4
 - b. the valuation factors: see section 2.3.5
- II In the event that the seller's invoice price is:
 - a. within the range of prices of identical or similar goods the seller's invoice price will be utilised as the basis for the SGS opinion of the value for Customs purposes.
 - b. outside the range of prices of identical or similar goods:
 - SGS may request the seller for additional information to explain the price.
 - In the absence of satisfactory information, the SGS opinion of value for Customs purposes will be based on the prices of identical or similar goods.
- III The declared price will not be accepted as an open market price when:
 - a. section b. above is not complied with; or
 - b. the price is lower (unless the variation in price is slight or corresponds to trade practice) than those of identical goods from the same seller to any importer in the country of importation; or
 - c. the price is considerably lower than those of:
 - identical goods being sold by other sellers in the same country of exportation to any importer in the country of importation; or
 - similar goods being sold by sellers in the same country of exportation to any importer in the country of importation; or
 - identical or, failing this, similar goods being sold by sellers in other countries for exportation to any importer in the country of importation but taking into account, where applicable, variations in the costs of the factors of production in the countries of exportation.

2.3.4. Conditions for the determination of the normal price

- I Assumptions:
 - a. the goods are delivered to the buyer at the port/place of introduction into the country of importation.
 - b. the seller bears all costs, charges and expenses incidental to the sale and to the delivery of the goods to the port or place of introduction, which are hence included in the normal price.



2.3.5. Adjusting Factors

I Definition: Adjusting factors are the various elements, such as discounts, interest charges, commissions, advance payments, etc., which must be taken into account by addition or deduction, where applicable, in determining the normal price or value for Customs purposes.

II Dutiable Adjusting Factors: The following adjusting factors are dutiable and, if applicable and not already included in the price, should be added to arrive at the normal price:

- Carriage and Freight
- Insurance
- Commissions (including buying commissions) and broker age costs, charges and expenses of drawing up, outside the country of importation, documents incidental to the introduction of the goods into the country of importation, including consular fees.
- Duties and taxes outside the country of importation except those from which the goods have been exempted or have been or will be relieved by means of refund.
- Costs of containers, excluding those which are treated as separate articles for the purpose of levying duties of Customs, cost of packing (whether for labour, materials or otherwise)
- Charges in respect of the right of use of a patent, design or trade mark in respect of the goods.
- Not freely available discounts (discounts not available to any buyer at the commercial level of sale) e.g. sole agent's discounts, special/abnormal discounts, etc.
- Retrospective discounts and advance payment discounts
- Advance payments
- The value of "Free of charge" goods or samples
- Seller's expenses paid by the buyer

III Non-dutiable Adjusting Factors: The following adjusting factors are non-dutiable and, if applicable and not already excluded from the price, should be deducted to arrive at the normal price:

- Discounts freely available to anyone (e.g. quantity discounts, cash discounts, etc.)
- Interest charges for deferred payment
- Post-entry charges (e.g. inland transportation charges from the port or place of entry to the final destination, installation or erection charges, etc.)

IV Other Adjusting Factors: In determining the normal price other adjusting factors, including but not limited to the following, are taken into account where applicable:

- Quantity/unit size
- Quality/specifications/trade mark
- Packaging
- Commercial level
- Seasonal influences
- Delivery periods and conditions

2.3.6. Sources of price information

Other transactions, contracts, offers for sale, quotations, price lists, market reports, trade journals, etc. providing prices for export applicable to the country of importation.

3. EXPORT MARKET PRICE

3.1. PURPOSE

SGS establishes, where applicable, an opinion of the export market price in line with the price verification procedures of the WTO Agreement on Pre-shipment Inspection (Article 2.20 (a) to (e)) which is used either for foreign exchange purposes, government information purposes or, in certain countries, for Customs purposes.

3.2. PRINCIPLES

a. SGS compares :

- the seller's invoice price taking into account the terms and conditions of sale, quantity, quality/ specification, packing and additional services; with
- the SGS opinion of the export market price.

b. SGS establishes if the seller's invoice price is in line with or above or below the SGS opinion of the export market price.

c. For countries with foreign exchange regulations: in order to conserve

foreign exchange reserves, funds may only be released equivalent to the seller's invoice value accepted by SGS in the CRF.

When the initial SGS opinion of the Export Market Price differs from seller's invoice price, SGS will contact the seller to request additional information. If after taking all known facts into consideration, the SGS opinion of the Export Market Price is below the seller's invoice price, SGS may request the seller to adjust the invoice price to correspond to the SGS opinion in order that a CRF may be issued.

3.3. ESTABLISHING AN EXPORT MARKET PRICE

SGS establishes an opinion of an export market price by:

a. determining a base price by reference to various sources of information, including, but not limited to:

- SGS Price Databanks based upon other shipments inspected
- Published market reports
- Trade association publications
- Sellers' or manufacturers' export price lists Information from physical or futures markets
- Market information available to SGS from other sources

b. adjusting the base price by the following aspects, where applicable, to reflect all the terms, conditions and services of the transaction:

- Adjusting Factors
- Ancillary Charges
- Ocean/Air Freight
- Post Entry Charges

3.4. ADJUSTING FACTORS

Adjusting factors taken into account include but are not limited to :

- a. delivery periods
- b. delivery conditions (ex works, FOB, CFR, etc.)
- c. firm price or price subject to specified fluctuations
- d. fluctuating exchange rates (see point 3.10)
- e. quality specifications/product brand
- f. shipping or packing requirements

- g. special unit packaging
- h. quantity
- i. discounts
- j. commercial level
- k. current or obsolete goods
- l. brand new or second hand/not new condition
- m. spot sales
- n. seasonal influences
- o. licence/intellectual property fees
- p. capital projects (plant projects/turnkey projects; (see 3.11)
- q. relevant economic factors pertaining to country of importation versus the country or countries used as a basis of price comparison
- r. repatriable amounts (see 3.8)
- s. any other commercially acceptable factors identified and justified by the seller.

3.5. ANCILLARY CHARGES

The following ancillary charges, which are additional to the FOB value, will be taken into account where applicable and permissible under the regulations of the importing country: buying agents or confirming fees, finance or interest charges, transport insurance. Please refer to the SGS country Data Sheets for the Trade concerning any specific requirements of the country of importation.

3.6. FREIGHT CHARGES

SGS bases its opinion of the freight charge on the going market rate, taking into account the terms of the contract.

3.7. POST-ENTRY CHARGES

Post-entry charges are those included in the seller's invoice in respect of services to be rendered after importation of the goods e.g. installation, erection, commissioning, etc. Depending upon the regulations of the importing country, SGS may be required to review these charges.

3.8. DATE OF REFERENCE

The date of reference for verifying the export market price is the date of the contract, or in the absence of a contract, the date of the proforma invoice except for:

- a. Contracts stipulating that prices may vary in accordance with certain conditions (e.g prices ruling at date of despatch) provided they are consistent with customary commercial practice and permitted under the regulations of the importing country.
- b. Sales by International Tender when the date of closing of the Tender is used.

3.9. FLUCTUATING EXCHANGE RATES

- a. For fixed price contracts in a specific currency, no adjustment to the price due to fluctuating exchange rates is acceptable.
- b. In examining the export price market, conversion from known market prices in one currency to the currency in which the price is invoiced will be made on the basis of the exchange rates valid on the reference date used by SGS for price comparison.
- c. Conversions by commission agents from the currency of price to the currency of payment shall be made on the basis of the exchange rates valid on the date of the settlement invoice provided that the invoice is issued within a reasonable period of time from the date of shipment.
- d. Where credit is given, the applicable forward rate of exchange at the date of contract shall be applied.



3.10. CAPITAL PROJECTS

In determining the total value of the project, SGS will take into account as appropriate the following factors :

- a. Design and engineering charges
(e.g. Civil Works Design, Project Design/Consultancy)
- b. Project planning
- c. Project management and
co-ordination
- d. Research and Development
- e. Know-how
- f. Installation/erection (including
transportation & depreciation of
installation machinery/equipment)
- g. Commissioning
- h. Export Credit/Guarantee risks
(e.g. COFACE, ECGD, etc.)
- i. Financing
- j. Procurement/Expediting
- k. Royalties and
- l. Training



PRE-SHIPMENT INSPECTION INTERNAL APPEAL FORM (I)

NOTES :

- a. Exporters with complaints about Pre-shipment inspection (PSI) activities are, in the first instance, requested to discuss the matter with the appropriate department manager of the SGS office responsible for performing the PSI activity ("SGS office"). If, following discussions, an exporter is dissatisfied with the result, he is invited to appeal to the Managing Director at the SGS office, by completing and submitting this form.
- b. The Managing Director undertakes to investigate the grievance and will respond to the exporter, normally within 2 working days of receipt of this form fully completed, by either (a) giving the result of the appeal or (b) advising that further investigation is required and that the result will follow as soon as possible, but within 10 working days. (These procedures take into consideration the WTO Agreement on Pre-shipment Inspection, Article 2.21)

1. EXPORTER

Company Name: _____

Address: _____

Telephone: _____

Telefax: _____

E-mail: _____

Contact person: _____

2. EXPORTER'S COMPLAINT

DISCUSSIONS

Prior to completion of this form, the complaint should already have been discussed with the SGS office staff. Please advise SGS office location:

Person with whom complaint discussed: _____

3. REFERENCE NUMBERS

Inspection Order Reference N°:
(as advised by SGS or importer)

Contract/Order/Proforma Invoice/Final Invoice N°.

