

New Sheriff at the Port: President Trump's Executive Order Rewrites the Rules on Customs Enforcement

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KEY POINTS

- President Donald Trump's "Strengthening Customs Enforcement" executive order directs CBP to overhaul customs enforcement, raising IOR eligibility thresholds and bond requirements for all entries.
- The executive order draws a bright line between "U.S. IORs" and "foreign IORs," imposing stricter eligibility, bonding, and informal entry restrictions on foreign IORs and tying benefits to CTPAT validation.
- CBP must implement a "good standing" regime and overhaul the IOR registry within 180 days, using compliance history and customs liability payment records to determine which IORs may continue importing.
- The executive order expands importer disclosure and certification obligations, including certifications under the CAATSA and 18 U.S.C. section 545, and requires submission of foreign export customs documentation within 90 days.
- The executive order mandates more aggressive enforcement and penalty standards, including higher minimum penalties, reduced mitigation, streamlined seizure and disposal processes, and prioritized investigations into forced labor, misclassification, undervaluation, and illegal transshipment.

On June 3, 2026, President Donald Trump signed an [executive order](#) (EO) titled "Strengthening Customs Enforcement," directing U.S. Customs and Border Protection (CBP) to undertake a sweeping overhaul of customs enforcement. The EO targets systemic weaknesses in the customs regime — including undervaluation, incomplete importer information, duty-avoidance schemes, and the difficulty of enforcing U.S. law against foreign actors — and sets aggressive timelines for changes that will reshape the landscape for importers, customs brokers, freight forwarders, e-commerce platforms, and others.

RAISING THE BAR FOR ALL IMPORTERS OF RECORD

The EO significantly raises the threshold for serving as an importer of record (IOR). Within 180 days, CBP must revise eligibility regulations to require each IOR to maintain a minimum level of tangible domestic assets and/or bonding and to increase minimum bond coverage. Bonds or sufficient domestic assets must be in place for all formal and informal entries. CBP will also require IORs to provide expanded identification information, including anticipated import volumes, beneficial ownership and business affiliation details, and domestic asset disclosures.

DRAWING A BRIGHT LINE BETWEEN US AND FOREIGN IORS

A central feature of the EO is its differential treatment of "U.S. IORs" and "foreign IORs." The EO finds that foreign IORs are not similarly situated to U.S. IORs because the U.S. faces substantial barriers enforcing customs laws against parties whose assets and operations are overseas.

A “U.S. IOR” is defined as a U.S. citizen or lawful permanent resident, or an entity organized under U.S. law, located in the U.S., with controlling beneficial owners who are U.S. citizens or lawful permanent residents, or owning significant U.S. real property. A “foreign IOR” is any IOR not meeting those criteria. The secretary of Homeland Security must issue guidance on the meaning of the term “located in the United States,” emphasizing prevention of shell companies and other artificial structures that would not provide the government its desired hook. At a minimum, the proposal would be that an entity must have its principal place of business, a physical presence with significant business activity, and sufficient tangible assets in the U.S. This signals closer scrutiny of “front” IORs masking foreign operations.

The EO requires that CBP prohibit foreign IORs from filing informal entries under 19 U.S.C. § 1498 (the simplified, lower-documentation customs procedure typically used for shipments valued at \$2,500 or less, as opposed to formal entries under 19 U.S.C. § 1484, which require full documentation, a customs bond, and typically a licensed customs broker) — particularly consequential for low-value, high-volume e-commerce models relying on foreign IOR structures. For formal entries, foreign IORs may not rely on continuous bonds (*i.e.*, standing bonds that cover all of an importer’s transactions over a set period, rather than requiring a separate bond for each individual entry) unless CBP determines revenue is fully protected, and they must either be validated in Customs Trade Partnership Against Terrorism (CTPAT) or use a CTPAT-validated customs broker.

‘GOOD STANDING’ REQUIREMENT AND IOR REGISTRY OVERHAUL

Within 180 days, CBP must implement a “good standing” requirement for all IORs, defined by each IOR’s history of compliance with U.S. customs and trade laws and timely payment of customs liabilities. IORs found to have illegally imported fentanyl, or other illicit substances will not be in good standing. IORs not in good standing will be barred from importing and from designating a customs broker to act as IOR on their behalf.

