

ALERT

New EO on Customs Enforcement Tightens Import Controls, Aims to Reduce Evasion

June 10, 2026

On June 3, 2026, President Trump signed an Executive Order (EO), *Strengthening Customs Enforcement*, in furtherance of the Administration's "America First" trade and national security priorities. The EO primarily targets foreign importers of record (IORs) lacking U.S.-based assets. The EO orders U.S. Customs and Border Protection (CBP) and the U.S. Department of Homeland Security (DHS) to implement higher penalties, greater documentation compliance, and heightened vetting procedures. The purpose of the EO is to prevent "the importation of unlawful and dangerous goods"; ensure "importers of record (IORs) are correctly identified and accountable for duties owed"; and guarantee "compliance with numerous Federal laws."

Below, we summarize the key directives of the EO, the implementation timeline, and key practical considerations.

Key Directives

Importers of Record

Section 2 of the EO seeks to increase barriers to entry for importers of record by: (a) mandating maintenance to a minimum level of tangible assets; (b) directing CBP to increase minimum bond coverage; and (c) providing more identification and disclosures, such as anticipated import volumes, the year organized, ownership, affiliation, and domestic assets. This is meant to ensure that importers are real, traceable, and financially reachable.

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This section also removes access to informal import entries by foreign IORs. Currently, imports valued under the threshold of \$2,500 are permitted to use informal entry, a simplified customs process for low-value shipments. The EO notes that foreign IORs present a greater noncompliance risk due to their lack of familiarity with U.S. law, high-volume operations, and lower consequences for noncompliance.

The EO establishes additional formal entry requirements for foreign IORs, such as requiring CBP permission to rely on a continuous bond, validation under the Customs Trade Partnership Against Terrorism (CTPAT), and/or use of CTPAT-validated and licensed customs brokers. These additional requirements would likely increase compliance burdens and costs for foreign IORs seeking to import merchandise through formal entry procedures.

Section 2 of the EO also requires all IORs to maintain “good standing” with CBP within 180 days of the EO. Several factors may be considered for good standing, including compliance history, affiliates, and payments. Importers not in good standing shall not be allowed to import into the United States or designate a customs broker to act as IOR on their behalf. This section instructs CBP to update the importer registry by removing inactive IORs, confirming active IORs, and creating risk-based tiers based on compliance, enforcement actions, and audit results.

The EO further mandates recurrent enhanced vetting for all individuals and entities conducting activities directly related to the importation of goods, including foreign IORs, affiliates of IORs, customs brokers, custodians of bonded merchandise, and freight forwarders.

Import Disclosure and Certification Requirements

Section 3 of the EO requires heightened disclosure and certification requirements for imports including: (a) certifications of compliance with key supply chain laws including the Countering America’s Adversaries Through Sanctions Act (CAATSA, Pub. L. 115-44) and 18 U.S.C. § 545 (the federal smuggling statute); (b) disclosures of certain foreign tax and global business identifiers; (c) more detailed information about the product’s supply chain and production methods; and (d) the manufacturer’s product identifiers, among others. The EO also requires the submission of foreign export documentation to CBP (i.e., any documentation the foreign exporter was required to submit to its own customs administration prior to export).

Enforcement

The EO instructs the Secretary of Homeland Security and the CBP to prioritize penalties and enforcement. This includes enforcing liquidated damages claims against bonds, restricting in-bond utilization, increasing audits, and imposing maximum penalties on customs brokers who fail due diligence, repeatedly represent noncompliant clients, or fail to cooperate with CBP information requests.

The EO also directs the Secretary and the U.S. Attorney General to prioritize enforcement against importations involving forced labor (including UFLPA), as well as misclassification, undervaluation, and illegal transshipment, including investigations under the Enforce and Protect Act (EAPA, Pub. L. 114-125).

Of particular note, the EO directs CBP to revise its penalty mitigation practices within 90 days. This is one of the EO's most operationally significant provisions: CBP must establish (i) a minimum penalty floor of not less than 50% of the assessed penalty, absent exceptional circumstances materially impacting national security; (ii) a minimum liquidated damages floor; and (iii) elimination of penalty mitigation for repeat offenders. This substantially curtails CBP's historic discretion to reduce penalties and will significantly increase liability exposure for non-compliant importers.

EO Implementation Timeline

The EO itself does not impose immediate compliance obligations. All directives require future CBP rulemaking or policy action before becoming operative. That said, the EO directs CBP to undertake actions on the following schedule:

- "Promptly" (no set deadline): Prohibit foreign IORs from informal entry; impose additional formal entry requirements for foreign IORs including CTPAT validation requirement.
- 45 days: DHS submits legislative recommendations to the President.
- 90 days: Establish foreign export documentation requirement; revise penalty mitigation including 50% floor and repeal of mitigation for repeat offenders; expedite seizure/disposal procedures; and enhance transparency including confidentiality expiration and annual enforcement reports.
- 180 days: Revise importer eligibility regulations; establish good standing requirements; update IOR registry with risk-based tiers; and establish recurrent enhanced vetting procedures.
- One year: DHS submits effectiveness report to the President.

Practical Considerations for Importers

Although the EO does not impose immediate compliance obligations on importers, the directives contained in the EO clearly signal regulatory policy and enforcement trajectory, and companies should prepare now. Key action items include:

- Use of Foreign IORs: Importers should assess their use of foreign IORs, including determining whether they are eligible for CTPAT or whether they can utilize companies that would qualify as a U.S. IOR.
- Understanding Potential Enhanced Liability: Review penalty exposure in light of the coming 50% minimum mitigation floor and elimination of mitigation for repeat offenders.
- De Minimis Context: *De minimis* treatment of low-value shipments was previously suspended for all countries as of February 2026. This EO additionally closes the informal-entry channel for foreign IORs. Together, these measures substantially restrict the low-value e-commerce import model.

This Executive Order and the consequent implementations signal a drastic shift towards heightened customs enforcement, which requires closer examination of imports. Wiley has robust International Trade, Strategic Competition & Supply Chain, and Customs Law and Compliance practices with extensive experience helping clients navigate new guidelines and broader trade issues and is well-positioned to help companies seeking

guidance on the enforcement actions and policy changes mentioned above. Should you have any questions, please contact one of the listed attorneys.

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