4. DESCRIPTION OF GOODS

If you wish to appeal that the action of SGS is not in accordance with the WTO Agreement on Pre-shipment Inspection, please complete Section 5 below. If not applicable, please proceed to Section 6.

5. NATURE OF GRIEVANCE WITH THE SGS OFFICE

Please indicate, by marking an "x" in the appropriate box(es) below, which articles of the WTO Agreement on Pre-shipment Inspection ("API") have, in your opinion, not been complied with by the SGS office.

Category

- Non-discrimination
- Site of inspection
- Standards
- Transparency

API Article N°

2.1

2.3

2.4

2.5

2.6

2.7

- Protection of Confidential Business Information

2.9

2.11

2.12

- Conflicts of Interest

2.14 (a)

2.14 (b)

2.14 (c)

- Delays

2.15

2.16

2.17

2.18

2.19

- Price Verification
(For export market price: not customs valuation purposes)

2.20 (a)

2.20 (b)

2.20 (c)

2.20 (d)

2.20 (e)

- Appeals Procedures

2.21

2.21 (a)

2.21 (c)

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Notes : If your grievance:

I Does not concern the above mentioned categories, please proceed to Section 6.

II Concerns the above mentioned categories and also relates to PSI carried out in a WTO member country of goods for importation into a WTO member country: you are entitled to submit the dispute to an Independent Review, at least two working days after submission of this form to the SGS office, in accordance with Article 4 of the WTO Agreement on Pre-shipment Inspection. Further details are available from SGS upon request.

PRE-SHIPMENT INSPECTION INTERNAL APPEAL FORM (II)

6. SUMMARY OF GRIEVANCE

Please advise the facts of the case and summarise the reasons why, in your opinion, the decision or conduct of the SGS office is not acceptable. Please attach copies of relevant documents.

[illegible]

7. PROPOSED SOLUTION TO THE GRIEVANCE

Please state your proposed solution to the grievance.

[illegible]

8. EXPORTER'S DECLARATION

I hereby declare that:

- I am an authorised employee of the exporter
- The information contained here is, to the best of my knowledge, correct.

Full name :

Position :

Company name :

Date: / /20

Signed :

Please return this form to the SGS office responsible for performing the Pre-shipment inspection activity.

NOTES

- 1 As per ACV Article 7, no customs value shall be determined under the provision of Method 6 on the basis of:
 - a. the selling price in the country of importation of goods produced in such country;
 - b. a system which provides for the acceptance for customs purposes of the higher of two alternative values;
 - c. the price of goods on the domestic market of the country of exportation;
 - d. the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of Method 5;
 - e. the price of the goods for export to a country other than the country of importation;
 - f. minimum customs values, or
 - g. arbitrary or fictitious values
- 2 Normally, PSI activities only cover Methods 1, 2 3 & 6. However, technical assistance in respect of the other methods may be provided upon request of Customs in the importing country.
- 3 In accordance with ACV Art.1.2b, if the buyer and seller are related, buyers (importers) are, at their initiative, entitled to request Customs that the DTV be compared with the Customs Value established by the Deductive or Computed Value Methods. In such situations, Customs may request technical assistance from SGS.
- 4 For practical purposes, the DTV is assumed to be the value stated in the sellers' commercial invoice presented to SGS during PSI.
- 5 Method 6 would only be applied by Customs if it is not possible to value under the Methods 1 - 5.
- 6 In the absence of satisfactory evidence from the importer to support the truth or accuracy of the DTV, Customs may decide to proceed to the other Methods of Valuation using the SGS Opinion for guidance.
- 7 The Normal Price is the open market price at which the goods are freely available to any buyer at the commercial level of the sale, subject to compliance with certain conditions. For example, if a sole agent receives a special discount, which is not granted to other buyers, it has to be added back into the price to arrive at the normal or open market price for Customs valuation purposes.

For further information, please contact:

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GLOSSARY OF ABBREVIATIONS

ACRF Advice of Clean Report
of Findings

ACV WTO Agreement on Customs
Valuation

AWB Air Way Bill

BDV Brussels Definition of Value

B/L Bill of Lading

CFR Cost & Freight

CRF Clean Report of Findings

DTV Declared Transaction Value

FCL Full Container Load

FOB Free on Board

GIS Governments and Institutions
Services

IFIA International Federation
of Inspection Agencies

IVP Import Verification Programmes

L/C Letter of Credit

LCL Less than Container Load

NNRF Non-Negotiable Report of Findings

PSI Pre-shipment Inspection

RDI Request for Detailed Information

SGS SGS Group or its affiliates or Agents

SR Service Request

WTO World Trade Organization

www.sgs.com

WHEN YOU NEED TO BE SURE





SHIELDGUARD

WE PROTECT PEOPLE

SHIELDGUARD® NITRILE EXAM GLOVES

SHIELD what matters today
GUARD what impacts tomorrow

Advanced Processes

Designed to reflect the demands of the most exacting of industry sectors and benefiting from SHIELDGUARD's proprietary extended hand-crafted manufacturing process, this range of gloves are significantly easier to don and remove without irritating the skin.

SHIELDGUARD® Authenticity

SHIELDGUARD's product legitimacy has been proven for over 20 years by many other top professional industry leaders. Truly a glove for everyone with superior quality, muscular tensile strength, and best fit. SHIELDGUARD® is recognized as the most consistently preferred and best quality glove on the market.



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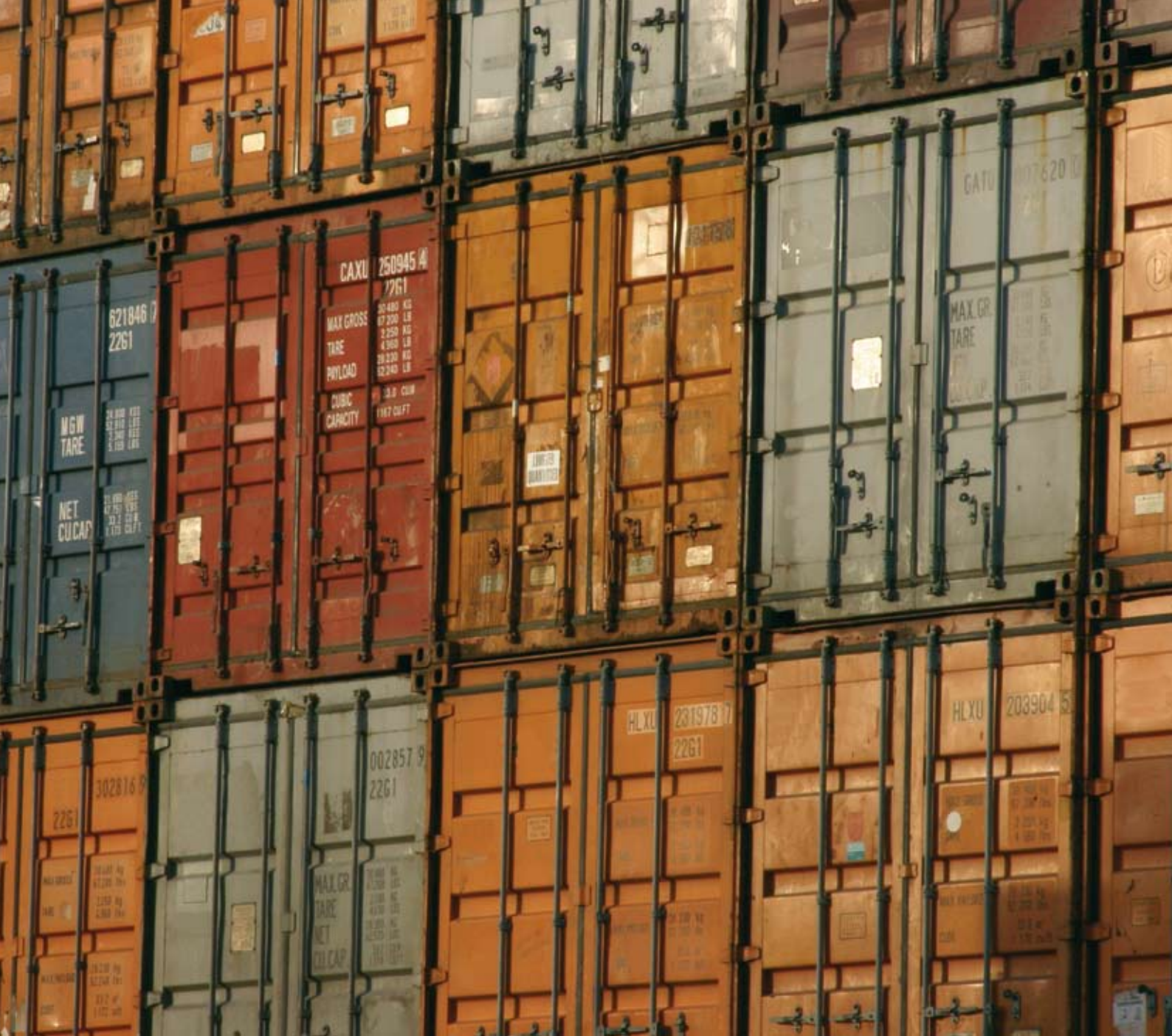
McKINLEY