CBP must also update the IOR registry to remove inactive IORs, confirm active IORs are compliant, and create risk-based tiers. Enhanced, recurrent vetting will be required for all parties involved in import-related activities — moving toward a risk-tiered, eligibility-based regime. Smaller foreign IORs, in particular, may face significant challenges navigating these new requirements and should prepare for heightened scrutiny and potentially disruptive compliance demands.

EXPANDED IMPORT DISCLOSURE AND CERTIFICATION OBLIGATIONS

The EO expands disclosure and certification obligations, including certifications of compliance with the Countering America’s Adversaries through Sanctions Act (CAATSA), 18 U.S.C. § 545 (smuggling), and other statutes. These certifications will then provide the government with an easier enforcement path when potential violations are identified. Notably, the EO references CAATSA in its entirety — a sprawling law that primarily addresses Russia, Iran, and North Korea sanctions and largely does not concern imports — and CBP will need to clarify the scope of this certification requirement in practice. Importers must also disclose foreign tax information and global business identifiers, and provide detailed supply chain and production information such as manufacturer product identifiers and key product specifications.

Within 90 days, CBP must require submission of any documentation the foreign exporter was required to provide to its own customs administration before exporting to the U.S. This will compel importers to obtain and reconcile foreign customs filings from suppliers, increasing risk around discrepancies in classification, valuation, and origin.

ENFORCEMENT PRIORITIES AND PENALTY OVERHAUL

The EO directs the secretary to bolster enforcement to the maximum extent permitted by law, including enforcing liquidated damages claims, restricting in-bond utilization, increasing audits, and imposing maximum penalties on customs brokers who fail to conduct due diligence or repeatedly represent noncompliant clients. The secretary and the attorney general must prioritize enforcement in cases involving forced labor, misclassification, undervaluation, and illegal transshipment, including Enforce and Protect Act investigations. Companies with antidumping (AD)/countervailing duty (CVD) exposure, complex valuation methodologies, or vulnerable supply chains should expect increased scrutiny.

Within 90 days, CBP must revise its mitigation standards so that penalties may not be reduced below 50% of the maximum available penalty, “absent exceptional circumstances that materially impact national security.” CBP must also set minimum floors for liquidated damages and eliminate “mitigation for repeat offenders.” These changes represent a decisive shift from flexibility toward deterrence.

STREAMLINED SEIZURE, DISPOSAL, AND TRANSPARENCY

Within 90 days, the U.S. Department of Homeland Security (DHS) must reduce or eliminate regulatory burdens on voluntary abandonment, increase bond requirements for high-risk shipments (*i.e.*, require larger bonds for shipments that CBP determines pose elevated compliance, revenue, or enforcement risk, such as goods from countries subject to AD/CVD orders or shipments flagged for potential misclassification), authorize third-party disposal, and utilize authorities under 19 U.S.C. § 1612. These measures will reduce the opportunity for importers to remediate issues after seizure. Separately, DHS must enhance transparency by requiring periodic review and expiration of importer confidentiality requests to treat customs entry data as confidential business information (such as pricing, supplier identities, or trade volumes submitted to CBP) and publishing annual enforcement transparency reports, increasing public visibility into enforcement priorities and outcomes.

IMPLEMENTATION TIMELINES

The EO sets deadlines: 45 days for legislative recommendations; 90 days for penalty mitigation changes, foreign export documentation requirements, seizure and disposal processes, and transparency measures; 180 days for IOR eligibility rules, the “good standing” regime, registry cleanup, and enhanced vetting; and one year for a report to the President on effectiveness. Many changes will require rulemaking under the Administrative Procedure Act, while enforcement priorities may shift more quickly.

KEY TAKEAWAYS

The entry bar for serving as an IOR will rise significantly, especially for foreign entities, and certain models relying on low-value shipments and informal entries may no longer be viable. Penalty exposure will increase materially, brokers will face heightened liability, and supply chain documentation obligations will expand substantially.

Companies should promptly map their IOR footprint (distinguishing U.S. and foreign IORs); evaluate bond levels and U.S. tangible assets; consider CTPAT strategies for foreign IORs; strengthen oversight of customs brokers and freight forwarders (and brokers and forwarders should similarly strengthen oversight of customer transactions); prepare to obtain and reconcile foreign export documentation from suppliers; update compliance

programs around classification, valuation, origin, and forced labor; and monitor CBP's forthcoming regulations and consider engaging in the rulemaking process.

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