

New Executive Order Signals Major Shift in U.S. Customs Enforcement

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Executive Summary

On June 3, 2026, President Trump issued a broad executive order for “[Strengthening Customs Enforcement](#).” This order represents the most comprehensive trade enforcement action to date under this administration and signals a significant shift in U.S. Customs and Border Protection (CBP) oversight priorities.

While the stated objective is to combat illicit trade, the scope of the order extends broadly across all importers—particularly affecting entities serving as importer of record (IOR) with limited U.S. presence. Non-U.S. companies and structures commonly used in cross-border trade (including U.S. shell entities) will face heightened scrutiny and compliance obligations.

Importers of record (IORs) are the entity responsible for providing CBP with information on the imported goods and is responsible for ensuring the accuracy and completeness of that information. This Executive Order tightens requirements on all IORs, requiring substantially more information and increasing the costs and liabilities for importing into the United States. Anticipate these changes happening relatively quickly with many coming into effect within 180 days.

Key Takeaways

- *Heightened scrutiny of importer structures:* Entities with limited U.S. nexus, particularly foreign-owned IORs, face the greatest impact.
- *Rising compliance costs:* Increased bonding requirements and documentation obligations will raise the cost of importing into the United States.
- *Greater enforcement risk:* Reduced mitigation flexibility and increased DOJ involvement elevate both civil and criminal risk exposure.
- *Operational reconsiderations:* Companies may need to reassess IOR strategies, supply chain structures, and use of third-party importers.

Current Requirements

Current Requirements for IORs: No general license or permit is required and the IOR number required on entry forms is either the IRS business registration number, social security number, or CBP assigned number upon completing a CBP Form 5106.

U.S. Residency is Not Required to Import: Importer is limited by law to the owner or purchaser of the imported merchandise or broker appointed by the owner, purchaser, or consignee. Under 19 CFR §141.18, a nonresident company (*i.e.*, one that is not incorporated within the U.S. customs territory or Virgin Islands) can be an IOR if it has a resident agent authorized to accept service of process.

Current U.S. Customs Bond Requirements: A customs bond is required to make entry into the United States. A single-entry bond may not be less than \$100 per 19 CFR §113.13(a), while a continuous bond is set at the greater of a minimum of \$50,000 or 10% of the total estimated duties, taxes, and fees for the prior year. 19 CFR §113.13.

Summary of New Trade Enforcement Measures

Importer of Record Requirements	Directive	Potential Impact
IOR Minimum Assets and/or Bonding	Within 180 days, maintain “minimum level of tangible domestic assets, bonding or both”	Allows for more effective law enforcement if importers have U.S. assets subject to seize. Makes it harder to “disappear.”
Entry Bonds	Within 180 days, increasing minimum bond coverage	Particularly important for new IORs with no prior history who may only be required to obtain minimum bond coverage. Provides greater protection of the revenue if the IOR fails to comply with the terms of the bond.
Bonds for Informal Entries Not Exceeding \$2,500	Within 180 days, entry bonds may no longer be waived by the Port Director	Requires informal entries to have a customs bond to better protect the revenue and makes it more expensive to import low value entries.
Additional Information Required	Within 180 days, provide estimated import volumes, year organized, ownership and beneficial ownership, affiliations, domestic assets, and any other data deemed “necessary.”	Allows CBP to better distinguish between legitimate businesses and U.S. shell companies with foreign owners. Particularly valuable when assessing new importers of record with no import history.
Definition of U.S. IOR	For an individual: a U.S citizen or a lawful permanent resident For an entity: organized under the laws of the U.S., located in the U.S., <u>and</u> has at all times controlling beneficial owner(s) who are U.S. citizens or lawful permanent residents; or owns a significant amount of real property in the U.S.	More restrictive than statutory definition of “importer of record.” Will require a deeper review of the company before designating it a U.S. IOR and will prohibit U.S. shell corporations from receiving the same treatment as other U.S. companies with actual assets and U.S. operations.
Definition of “Located in the United States”	At a minimum, to be “located in the United States” an entity must have: (i) its principal place of business in the U.S.; (ii) a physical U.S. presence where significant business activity is conducted; and	This assessment will look at U.S. operations considering the overall footprint of the company; even requiring the “principal place of business” be located in the U.S. “Principal place of business” is not defined.