SHIELDGUARD PRODUCTION AND DISPATCH PROCEDURE

1. Buyer and seller sign accepted Contract, returned in PDF with Pro forma Invoice and statement of supply.
2. Buyer shall instruct the bank to Swift a monthly revolving LC (MT700 with irrevocable, confirmed, and transferrable) per every month representing in the delivery as per production schedule ("Addendum A").
3. Seller receives L.C.
4. Production and Packaging starts.
5. Product will be ready at factory warehouses.
6. Factory issues Packing list.
7. Factory orders freight forwarders and brings containers.
8. Buyer orders "Pre-Inspection" service from S.G.S., and S.G.S. inspects Boxes and Cartons at the factory warehouses.
9. S.G.S. takes note of LOT numbers.
10. S.G.S. releases the cartons per container to be loaded while supervising the loading.
11. S.G.S. seals the container and takes down the seal number.
12. S.G.S. issues a certificate of the product loaded in the container - S.G.S. report for quantity and packing, and releases to the Buyer.
13. Freight forwarder issues H.C.L. (bill of collecting the container), and takes the container to the port, releases it to the shipping company, and customs clearance.
14. When the container is on the ship, the shipping company issues a Bill of Lading.
15. Factory/seller releases a copy of the Bill of Lading to the Seller, which Seller releases to the buyer or bank to bank.
16. Seller issues invoice to the buyer along with packing list, B.O.L.
17. Seller delivers the goods to the shipping company according to the delivery schedule and arranges for the goods to be brought to the ship.
18. Permitted cargo ship (B / L) 5 days free time for all containers in the cargo port.
19. Buyer is responsible for the payment of all costs related to the "Pre-Inspection" S.G.S. Report at the port of destination.
20. Once the goods have arrived at the port of departure the value of the goods shipped will be unlocked from the L/C.
21. 100% of payment for each month's total value of goods will be released from the L.C. after the arrival of each shipment at the Port of Departure after Seller provides bill of lading, and packing invoice to Buyer, and before the goods are loaded on the freight vessel.





GUIDELINES FOR EXPORTERS

PRE-SHIPMENT INSPECTION PROGRAMME

SGS

FOREWORD

In 1965 SGS pioneered Pre-shipment Inspection (PSI) programmes. Originally PSI only covered inspection of quality, quantity and export market price in order to safeguard the client government's foreign exchange reserves. In time this has evolved into a more comprehensive offering to include tariff classification, import eligibility (compliance with import regulations) and the provision of valuation information for customs purposes. Recent PSI programmes have implemented risk assessment and selective inspections, permitting thus to accelerate the verification process.

PSI programmes continue to play a significant role in facilitating trade not only in the speed of customs' clearance, but also in minimising unfair competition between importers and the local industry. This has encouraged exports and contributed to the expansion of foreign investment.

This brochure is intended to provide exporters with a general overview of the Pre-shipment Inspection (PSI) programme which SGS is mandated to implement on behalf of governments to verify their country's imports.

The information contained herein is based on that prevailing at the time of publication and does not cover every situation which might arise. Since some of the procedures vary according to the specific requirements of the country of importation, SGS has also prepared "Data Sheets for the Trade" available from the SGS website at: www.sgs.com/ivp/psi

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A. INTRODUCTION

1. SCOPE

Depending upon the requirements of the user government, the scope of inspection may include the verification of the goods in respect of quality, quantity, export market price, value for Customs purposes, Customs classification and import eligibility.

The quality and quantity inspection may be for the purpose of verifying: a) that the goods conform to contractual specifications, and/or b) the value and Customs tariff code for Customs purposes.

The result of the inspection is confirmed in a Report of Findings.

2. OBJECTIVES

The main objectives of PSI include:

2.1. CORRECT ASSESSMENT OF IMPORT DUTIES AND TAXES

(based on SGS technical advice/opinions relating to value and classification of goods)

2.2. TRADE FACILITATION TO:

- Enhance Customs clearance procedures (in speed and efficiency);
- Minimise unfair competition to local industry and between other importers or exporters (by uniform application of import regulations, Customs value and classification);
- Encourage foreign investment (by transparency and predictability of procedures).

2.3. FOREIGN EXCHANGE CONSERVATION AND/OR PROTECTION OF IMPORTERS' INTERESTS

(by minimisation of overinvoicing and detection of quality and quantity discrepancies and/or non-compliance with health/safety regulations).

3. WTO AGREEMENTS

3.1. WTO AGREEMENT ON PRE-SHIPMENT INSPECTION

The World Trade Organisation (WTO) Agreement on Pre-shipment Inspection requires inspection companies engaged in Pre-shipment inspection activities, contracted or mandated by Governments, to follow certain procedures when inspecting goods in the WTO Member countries which are destined to WTO Member countries.

SGS is committed to carrying out inspection in accordance with this Agreement which relates to: execution of inspections in a non-discriminatory and transparent manner, site of inspection, inspection standards, protection of confidential business information, avoidance of conflicts of interest, avoidance of delays, price verification procedures for establishing the export market price and appeals procedures.

Exporters who feel that SGS has not complied with this Agreement are invited to complain or appeal to the SGS office which carried out the inspection. After appeal to SGS, the exporter is also entitled to refer the matter to an Independent Review. Further information may be found in Section B.11.

3.2. WTO AGREEMENT ON CUSTOMS VALUATION

WTO Member countries are required to implement the WTO Agreement on Customs Valuation, "ACV" (officially entitled the Agreement on Implementation of Article VII of GATT 1994), although developing country members may postpone implementation for the first few years after becoming a WTO member. Whenever the importing country has implemented ACV, SGS carries out its price verification for Customs purposes based on the ACV methodology outlined in detail under Section D of this brochure. For information on whether ACV, or another valuation method, is in force in a particular country, please refer to the SGS country Data Sheets for the Trade.

4. INTERNATIONAL FEDERATION OF INSPECTION AGENCIES (IFIA)

SGS is a member of the International Federation of Inspection Agencies (IFIA) and abides by the IFIA Code of Practice for Government Mandated Pre-shipment Inspections which is based on the WTO Agreement on PSI. A copy of the IFIA Code of Practice is available on the IFIA website (www.ifia-federation.org) or upon request from the SGS office in your country.

5. SGS CODE OF INTEGRITY AND PROFESSIONAL CONDUCT

To assure the integrity of SGS services and practices, which is the cornerstone of the reputation of SGS, all employees are required to comply with the SGS Code of Integrity and Professional Conduct which stipulates rules of professional behaviour in all dealings for the SGS Group. Details are available at the SGS website www.sgs.com

6. INSPECTION FEES

SGS' fees for carrying out the inspection are borne either by the Government of the importing country or the importer or the exporter. Nevertheless, SGS reserves the right to invoice the seller in the following situations:

- a. in the event of abortive inspection visits, idle time or prolonged duration of inspection due to non standard process of container vanning; or
- b. if, by agreement with the seller, SGS carries out inspection but does not subsequently receive a valid Service Request/Import Licence from the country of importation or
- c. if the exporter agrees to settle the inspection fee on behalf of the importer and obtain subsequent reimbursement.

PRE-SHIPMENT INSPECTION PROGRAMME

1

SGS

- Receives Service Request from importing country
- Sends Request for Detailed Information to seller
- Commences preliminary price verification

2

SELLER

- Completes Request for Detailed Information and returns to SGS together with relevant documents.

3

SGS

- Reviews documents
- As applicable:
 - Fixes inspection date or confirm n° of inspection required
 - Carries out physical inspection
 - Provides supplier and/or seller with the physical inspection result.

4

SELLER

- If the inspection result is satisfactory (or if no inspection is required) seller may proceed with shipment (may check with SGS if any doubts concerning issuance of Clean Report of Findings)
- Submits to SGS the final documents required (see SGS Country Data Sheets for the Trade).

5

SGS

- Finalises price verification, customs classification and verification of import eligibility
- Prepares Clean Report of Findings, provided documents and all aspects of inspection are satisfactory
- Issues Clean Report of Findings and, where applicable, Security Label to seller.

