



## EXECUTIVE ORDER ON STRENGTHENING CUSTOMS ENFORCEMENT (June 4, 2026)

On June 3, President Trump issued a sweeping [Executive Order](#) (EO) aimed at increasing enforcement of customs laws. The EO directs the Department of Homeland Security (“DHS”) and U.S. Customs and Border Protection (“CBP”) to take actions including substantially increased eligibility and disclosure requirements for all Importers of Record, differentiated treatment of foreign IORs, the establishment of recurrent vetting of all parties to import transactions (including IORs, affiliates, customs brokers, custodians of bonded merchandise, and freight forwarders), increased penalty enforcement, reduced penalty mitigation, and expanded data collection. Legislative recommendations are to be submitted to the President within 45 days. The White House concurrently issued a [Fact Sheet](#).

Clients should read and consider the Executive Order in its entirety because of its potentially broad impact on import activities. The key provisions include:

### **Increased Enforcement and Penalties**

The EO directs DHS to take a more aggressive enforcement posture, including:

- Taking any action deemed necessary, “to the maximum extent permitted by applicable law,” to bolster the enforcement of customs laws. Specifically included in this direction are: (1) the conditions necessary for Customs Trade Partnership Against Terrorism (CTPAT) program participation; (2) enforcing liquidated damages claims; (3) restricting the use of in-bond movements; (4) increasing audits; and (5) imposing maximum penalties on brokers who fail to conduct due diligence, repeatedly represent noncompliant clients; or fail to timely cooperate with CBP information requests.
- Revising the Customs Mitigation Guidelines. Within 90 days, DHS is directed to take steps to revise mitigation standards, including: the establishment of “a minimum penalty floor of not less than 50 percent of the assessed penalty, absent exceptional circumstances that materially impact national security; establishing a minimum liquidated damages floor; and eliminating mitigation for repeat offenders.”
- Within 90 days, DHS is directed to take actions to expedite and enhance the seizure and disposal of non-compliant imports, including reducing regulatory burdens to voluntary abandonment, increasing bond requirements for high-risk shipments, authorizing third-party disposal, and using statutory authority for sales of seized merchandise.

Foreign-trade zone (FTZ) operations and other users of in-bond movements should be particularly concerned about potential restrictions on the use of in-bond procedures and recurrent vetting of individuals and entities.

The EO also directs DHS and the Attorney General (i.e., Department of Justice) to “take all appropriate action to prioritize the enforcement” of Federal laws involving

forced labor, misclassification, undervaluation, and illegal transshipment, including Enforce and Protect Act (EAPA) investigations.

### **Enhanced Importer Accountability and Risk-Based Importer Tiering**

Within 180 days, the EO directs DHS to revise importer eligibility requirements. The revisions are to include:

- Requiring IORs to maintain adequate bonding and/or “tangible domestic assets” as determined by CBP
- Increasing the minimum required bond coverage for IORs
- Requiring that an IOR, with a bond and/or sufficient tangible domestic assets, be reported to CBP for both formal and informal entries
- Requiring IORs to provide CBP with additional data and identification, including:
  - Anticipated import volumes
  - Year organized
  - Ownership and beneficial ownership disclosures
  - Business affiliation disclosures
  - Domestic asset disclosures
  - “and any other data that CBP deems necessary”
- Requiring all IORs to maintain “good standing” with CBP, which will be based on considerations including the IOR’s and its affiliates’ history of compliance with U.S. import laws and its payment of customs liabilities. IORs not in “good standing” are not to be allowed to import into the United States or conduct activities directly related to imports, including the designation of customs broker to act as IOR on their behalf.

Within 180 days, DHS is directed to update the IOR registry by removing inactive IORs, confirming active IORs are legally compliant, and creating risk-based tiers based on IOR compliance history, enforcement actions, and audit results.

### **Enhanced CBP Vetting of Parties to Import Transactions**

Within 180 days, DHS is required to establish enhanced vetting procedures, including recurrent vetting, for all individuals and entities seeking to conduct activities directly related to imports, including foreign IORs, affiliates of IORs, customs brokers, custodians of bonded merchandise, and freight forwarders.

Essentially, heightened CBP scrutiny is expected for the entire supply chain including importers and their affiliates, bonded carriers, bonded warehouses, foreign-trade zones, container freight stations, and freight forwarders.

### **New Import Disclosure and Certification Measures**

The EO calls for DHS to establish increased import disclosure and certification requirements, including:

- Requiring importer certification of compliance with supply chain laws determined by CBP and other agencies, including the Countering America's Adversaries Through Sanctions Act (Public Law 115-44) and 18 U.S.C. § 545 (smuggling).
- Requiring disclosure of certain foreign tax and global business identifiers.
- Requiring details on the supply chain and “production methods,” of imported goods, such as the manufacturer’s product identifier (e.g., model or style number) or key specifications (e.g., composition, grade, or size).
- Within 90 days, DHS shall take steps to mandate the submission of “any documentation or information that the foreign exporter was required to submit to the foreign customs administration” prior to export to the United States.

### **Differentiated Treatment of Foreign IORs, including Prohibition on Informal Entries**

In several places, the EO directs different treatment between U.S. IORs and foreign IORs. Within 180 days, DHS is directed to revise importer eligibility regulations and impose additional requirements on foreign IORs.

The EO defines IORs as follow:

- “U.S. IOR” refers to an importer that is a U.S. citizen or lawful permanent resident or, in the case of an entity, is organized under U.S. law, “located in the United States,” and has controlling beneficial owners who are U.S. citizens or lawful permanent resident, or in the case of an entity, “owns a significant amount of real property in the United States” as determined by the DHS.
- “Foreign IOR” refers to any importer that does not meet those U.S. IOR standards, including non-U.S. individuals or entities lacking U.S. organization, ownership, or meaningful U.S. assets.

It directs CBP to provide further guidance concerning the term “located in the United States,” which requires it to have a principal place of business in the United States, a physical presence where significant business activity is conducted in the United States, and sufficient tangible assets located in the United States, taking into account the size and scale of overall company operations and whether the entity is an instrumentality of a foreign manufacturer without a substantial U.S. presence.

The EO directs DHS to promptly take action to prohibit foreign IORs from filing Informal Entries.

The EO directs DHS to take action to require foreign IORs, when filing Formal Entries, to: (1) not rely on a continuous bond to meet bond requirements except as permitted by CBP determination that the government revenue is fully protected and compliance with CBP-enforced laws is assured; and (2) be validated in the CTPAT program if CBP determines they are eligible. We understand that the administration has committed to the necessary funds to support additional CBP personnel and ACE enhancements.

## **Conclusion**

These changes will increase the compliance burden on all importers, encourage increased Customs penalties, reduce the opportunity for penalty mitigation, and impose substantial restrictions on non-resident IOR transaction structures. The potential new restrictions on in-bond movements could impact many importers, FTZ operations, in-transit movements, and bonded exports.

While the Fact Sheet recognizes that the EO reforms will not take effect immediately and “in general” DHS and CBP will engage with relevant stakeholders through the standard rulemaking process (which require publication in the Federal Register and an opportunity for comments), it is expected that some measures will be implemented quickly when no statutory or regulatory change is required. Therefore, clients should look for agency-proposed changes and assess their import transaction structures now—particularly where foreign entities act as IOR—as CBP moves toward a new importer framework that emphasizes U.S.-based presence, financial traceability, and enforceability.

Please contact [Marshall Miller](#), [Brian Murphy](#), [Sean Murray](#), or [David Ostheimer](#) with questions to discuss potential impact.

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