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International Standards for Phytosanitary Measures (ISPM) 15 non-compliance
Briefing paper

Summary

Wood packaging material (WPM) – pallets, crates, dunnage and similar items made from raw wood – is one of the most common physical components of an international cargo shipment, and one of the most heavily regulated. Under International Standard for Phytosanitary Measures (ISPM) 15, the International Plant Protection Convention's standard for WPM, non-compliant packaging can be detained, ordered destroyed, or turned back at the border of the importing country, regardless of the condition of the cargo it protects.

For marine cargo insurers, the practical significance of ISPM 15 is easily misread. The exposure it typically creates is not physical loss of or damage to the insured goods, but the operational and financial disruption that follows a regulatory rejection: detention, emergency fumigation or re-treatment, repacking, destruction of packaging, and the delay costs and contractual penalties that can follow.

Responsibility for compliant WPM lies, in the first instance, with the party that packs and ships the consignment, but the treatment-and-marking chain typically runs through several independent suppliers, which can complicate attribution when something goes wrong. Relatively simple preventive steps, applied consistently, meaningfully reduce both the frequency and severity of these incidents.

WPM is a routine, and largely avoidable, cause of shipment rejection in international trade. For the full regulatory background, data and analysis, see the Loss Prevention guidance paper "ISPM 15 non-compliance: What marine cargo insurers should be aware of".

82%	~50%	11
of notified rejections relate to marking / documentation, not pests*	of US pest interceptions are a single family: Cerambycidae (longhorn beetles)†	different destination countries rejected German exports in this data set, 2023–2025*

*German export notifications, Federal Ministry of Agriculture, Food and Regional Identity (BMLEH), 2023 to Q3 2025. NB: figures are based on German-origin exports only and should not be interpreted as indicating that non-compliance is limited to the German market; notifications were received from eleven destination countries.

† USDA APHIS. See full paper, section 4, for methodology and sources.

Risk overview: operational and financial consequences

The exposure ISPM 15 creates for cargo insurers is, in most cases, not physical damage to the insured goods – the packaging is typically the problem, not the cargo inside it. When wood packaging material is found non-compliant, the importing authority's response is directed at the packaging: detention, removal of the offending material, re-treatment, destruction, or return of the whole consignment to origin. Each of these carries its own cost, and they compound quickly on a time-sensitive or high-value shipment.

- Detention, storage and demurrage while the consignment is held.
- Emergency re-treatment, fumigation or repacking costs, usually at short notice.
- Destruction or return-freight costs where the packaging cannot be corrected in place or where the authorities do not allow reconditioning at destination (e.g. USA).
- Delay-driven costs: contractual penalties, lost sales, and disputes over who bears the costs.
- Fraud exposure: a live-pest finding on marked WPM is often treated by regulators as a potential fraudulent-marking matter, not a no-fault packaging failure. The US Animal and Plant Health Inspection Service (APHIS) cites penalties up to US$100,000 and felony convictions.

Recent case: A groupage (LCL) container was recently detained by Canadian authorities and made subject to formal emergency enforcement action after dunnage securing the load was found infested despite bearing what appeared to be a compliant stamp. Every cargo interest sharing the container was affected by one co-loaded shipper's packing.

Underwriting considerations

Not a USA-specific issue. The data behind this briefing shows non-compliance notifications from eleven different destination countries in three years: Republic of Korea, Canada, UK, Argentina, China, Australia, Belarus, Chile, Kazakhstan and Turkey, as well as the USA. Due diligence on WPM is warranted for any export market, not only the small number which is most often discussed.

The limits of documentation. A treatment certificate or National Plant Protection Organisation (NPPO) registration number on file at inception says relatively little about the specific batch of WPM used on a specific shipment months later. Registration can lapse; a compliant supplier can still ship an uninspected pallet. Documentation is a useful signal of an insured's general discipline, not a guarantee for any individual consignment. This distinction is worth bearing in mind when documentation is relied on as a proxy for the underlying risk.

Portfolio and consolidation awareness. Concentration in higher-scrutiny export markets, or a pattern of prior rejections, is useful underwriting information. For consolidators, non-vessel operating common carriers (NVOCCs) and their insurers, a groupage container's WPM risk is a function of every shipper loaded into it, not only the policyholder's own practice.

Re-export cover. Where the NPPO orders return to origin, check whether a single-transit certificate extends to the return and re-delivery legs. Re-export is itself risk-increasing, adding a further transport leg and round of handling.

Claims implications

Causation. A live-pest finding usually points to WPM treatment that failed or was never applied, though not always: some wood-boring families include species that attack seasoned timber, not only fresh wood, and USDA/APHIS typically acts at the family level rather than species. For Cerambycidae (longhorn beetles), the largest category of US pest interceptions, that distinction can affect both inherent vice and recovery, and the answer usually turns on documentation the insured did not necessarily generate or retain: treatment certificates, batch records, and NPPO registration proof.

Recovery. The treatment-and-marking chain behind a single pallet often runs through a timber supplier, an independent treatment provider and a separate manufacturer before it reaches the packer. Where the WPM has been reused or repaired, it may carry the history of an earlier life besides. Identifying a party against whom recovery can realistically be pursued depends on tracing that chain, which is only possible where documentation remains available.

Coverage disputes. Concepts such as inherent vice, regulatory action and delay are commonly engaged by ISPM 15 losses, in the same way as in any other cargo claim raising those issues. Whether and how they apply is fact- and wording-specific, and a question for the claims handler and legal advisers on the individual case. This briefing does not, and is not intended to, generally resolve that question.

Three things to remember

1. It is about disruption, not damage, and increasingly, potential fraud. Detention, re-treatment, repacking and delay drive the cost; a live pest on marked WPM can also trigger a fraud inquiry.

2. The paper trail matters as much as the package, in every market. Responsibility starts with the shipper/packer, but the treatment chain runs further back. Rejections are not confined to a handful of well-known jurisdictions.

3. Prevention is cheap relative to the loss. Registered treatment providers and a pre-loading mark and packaging condition check on every component, in every market are the highest-value, lowest-cost controls available.