B. GENERAL ADMINISTRATIVE PROCEDURES

1. INITIAL NOTIFICATION

Pre-shipment inspection is initiated by SGS when it receives notice either from the importing country, or the seller, that an export needs to be inspected.

1.1. NOTICE FROM THE IMPORTING COUNTRY

SGS normally receives directly from the importing country a copy of a Service Request (SR) which may also be the Import Licence or Foreign Exchange Allocation Licence. The SR states, where applicable: the description and value of the goods, the name and address of the seller and importer, the country of supply of the goods and the importer's declaration of customs code.

In such cases, SGS automatically advises the seller by sending a Request for Detailed Information (RDI) form which should be completed and returned to SGS. The RDI form requests, where applicable: copies of the documents relating to the export transaction; valuation information; product data-sheets; packing list; test certificates; price lists; information on location of goods and date available for inspection. This form also lists the publications, relating to the inspection process, available to exporters.

A specimen of the RDI form is to be found on the SGS website at www.sgs.com/psi_rdi

1.2. NOTICE FROM THE SELLER

Failing to receive a RDI Form from SGS, the seller may contact the SGS office in the country of supply to arrange inspection by providing a copy of the SR and/or Letter of Credit, if available, and the information and documents as per the RDI Form. For convenience, the RDI Form on the SGS website may be used.

SGS will check that a Service Request is registered, so that an inspection may be scheduled. However, subject to prior authorisation from the importer, and provision of sufficient guarantee covering the inspection fee, an inspection may be carried out prior to the arrival of the original SR.

2. PRELIMINARY PRICE VERIFICATION

- a. After receipt of initial notification, SGS undertakes, where possible, a preliminary price verification, based upon the SR and/or other contractual documents received. SGS may, where necessary, contact the seller to obtain additional information or explanation to facilitate price verification or to support the seller's price. Depending upon the regulations of the importing country, (for guidance please refer to the SGS country Data Sheets for the Trade on the SGS website) price verification is undertaken to establish an opinion of: (I) an export market price and/or (II) a value for customs purposes. Details under Section D.
- b. Upon request of the seller, prior to physical inspection, SGS will issue an Advice of Preliminary Price Verification indicating, where applicable: (I) The seller's price and/or exchange rate will be accepted, provided the goods presented to SGS inspection conform with the documents on which the preliminary price verification was carried out. (II) the SGS opinion of value for Customs purposes. Such Advice will be subject to receipt by SGS of the relevant documents such as the sales contract, proforma invoice and Service Request.

It should be noted that: (I) An acceptance of the seller's price and/or exchange rate will not be withdrawn provided the goods presented to SGS inspection conform with the documents on which the preliminary price verification was carried out; (II) An SGS opinion for the guidance of the Customs Authorities is not necessarily the value which will be accepted for Customs duty purposes in the country of importation.

3. CUSTOMS CLASSIFICATION

When required by the government of the importing country, SGS forms an opinion of the Customs Classification Code based upon the Customs Tariff Book and Rules of Classification of the country of importation. The Customs Classification Code determines the tariff rate on the basis of which the importer will be required to pay import duties.

4. COMPLIANCE WITH CONTRACTUAL SPECIFICATIONS

When required by the government of the importing country, SGS will check that the specifications of the goods presented for inspection conform with the contract and/or proforma invoice and/or Service Request. However, in some cases, the regulations of the importing country may prescribe that the goods comply with certain product standards or requirements. Nevertheless SGS inspection does not relieve sellers from their contractual obligations.

5. IMPORT ELIGIBILITY

Most countries require SGS to check that the importation conforms with their import regulations. For example:

- a. Product labelling: SGS will check that the goods conform to any special requirements for the labelling of certain products, especially pharmaceuticals and foodstuffs. Further information available in the SGS country Data Sheets for the Trade.
- b. Expiry dates and shelf-life: SGS will verify expiry dates and remaining shelf-life according to the regulations or government requirements of the country of importation. For example, government requirements often prescribe that the minimum remaining shelf-life should be at least 50 percent of the manufacturer's recommended shelf-life in respect of pharmaceutical products, and 75 percent in respect of vaccines and biological products.

6. PHYSICAL INSPECTION

PSI programmes generally include physical inspection for the purpose of verifying that the goods correspond to the documents provided in respect of: goods description, quantity and specification and, where applicable, the import regulations of the importing country (e.g. labelling, health, safety, etc.). The physical inspection may also provide additional information to support price verification and customs classification.

Traditionally, this inspection is performed on every shipment. Nevertheless, depending on the requirements of the importing country, the necessity to examine every shipment may be reduced by using risk profiling techniques. These are either determined by the user government, or based on a quality assurance inspection programme under which SGS carries out quality assurance audits of the manufacturer's premises and/or distribution centres. SGS systematically informs the seller, after receipt of the RDI Form, of the physical inspection requirements.

Further details are to be found under Section C. Specific country requirements are contained in the SGS country Data Sheets for the Trade.

7. FINAL PRICE VERIFICATION AND CLASSIFICATION

Based on the results of inspection and appropriate final documents, SGS finalises the price verification and the SGS opinion of Customs classification code. When the preliminary price verification has not resulted in any unresolved questions, and the inspection result and other documents received are consistent with the preliminary documentation, SGS will not normally require any additional information. The main exception would be if the terms of sale require reference to prices at the date of shipment.

8. SHIPMENT OF THE GOODS

The seller is advised to check with SGS prior to shipment if the physical inspection results have been satisfactory.

If unsatisfactory, the results are either conditional or rejected. In both instances the seller should endeavor to solve the problem with SGS.

9. THE REPORT OF FINDINGS

9.1. TYPES OF REPORTS OF FINDINGS

Upon completion of the PSI inspection SGS' opinion is expressed in a Report of Findings which falls into two categories:

- a. Satisfactory result. SGS issues:
 - A Clean Report of Findings (CRF) which, where applicable, is complemented by
 - A Security Label Confirmation of Issuance of CRF: for seller's L/C negotiation/payment purposes.
- b. Discrepancy result. SGS issues:
 - A Discrepancy Report or
 - A Non-Negotiable Report of Findings (NNRF).

9.2. CLEAN REPORT OF FINDINGS (CRF)

- Issuance: The CRF, or equivalent, is normally issued within 2 working days (1 day for airfreight or exports to neighbouring countries) of receipt of the necessary correct final documents and a satisfactory result in all aspects of the inspection.
- Requirements: The final documents required vary according to the import requirements of each country, but always include a copy of the seller's final Commercial Invoice and, frequently, may require a copy of the Bill of Lading or Air Waybill. Details are contained in the SGS country Data Sheets for the Trade which also advise whether the documents may be sent by the exporter to the SGS office handling the inspection, or by the importer to the SGS Liaison Office in the country of importation. In order to avoid delays in the issuance of the CRF it is recommended that the documents be submitted to SGS as soon as available.
- Despatch: The original CRF is generally provided to the importer for Customs clearance purposes.

Upon request, SGS will issue to the seller, for information purposes, a copy of the CRF.

9.3. SECURITY LABEL CONFIRMATION OF ISSUANCE OF CRF

When required for L/C negotiation/ payment purposes, SGS returns to the seller a copy of the seller's final invoice on which has been affixed a Security Label confirming that a CRF has been issued.

9.4. DISCREPANCY REPORT

If an inspection results in discrepancies which cannot be promptly rectified, thereby preventing a CRF from being issued, SGS will issue a "Discrepancy Report", giving reasons for non-issuance of the CRF, normally within either 2 working days of receipt of final documents or 1 month of the inspection, whichever is sooner. In such cases, SGS will be happy to advise exporters of the steps which need to be taken, where applicable, in order for a CRF to be issued.

9.5. NON-NEGOTIABLE REPORT OF FINDINGS (NNRF)

The regulations of some importing countries require SGS to issue a Non-Negotiable Report of Findings" (NNRF) instead of a Discrepancy Report. The NNRF cannot be used for payment purposes without the approval of the authorities of the importing country.