	(iii) sufficient tangible U.S. assets, taking into account the size and scale of the overall operations of the company and whether the entity is an instrumentality of a foreign manufacturer without a substantial U.S. presence.	
Definition of Foreign IOR	An IOR that does not qualify as a U.S. IOR (see above).	Makes it more expensive and increases requirements for foreign persons and companies seeking to act as IORs.
Foreign IORs Prohibited from Filing Informal Entries	“Promptly” change regulations or policies directing that foreign IORs can only file formal entries, even for low value imports.	Makes it more expensive to import as more information required and likely increased bonding requirements and broker fees.
Foreign IORs Prohibited from Using Continuous Entry Bonds Unless Approved <u>and</u> Either Foreign IOR or Broker is CTPAT Compliant	“Promptly” change regulations or policies directing that Foreign IORs can only use single entry bonds unless approved by CBP for continuous. Continuous bonds are the norm for importing – one bond covers anticipated duties for the year.	Validation through CBP CTPAT demonstrates compliance with U.S. customs laws and this requirement would ensure that continuous bonds are only used where the IOR or the broker have gone through this process. Single entry bonds are more expensive to maintain.
Good Standing Requirement for all IORs	Within 180 days, all IORs must maintain “good standing” based on their history of compliance, payment of liabilities, etc.	Makes it easier to allow CBP to remove import privileges for IORs that are repeat violators or delinquent importers, as opposed to debarment or affirmative removal of privileges where the burden is on CBP to prove.
Update IOR Registry	Within 180 days, CBP must update the registry to remove inactive IORs; confirm active ones are compliant; and create risk-based tiers	While removal of inactive importers may have been occurring periodically, this requires it and directs CBP to implement a risk assessment protocol for active importers.
Enhanced Vetting of persons and entities involved in import transactions, including foreign IORs, affiliates of IORs, customs brokers, custodians of bonded merchandise, and freight forwarders.	Within 180 days, require enhanced and recurring vetting for parties that may not currently have vetting requirements, or they are only vetted periodically.	While some parties, such as brokers, have recurrent vetting and continuing education requirements to maintain their license, other parties associated with importing do not. This would require additional and regular vetting.
Import Disclosure and Certifications	Disclosing certain foreign tax and global business identifiers; and providing detailed information about the imported good’s supply chain and production methods, such as the manufacturer’s product identifier or key specifications.	This level of detailed information will allow CBP to refine its targeting and enforcement of US trade laws.

Foreign Export Documentation	Within 90 days, provide CBP with the documentation submitted to the foreign export customs agency.	This allows CBP to identify where information is reported differently upon importation to the U.S. than export from the foreign company. Value is one area where there are common discrepancies and is an indicator of duty evasion.
DHS Secretary and US Attorney General	Direction to prioritize actions to stop illicit trade.	DOJ staffing for prosecuting illicit trade may be increasing, resulting in more frequent civil and criminal actions. This is an area that has historically been under-resourced.
Areas Targeted for Stronger Enforcement and Penalties	Violations of the terms of the customs bond; tighter restriction on in-bond utilization; increasing audits; and imposing maximum penalties for brokers.	Less leniency is likely for infractions, resulting in increased liquidated damages claims, and potentially increased costs for obtaining customs bonds and brokers.
Reduction of CBP's Discretion in Resolving Penalties	Within 90 days, establish a 50% minimum penalty floor and a minimum floor for liquidated damages. Eliminate mitigation for "repeat offenders."	The mitigation stage allows importers to explain the facts leading to the alleged infringement that may have resulted from CBP's misunderstanding or the broker's failure to act. Removal of this discretion means either higher costs for importers or potentially an increased rate in cancellation of the penalty or liquidated damages.
Seizure and Disposal of Imports	Within 90 days eliminate voluntary abandonment; increase bond requirements for high-risk shipments; authorizing third-party disposal; and utilizing authorities to sell or destroy the seized merchandise or vessel.	Voluntary abandonment puts the expense of disposal of the merchandise on CBP, where the importer would otherwise bear it. These changes will both shorten the time to disposition of the goods or vessel and reduce the administrative costs.
Transparency Reports	Within 90 days take measures including reviewing confidentiality requests and publishing annual reports on enforcement.	Increased public visibility into enforcement metrics and priorities.
Legislative Recommendations	Within 45 days DHS shall provide recommendations for legislation strengthening customs enforcement.	Elevates trade enforcement as a priority and supports legislative changes to allow for more rigorous agency enforcement.
Report on the Impacts of This Executive Order	Within one year, DHS will submit a report to President Trump on the effectiveness of these changes.	These changes are being mandated at an accelerated pace and impact of these actions will be monitored by President Trump.

Please contact the authors or any member of the Kelley Drye International Trade team for more information.