10. COMPLAINTS AND APPEALS

SGS is committed to execute Pre-shipment inspections, on behalf of governments, in accordance with the procedures outlined in these "Guidelines for Exporters" and the WTO Agreement on Pre-shipment Inspection. Any exporter who feels that these procedures have not been complied with is invited to contact the SGS office which performed the inspection as per the following procedure:

10.1. COMPLAINTS

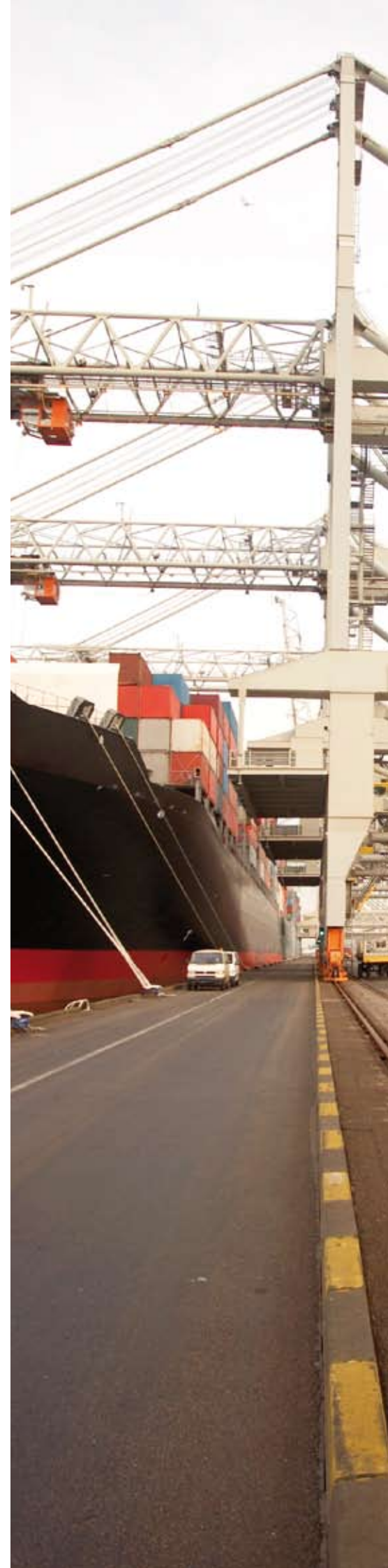
- a. In the first instance, exporters with complaints about Pre-shipment inspection activities should contact the Managing Director, Governments and Institutions Services (GIS) at the SGS office concerned.
- b. The GIS Manager undertakes to investigate the complaint and respond promptly.
- c. If the exporter is dissatisfied with the response, he may proceed to an Appeal as per point 10.2 below.

10.2. APPEALS

- a. Exporters with grievances that have not been resolved by discussion with the GIS Manager, under the complaints procedure of point 10.1 above, may appeal to the Managing Director of the SGS affiliate in the country concerned, by completing and submitting a "Pre-shipment Inspection Internal Appeal Form". A specimen of this form is to be found in the Annex to this brochure. For convenience, this specimen may be photocopied and filled out or, alternatively, may be obtained from the SGS website: www.sgs.com/ivp/psi
- b. The SGS Managing Director undertakes to investigate the grievance and responds to the exporter, normally within two working days of receipt of a completed "Pre-shipment Inspection Internal Appeal Form", by either: (I) giving the result of the appeal, or (II) advising that further investigation is required and that the result will follow as soon as possible, but within 10 working days.

11. INDEPENDENT REVIEWS

In accordance with the WTO Agreement on Pre-shipment Inspection, Article 4, exporters who are of the opinion that SGS has not carried out the Pre-shipment inspection in compliance with its obligations under the provisions of the Agreement may, at least two working days after submission to SGS of a completed "Pre-shipment Inspection Appeal Form", as per point 10.2a) above, refer the dispute to an Independent Review. Details are contained in a separate publication available upon request from the SGS Office in your country.



C. PHYSICAL INSPECTION PROCEDURES

1. ARRANGEMENTS FOR PHYSICAL INSPECTION

1.1. INSPECTION REQUEST FROM THE SELLER

Upon receipt from the seller of the RDI form or advice providing details of the location of the goods and date on which the inspection is required, SGS contacts the person indicated by the seller in order to finalise the inspection arrangements.

If the SGS office receiving the RDI form or inspection request is not the country of inspection of the goods, it will be transferred to the office in the country of inspection.

Note: Some importing countries appoint different inspection companies for different geographical areas. In such cases it may be necessary to transfer the file to another inspection company responsible for the country in which the goods will be inspected.

1.2. PLACE OF INSPECTION

The physical inspection is normally carried out by the SGS office in the Country of exportation/supply of the goods and, whenever possible, in the manufacturer's or supplier's premises. Inspection of bulk cargoes is usually undertaken at time of loading of the ocean vessel. Occasionally, it may be necessary for SGS to carry out inspections during production or witness tests at the manufacturer's premises. Sellers should liaise with SGS in advance if there is any doubt concerning the suitability of the proposed inspection location.

1.3. DATE OF INSPECTION

In order to facilitate inspection planning SGS normally requests sellers to give, whenever possible, 3 working days' advance notice of the date on which they wish the inspection to be carried out. Nevertheless, in cases of emergencies, every effort will be made by SGS to undertake the inspection earlier.

Once an inspection date has been agreed by SGS and the seller, SGS undertakes to carry out the inspection on that date unless the inspection is rescheduled by mutual agreement, or the inspector is prevented from carrying out the inspection by the seller/inspection site, or by force majeure.

2. PRESENTATION OF GOODS FOR INSPECTION

Sellers are responsible for ensuring that:

- a. The goods are presented to SGS in a satisfactory location to facilitate a proper inspection and, where applicable, sampling or testing. Goods should be presented in operational condition where functional testing is relevant.
- b. Reasonable facilities and assistance are provided to the SGS inspector(s), where applicable, such as sufficient labour to handle the goods including unpacking or repacking, facilities to weigh the goods, witness manufacturer's tests, conduct SGS tests, etc.

3. INSPECTION STANDARDS

Unless the government of the importing country stipulates to the contrary, SGS will execute quality and quantity inspections in accordance with the standards defined by the seller and the buyer in the purchase agreement or, in the absence of such standards, relevant international standards.

4. LABORATORY ANALYSIS AND TESTING

In addition to witnessing manufacturer's tests, where applicable, SGS may request from sellers copies of the manufacturer's or independent test/laboratory analysis certificates. SGS may also, where appropriate, submit samples to a SGS or independent laboratory for analysis or testing.

5. SAMPLES

Samples will only be taken and retained in accordance with customary quality control procedures, it being the seller's responsibility to replace any samples drawn. SGS will store samples for three months; thereafter they will be disposed of unless the seller requests in writing that they be returned.

6. INSPECTION AND SEALING OF "FULL CONTAINER LOADS" (FCL)

The authorities of some countries require that SGS witness the stuffing and carry out the sealing of "Full Container Loads" (FCL). In such cases, sellers may be required to

give advance notice to SGS of container stuffing arrangements. Where appropriate, the date of inspection will be scheduled to coincide with the container stuffing. For advice on applicability, please consult the SGS country Data Sheets for the Trade.

7. CAPITAL PROJECTS

For capital projects, it may be necessary for SGS to carry out inspections during production and to witness the manufacturer's tests. In such cases, SGS will liaise with sellers so that the inspections can be planned to fit-in with the manufacturer's schedules.

8. SECOND-HAND GOODS

Some countries do not allow imports of second-hand goods, reconditioned goods or goods which are in a "not new" condition without a special licence or permission: please refer to the SGS country Data Sheets for the Trade for further information. In any case, SGS cannot accept goods in a not new condition unless indicated in the Service Request and/or proforma invoice and/or contract, or unless the importer subsequently confirms in writing his acceptance of the goods. Where appropriate, SGS may be required to see the goods in running condition and, consequently, sellers are advised to check with SGS, where applicable, before dismantling and packing.

9. PHYSICAL INSPECTION RESULTS

When the physical inspection is completed, the inspector submits his report to the SGS office, then the result of inspection will be communicated to the seller and, where applicable, at the place of inspection.

The result will state: satisfactory, conditional or unsatisfactory. The seller is welcome to present his views in writing to SGS, in the event of any query regarding the issuance of a conditional or unsatisfactory inspection result.

9.1. SATISFACTORY

This confirms that the result of physical inspection is satisfactory provided the seller proceeds with shipment within 2 months of the date of inspection, unless a shorter validity period is stipulated. Nevertheless, the seller is advised to check with SGS if there are any doubts concerning the acceptance of the consignment in respect of price or import eligibility.

9.2. CONDITIONAL

This implies that the result is acceptable, subject to certain conditions such as a satisfactory laboratory test/analysis, or the submission of an acceptance test certificate or other relevant document. In all other respects, the conditions as per a satisfactory result apply (9.1 above).

9.3. UNSATISFACTORY

An unsatisfactory result implies that a Clean Report of Findings cannot be issued without a rectification of the discrepancy or advice of acceptance from the country of importation. The two main types of unsatisfactory results are:

9.3.1. Quality and quantity

- a. Any discrepancies identified by the inspector with regard to quantity and/or quality will be indicated. Such discrepancies may be resolved either by: (I) the seller rectifying the discrepancies, or (II) SGS receiving, usually via the SGS Liaison Office in the country of importation, the importer's confirmation of acceptance subject to this being in conformity with the import regulations. In some cases, an amendment to the Service Request may also be required.
- b. If re-inspection is required at a later date, the seller should make arrangements for another inspection. If the seller is in disagreement with the inspector's findings he may immediately contact the SGS office.

9.3.2. Eligibility

In those cases where the government of the importing country requires SGS to check that the consignment conforms with certain import regulations, such as labelling, health requirements, etc., SGS will advise the seller for appropriate action if the inspection reveals a discrepancy.



D. PRICE VERIFICATION

1. PURPOSE

SGS undertakes price verification of the goods in order to provide technical advice or opinions to the government of the importing country on either:

- a. **A Value for Customs Purposes** to facilitate the assessment by Customs of the dutiable value, which will be used as a basis for the payment of import duties and taxes by the importer, and/or
- b. **An Export Market Price** which is used for foreign exchange or government information purposes.

2. VALUE FOR CUSTOMS PURPOSES

2.1. VALUATION METHODOLOGIES

SGS follows the Customs Valuation methodologies and requirements of the importing countries (as per WTO Agreement on PSI, Article 2.20, footnote 4) which are normally based on either:

- a. **The WTO Agreement on Customs Valuation (ACV)** or
- b. **The Brussels Definition of Value (BDV).**

A few countries require SGS to give an opinion based on the export market price (see 3.3). The SGS country Data Sheets for the Trade advise the particular valuation methodology for each country concerned.

The provision by SGS of a technical advice on a Value for Customs Purposes does not interfere with the price contracted between buyer and seller: no revision to the commercial invoice is required.

2.2. WTO AGREEMENT ON CUSTOMS VALUATION (ACV)

2.2.1. Reference Publications

The basis of ACV is:

- I The WTO "Agreement on Implementation of Article VII of GATT (1994)" commonly referred to as the "Agreement on Customs Valuation" (ACV) and formerly known as GATT Valuation Code.
- II The WTO Ministerial "Decision regarding cases where Customs administrations have reasons to doubt the truth or accuracy of the declared value".

Although these authoritative publications, may be consulted for full details at www.wto.org, the following text serves as a guideline based on SGS interpretation.

2.2.2. Methodology Overview

The ACV sets forth six different methods of valuation in order of preference. The first method should be used unless certain conditions are not complied with; in such case one proceeds to the other methods (2 to 6) in hierarchical order of preference.

ACV VALUATION METHODS

Method 1: Transaction Value of the Imported Goods:

the Customs Value should be the Transaction Value, i.e. the price actually paid or payable when sold for export but subject to:

- Compliance with the Transaction Valuation Conditions (see 2.2.4) and
- Adjustment, where applicable by Adjusting Factors (see 2.2.8)
- Customs being satisfied with the truth or accuracy of the declared Transaction Value (as per the WTO Ministerial Decision).

This method is not applicable if :

- There is no export sale and hence no transaction value (e.g. goods sent free of charge, goods sent on a consignment basis, goods on hire)
- The Transaction Valuation Conditions are not fulfilled
- Customs have doubts about the truth or accuracy of the declared information.

In such cases, the valuation shall be carried out by one of the other methods in the following hierarchical order of application:

Method 2: Transaction Value of Identical Goods:

based on customs values, previously accepted in conformity with Method 1, of other transactions of identical

goods sold for exportation to the country of importation at or about the same time taking into account, where applicable, differences in commercial level, quantity and cost of transport.

Method 3: Transaction Value of Similar Goods:

based on customs values, previously accepted in conformity with Method 1, of other transactions of similar goods sold for exportation to the country of importation at or about the same time taking into account, where applicable, differences in commercial level, quantity and cost of transport.

Method 4: Deductive

based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity, at or about the same time, to unrelated persons with deductions (e.g. transport costs in country of importation, commissions or profit and expenses, customs duties, etc.) to arrive at the CFR price at point of entry.

Method 5: Computed Value

based on cost of materials, fabrication and profit in the country of production.

Method 6: Fall-back

based on the previous methods but with greater flexibility (e.g. for identical or similar goods: flexibly interpreted or goods produced in other countries may be used as a basis.¹

2.2.3. Role of Pre-shipment Inspection

The main role of SGS, in the context of ACV, is to provide technical advice to the Customs Administration by supplying valuation opinions/information in the Report of Findings, that:

- I Indicates if there is compliance with the Transaction Valuation Conditions, including relationships between buyers and sellers as per 2.2.4 below (ACV Article 1);
- II Indicates applicable Adjusting Factors (e.g. commissions, royalties and assists) as per 2.2.8 below (ACV Article 8);
- III May give reasons to doubt the truth or accuracy of the declared transaction value thereby enabling Customs to focus on those transactions which may be worthy of further examination;
- IV Is a source of reference for other transactions of identical or similar goods in conformance with valuation Methods 2, 3 & 6 of ACV.²

2.2.4. Transaction Valuation Conditions

- I Method 1 may only be used if certain conditions stated under ACV Article 1.1 are complied with (see Figure 1, page 12)
- II In the event of:
 - Compliance with all Transaction Valuation Conditions, or
 - Compliance with all Transaction Valuation Conditions except a relationship between buyer and seller: SGS proceeds to 2.2.5 to
 - verify the Declared Transaction Value (DTV), and
 - for related buyers and sellers: verify that the relationship has not influenced the price.³
 - Non compliance with any conditions

SGS proceeds to provide information based on Methods 2, 3 or 6 (see 2.2.6 on the next page).

2.2.5. SGS Information under Method 1: Verification of the Declared Transaction Value ("DTV")⁴

- I SGS establishes if either there are reasons to doubt the DTV or, in the case of related buyers and sellers, whether the relationship influenced the price, by "testing" it against the SGS price data base of:
 - Other transactions with the country of importation, of identical or similar goods, taking into account, where applicable, the Valuation Decisions received from the Customs Administration or Appeal Body in Country of Importation.
 - In the absence of information on other transactions, non-transactional data (e.g. quotations, prices lists, information from trade experts) relevant to the country of importation, of identical or similar goods of the same country of origin.
- II When carrying out the above mentioned test, SGS takes into account, where applicable:
 - Adjusting Factors (see 2.2.8 below)
 - Differences in commercial level and/or quantity and/or cost of transport.
- III If the DTV is:
 - At the same level or higher than the lowest price in the range of identical or similar goods the DTV is accepted by SGS as the Customs Value (dutiable value).
 - Below the lowest price in the range:
 - SGS requests the seller for additional information to explain the price. If satisfactory information is received, the DTV is accepted by SGS as the Customs Value.
 - In the absence of satisfactory information, reasonable doubts about the truth or accuracy of the DTV will have to be established.

FIGURE 1: TRANSACTION VALUATION CONDITIONS

CONDITIONS	EXCEPTIONS
1. No restrictions on use or disposition of the goods by the buyer.	1. Restrictions: <ul style="list-style-type: none">• limiting geographical area of resale• not affecting the value of the goods
2. The sale or price is not subject to a condition or consideration for which a value cannot be determined (e.g. the sale is conditional upon the buyer also buying other goods, etc.)	2. Conditions or considerations relating to production or marketing of the goods.
3. No part of the proceeds of the subsequent resale, disposal or use of the goods accrues directly or indirectly to the seller.	3. Unless adjustment made as per Adjusting Factors (see section 2.2.8).
4. Buyer & seller are not related (as defined in ACV Article 15.4)	4. If related: the relationship should either not influence the price or the value should approximate to valuation by Methods 2, 3, 4 or 5 (see section 2.2.5 (I)).

2.2.6. SGS Information under the other Methods

If the Transaction Valuation Conditions, as per 2.2.4 above, are not satisfied, SGS, where possible, forms a Valuation Opinion of the goods based on Methods 2, 3, or 6 in order of preference. If required, SGS may also provide technical assistance to Customs on Methods 4 or 5.⁵

- I Methods 2 or 3: by comparison with the lowest price in the range of previously accepted transactions, which are still acceptable, at or about the same time, to the same country of importation, of identical goods or, if not available, similar goods of the same country of origin. Where applicable, adjustments are made for differences in commercial level and/or quantity and/ or cost of transport.
- II Methods 4 & 5: upon request of Customs SGS may also provide technical assistance.
- III Method 6: by applying methods 2 or 3 more flexibly including transactions to the country of importation from other countries of origin.

2.2.7. The Report of Findings (ROF)

SGS issues the ROF stating the SGS Valuation Opinion (VO), for the guidance of Customs, which will reflect one of the following:

- I The Declared Transaction Value (DTV), taking into consideration the Adjusting Factors where necessary, or
- II A reason to doubt the truth or accuracy of the DTV, or⁶
- III If the Transaction Valuation Conditions are not complied with: an opinion based on Methods 2, 3 or 6 depending upon the availability of information. (Additionally, information on Methods 4 or 5 if required by Customs.)

2.2.8. Adjusting Factors

I Definition

Adjusting Factors are the various elements, such as commission, costs of packing, and buyer assists, that must be added to the price actually paid or payable for the imported goods to arrive at the Transaction Value of those goods.

II Adjusting Factors Applicable in All Cases

In determining the Transaction Value, there shall be added to the price actually paid or payable for the goods:

- a. The following, to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods :
 - commission and brokerage, except buying commissions;
 - the cost of containers which are treated as being one for Customs purposes with the goods in question;
 - the cost of packing whether for labour or materials;
- b. "Assists": the value, apportioned as appropriate, of the following goods and services where supplied directly or indirectly by the buyer free of charge or at reduced cost, for use in connection with the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable:
 - materials, components, parts and similar items incorporated in the imported goods;
 - tools, dies, moulds and similar items used in the production of the imported goods;
 - materials consumed in the production of the imported goods;
 - engineering, development, artwork, design work, plans and sketches undertaken elsewhere than in the country of importation and necessary for the production of the imported goods;
- c. Royalties and licence fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable.
- d. The value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller.

III Adjusting Factors Applicable if Legislation of the Country of Importation so Provides

The following adjusting factors may be taken into consideration, wholly or in part, as provided in the laws and regulations of the country of importation:

- The cost of transport of the imported goods to the port or place of importation.
- Loading, unloading and handling charges associated with the transport of the imported goods to the port or place of importation; and
- The cost of insurance.

IV Exclusions

No additions shall be made to the price actually paid or payable in determining the customs value except as provided in this Section. In particular, the following elements shall not be taken into account:

- All discounts except retrospective discounts
- The following charges, even if included in the commercial invoice, provided they are separately declared:
 - Interest charges for deferred payment;
 - Post-importation charges (e.g. inland transportation charges from the port or place of entry to the final destination, installation or erection charges, etc.);
 - Duties & Taxes in the country of importation.

V Objective and Quantifiable Data

Additions to the price actually paid or payable shall be made only on the basis of objective and quantifiable data.

2.3. BRUSSELS DEFINITION OF VALUE (BDV)

2.3.1. Reference Publications

The basis of Customs valuation is laid down in "Customs Valuation: Convention, Recommendations, Opinions, Notes and Studies" and "Customs Valuation: Explanatory Notes to the Brussels Definition of Value". Although these official authoritative publications may be consulted for full details at www.wcoomd.org, the following text serves as a guideline based on SGS' interpretation.

2.3.2. Definition

The value for Customs purposes shall be the normal price, that is to say, the price which the goods would fetch on sale in the open market between a buyer and a seller independent of each other.⁷

2.3.3. Procedure for establishing the SGS opinion of value for Customs purposes

- I SGS establishes an opinion of value for Customs purposes by comparing the seller's invoice price with the prices at which identical or similar goods are sold or offered for sale to the country of importation taking into account, where applicable :
 - a. the conditions for determining the normal price: see section 2.3.4
 - b. the valuation factors: see section 2.3.5
- II In the event that the seller's invoice price is:
 - a. within the range of prices of identical or similar goods the seller's invoice price will be utilised as the basis for the SGS opinion of the value for Customs purposes.
 - b. outside the range of prices of identical or similar goods:
 - SGS may request the seller for additional information to explain the price.
 - In the absence of satisfactory information, the SGS opinion of value for Customs purposes will be based on the prices of identical or similar goods.

2.3.4. Conditions for the determination of the normal price

- I Assumptions:
 - a. the goods are delivered to the buyer at the port/place of introduction into the country of importation.
 - b. the seller bears all costs, charges and expenses incidental to the sale and to the delivery of the goods to the port or place of introduction, which are hence included in the normal price.

II A sale in the open market between a buyer and seller independent of each other presupposes that:

- a. the price is the sole consideration.
- b. the price is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any person associated in business with him and the buyer or any person associated in business with him, other than the relationship created by the sale itself.
- c. no part of the proceeds of any subsequent resale, other disposal or use of the goods will accrue, either directly or indirectly, to the seller or any person associated in business with him.

III The declared price will not be accepted as an open market price when:

- a. section b. above is not complied with; or
- b. the price is lower (unless the variation in price is slight or corresponds to trade practice) than those of identical goods from the same seller to any importer in the country of importation; or
- c. the price is considerably lower than those of:
 - identical goods being sold by other sellers in the same country of exportation to any importer in the country of importation; or
 - similar goods being sold by sellers in the same country of exportation to any importer in the country of importation; or
 - identical or, failing this, similar goods being sold by sellers in other countries for exportation to any importer in the country of importation but taking into account, where applicable, variations in the costs of the factors of production in the countries of exportation.



2.3.5. Adjusting Factors

I Definition: Adjusting factors are the various elements, such as discounts, interest charges, commissions, advance payments, etc., which must be taken into account by addition or deduction, where applicable, in determining the normal price or value for Customs purposes.

II Dutiable Adjusting Factors: The following adjusting factors are dutiable and, if applicable and not already included in the price, should be added to arrive at the normal price:

- Carriage and Freight
- Insurance
- Commissions (including buying commissions) and broker age costs, charges and expenses of drawing up, outside the country of importation, documents incidental to the introduction of the goods into the country of importation, including consular fees.
- Duties and taxes outside the country of importation except those from which the goods have been exempted or have been or will be relieved by means of refund.
- Costs of containers, excluding those which are treated as separate articles for the purpose of levying duties of Customs, cost of packing (whether for labour, materials or otherwise)
- Charges in respect of the right of use of a patent, design or trade mark in respect of the goods.
- Not freely available discounts (discounts not available to any buyer at the commercial level of sale) e.g. sole agent's discounts, special/abnormal discounts, etc.
- Retrospective discounts and advance payment discounts
- Advance payments
- The value of "Free of charge" goods or samples
- Seller's expenses paid by the buyer

III Non-dutiable Adjusting Factors: The following adjusting factors are non-dutiable and, if applicable and not already excluded from the price, should be deducted to arrive at the normal price:

- Discounts freely available to anyone (e.g. quantity discounts, cash discounts, etc.)
- Interest charges for deferred payment
- Post-entry charges (e.g. inland transportation charges from the port or place of entry to the final destination, installation or erection charges, etc.)

IV Other Adjusting Factors: In determining the normal price other adjusting factors, including but not limited to the following, are taken into account where applicable:

- Quantity/unit size
- Quality/specifications/trade mark
- Packaging
- Commercial level
- Seasonal influences
- Delivery periods and conditions

2.3.6. Sources of price information

Other transactions, contracts, offers for sale, quotations, price lists, market reports, trade journals, etc. providing prices for export applicable to the country of importation.

3. EXPORT MARKET PRICE

3.1. PURPOSE

SGS establishes, where applicable, an opinion of the export market price in line with the price verification procedures of the WTO Agreement on Pre-shipment Inspection (Article 2.20 (a) to (e)) which is used either for foreign exchange purposes, government information purposes or, in certain countries, for Customs purposes.

3.2. PRINCIPLES

a. SGS compares :

- the seller's invoice price taking into account the terms and conditions of sale, quantity, quality/ specification, packing and additional services; with
- the SGS opinion of the export market price.

b. SGS establishes if the seller's invoice price is in line with or above or below the SGS opinion of the export market price.

c. For countries with foreign exchange regulations: in order to conserve

foreign exchange reserves, funds may only be released equivalent to the seller's invoice value accepted by SGS in the CRF.

When the initial SGS opinion of the Export Market Price differs from seller's invoice price, SGS will contact the seller to request additional information. If after taking all known facts into consideration, the SGS opinion of the Export Market Price is below the seller's invoice price, SGS may request the seller to adjust the invoice price to correspond to the SGS opinion in order that a CRF may be issued.

3.3. ESTABLISHING AN EXPORT MARKET PRICE

SGS establishes an opinion of an export market price by:

a. determining a base price by reference to various sources of information, including, but not limited to:

- SGS Price Databanks based upon other shipments inspected
- Published market reports
- Trade association publications
- Sellers' or manufacturers' export price lists Information from physical or futures markets
- Market information available to SGS from other sources

b. adjusting the base price by the following aspects, where applicable, to reflect all the terms, conditions and services of the transaction:

- Adjusting Factors
- Ancillary Charges
- Ocean/Air Freight
- Post Entry Charges

3.4. ADJUSTING FACTORS

Adjusting factors taken into account include but are not limited to :

- a. delivery periods
- b. delivery conditions (ex works, FOB, CFR, etc.)
- c. firm price or price subject to specified fluctuations
- d. fluctuating exchange rates (see point 3.10)
- e. quality specifications/product brand
- f. shipping or packing requirements

- g. special unit packaging
- h. quantity
- i. discounts
- j. commercial level
- k. current or obsolete goods
- l. brand new or second hand/not new condition
- m. spot sales
- n. seasonal influences
- o. licence/intellectual property fees
- p. capital projects (plant projects/turnkey projects; (see 3.11)
- q. relevant economic factors pertaining to country of importation versus the country or countries used as a basis of price comparison
- r. repatriable amounts (see 3.8)
- s. any other commercially acceptable factors identified and justified by the seller.

3.5. ANCILLARY CHARGES

The following ancillary charges, which are additional to the FOB value, will be taken into account where applicable and permissible under the regulations of the importing country: buying agents or confirming fees, finance or interest charges, transport insurance. Please refer to the SGS country Data Sheets for the Trade concerning any specific requirements of the country of importation.

3.6. FREIGHT CHARGES

SGS bases its opinion of the freight charge on the going market rate, taking into account the terms of the contract.

3.7. POST-ENTRY CHARGES

Post-entry charges are those included in the seller's invoice in respect of services to be rendered after importation of the goods e.g. installation, erection, commissioning, etc. Depending upon the regulations of the importing country, SGS may be required to review these charges.

3.8. DATE OF REFERENCE

The date of reference for verifying the export market price is the date of the contract, or in the absence of a contract, the date of the proforma invoice except for:

- a. Contracts stipulating that prices may vary in accordance with certain conditions (e.g prices ruling at date of despatch) provided they are consistent with customary commercial practice and permitted under the regulations of the importing country.
- b. Sales by International Tender when the date of closing of the Tender is used.

3.9. FLUCTUATING EXCHANGE RATES

- a. For fixed price contracts in a specific currency, no adjustment to the price due to fluctuating exchange rates is acceptable.
- b. In examining the export price market, conversion from known market prices in one currency to the currency in which the price is invoiced will be made on the basis of the exchange rates valid on the reference date used by SGS for price comparison.
- c. Conversions by commission agents from the currency of price to the currency of payment shall be made on the basis of the exchange rates valid on the date of the settlement invoice provided that the invoice is issued within a reasonable period of time from the date of shipment.
- d. Where credit is given, the applicable forward rate of exchange at the date of contract shall be applied.



3.10. CAPITAL PROJECTS

In determining the total value of the project, SGS will take into account as appropriate the following factors :

- a. Design and engineering charges
(e.g. Civil Works Design, Project Design/Consultancy)
- b. Project planning
- c. Project management and co-ordination
- d. Research and Development
- e. Know-how
- f. Installation/erection (including transportation & depreciation of installation machinery/equipment)
- g. Commissioning
- h. Export Credit/Guarantee risks
(e.g. COFACE, ECGD, etc.)
- i. Financing
- j. Procurement/Expediting
- k. Royalties and
- l. Training



PRE-SHIPMENT INSPECTION INTERNAL APPEAL FORM (I)

NOTES:

- a. Exporters with complaints about Pre-shipment inspection (PSI) activities are, in the first instance, requested to discuss the matter with the appropriate department manager of the SGS office responsible for performing the PSI activity ("SGS office"). If, following discussions, an exporter is dissatisfied with the result, he is invited to appeal to the Managing Director at the SGS office, by completing and submitting this form.
- b. The Managing Director undertakes to investigate the grievance and will respond to the exporter, normally within 2 working days of receipt of this form fully completed, by either (a) giving the result of the appeal or (b) advising that further investigation is required and that the result will follow as soon as possible, but within 10 working days. (These procedures take into consideration the WTO Agreement on Pre-shipment Inspection, Article 2.21)

1. EXPORTER

Company Name:

Address:

Telephone:

Telefax:

E-mail:

Contact person:

2. EXPORTER'S COMPLAINT DISCUSSIONS

Prior to completion of this form, the complaint should already have been discussed with the SGS office staff. Please advise SGS office location:

Person with whom complaint discussed:

3. REFERENCE NUMBERS

Inspection Order Reference N°:
(as advised by SGS or importer)

Contract/Order/Proforma Invoice/Final Invoice N°:

4. DESCRIPTION OF GOODS

If you wish to appeal that the action of SGS is not in accordance with the WTO Agreement on Pre-shipment Inspection, please complete Section 5 below. If not applicable, please proceed to Section 6.

5. NATURE OF GRIEVANCE WITH THE SGS OFFICE

Please indicate, by marking an "x" in the appropriate box(es) below, which articles of the WTO Agreement on Pre-shipment Inspection ("API") have, in your opinion, not been complied with by the SGS office.

Category

- Non-discrimination
- Site of inspection
- Standards
- Transparency
- Protection of Confidential Business Information
- Conflicts of Interest
- Delays
- Price Verification
(For export market price: not customs valuation purposes)
- Appeals Procedures

API Article N°

- | | |
|----------|--------------------------|
| 2.1 | <input type="checkbox"/> |
| 2.3 | <input type="checkbox"/> |
| 2.4 | <input type="checkbox"/> |
| 2.5 | <input type="checkbox"/> |
| 2.6 | <input type="checkbox"/> |
| 2.7 | <input type="checkbox"/> |
| 2.9 | <input type="checkbox"/> |
| 2.11 | <input type="checkbox"/> |
| 2.12 | <input type="checkbox"/> |
| 2.14 (a) | <input type="checkbox"/> |
| 2.14 (b) | <input type="checkbox"/> |
| 2.14 (c) | <input type="checkbox"/> |
| 2.15 | <input type="checkbox"/> |
| 2.16 | <input type="checkbox"/> |
| 2.17 | <input type="checkbox"/> |
| 2.18 | <input type="checkbox"/> |
| 2.19 | <input type="checkbox"/> |
| 2.20 (a) | <input type="checkbox"/> |
| 2.20 (b) | <input type="checkbox"/> |
| 2.20 (c) | <input type="checkbox"/> |
| 2.20 (d) | <input type="checkbox"/> |
| 2.20 (e) | <input type="checkbox"/> |
| 2.21 | <input type="checkbox"/> |
| 2.21 (a) | <input type="checkbox"/> |
| 2.21 (c) | <input type="checkbox"/> |

Notes: If your grievance:

- I Does not concern the above mentioned categories, please proceed to Section 6.
- II Concerns the above mentioned categories and also relates to PSI carried out in a WTO member country of goods for importation into a WTO member country: you are entitled to submit the dispute to an Independent Review, at least two working days after submission of this form to the SGS office, in accordance with Article 4 of the WTO Agreement on Pre-shipment Inspection. Further details are available from SGS upon request.

PRE-SHIPMENT INSPECTION INTERNAL APPEAL FORM (II)

6. SUMMARY OF GRIEVANCE

Please advise the facts of the case and summarise the reasons why, in your opinion, the decision or conduct of the SGS office is not acceptable. Please attach copies of relevant documents.

[illegible]

7. PROPOSED SOLUTION TO THE GRIEVANCE

Please state your proposed solution to the grievance.

[illegible]

8. EXPORTER'S DECLARATION

I hereby declare that:

- a. I am an authorised employee of the exporter
- b. The information contained here is, to the best of my knowledge, correct.

Full name:

Position:

Company name:

Date: / /20

Signed:

Please return this form to the SGS office responsible for performing the Pre-shipment inspection activity.

NOTES

- 1** As per ACV Article 7, no customs value shall be determined under the provision of Method 6 on the basis of:
 - a. the selling price in the country of importation of goods produced in such country;
 - b. a system which provides for the acceptance for customs purposes of the higher of two alternative values;
 - c. the price of goods on the domestic market of the country of exportation;
 - d. the cost of production other than computed values which have been determined for identical or similar goods in accordance with the provisions of Method 5;
 - e. the price of the goods for export to a country other than the country of importation;
 - f. minimum customs values, or
 - g. arbitrary or fictitious values
- 2** Normally, PSI activities only cover Methods 1, 2 3 & 6. However, technical assistance in respect of the other methods may be provided upon request of Customs in the importing country.
- 3** In accordance with ACV Art.1.2b, if the buyer and seller are related, buyers (importers) are, at their initiative, entitled to request Customs that the DTV be compared with the Customs Value established by the Deductive or Computed Value Methods. In such situations, Customs may request technical assistance from SGS.
- 4** For practical purposes, the DTV is assumed to be the value stated in the sellers' commercial invoice presented to SGS during PSI.
- 5** Method 6 would only be applied by Customs if it is not possible to value under the Methods 1 - 5.
- 6** In the absence of satisfactory evidence from the importer to support the truth or accuracy of the DTV, Customs may decide to proceed to the other Methods of Valuation using the SGS Opinion for guidance.
- 7** The Normal Price is the open market price at which the goods are freely available to any buyer at the commercial level of the sale, subject to compliance with certain conditions. For example, if a sole agent receives a special discount, which is not granted to other buyers, it has to be added back into the price to arrive at the normal or open market price for Customs valuation purposes.

GLOSSARY OF ABBREVIATIONS

ACRF	Advice of Clean Report of Findings
ACV	WTO Agreement on Customs Valuation
AWB	Air Way Bill
BDV	Brussels Definition of Value
B/L	Bill of Lading
CFR	Cost & Freight
CRF	Clean Report of Findings
DTV	Declared Transaction Value
FCL	Full Container Load
FOB	Free on Board
GIS	Governments and Institutions Services
IFIA	International Federation of Inspection Agencies
IVP	Import Verification Programmes
L/C	Letter of Credit
LCL	Less than Container Load
NNRF	Non-Negotiable Report of Findings
PSI	Pre-shipment Inspection
RDI	Request for Detailed Information
SGS	SGS Group or its affiliates or Agents
SR	Service Request
WTO	World Trade Organization

For further information, please contact:

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