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Customs Bonds: Why Requirements are Changing and How to Prepare



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POLL QUESTION

CAPE Refunds – Where do you stand?

A We've received our full refund.

D We haven't filed yet.

B We've received some and are waiting on the rest.

E We need help getting set up in ACE/filing.

C We've filed but are still waiting for payment.

F Refunds don't apply to us.

POLL QUESTION

If you have filed CAPE, have you received any supplemental duty bills (claims)?

YES

NO



 A Trucordia Business

CUSTOMS BONDS: WHY ARE REQUIREMENTS CHANGING AND HOW TO PREPARE

INTRODUCING TRADE RISK GUARANTY

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Drivers Behind Changing Customs Bond Requirements

Volatility = Uncertainty = Risk Aversion

Underwriters are also impacted by the volatility of the industry and it has a direct affect on the underwriting of U.S. Customs Bonds.

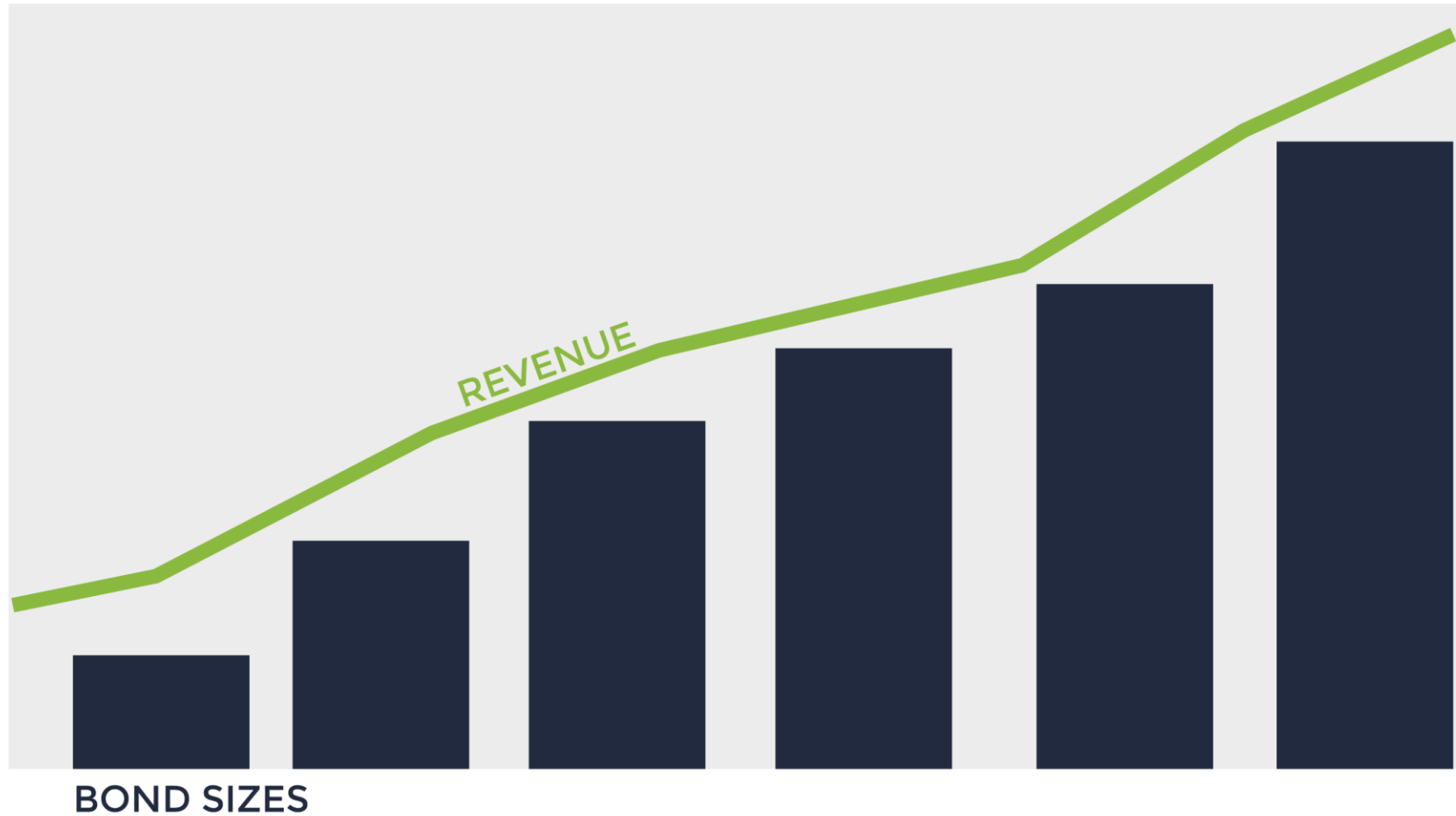
Bonds have been increasing across the board, throughout the industry.

Understanding Bond Increases from the Underwriter's Perspective

Historically, when underwriters have seen a big jump in bond sizes, it meant that the company was increasing the volume of inventory they were importing.

Typically, if importing was going up that meant business was going up.

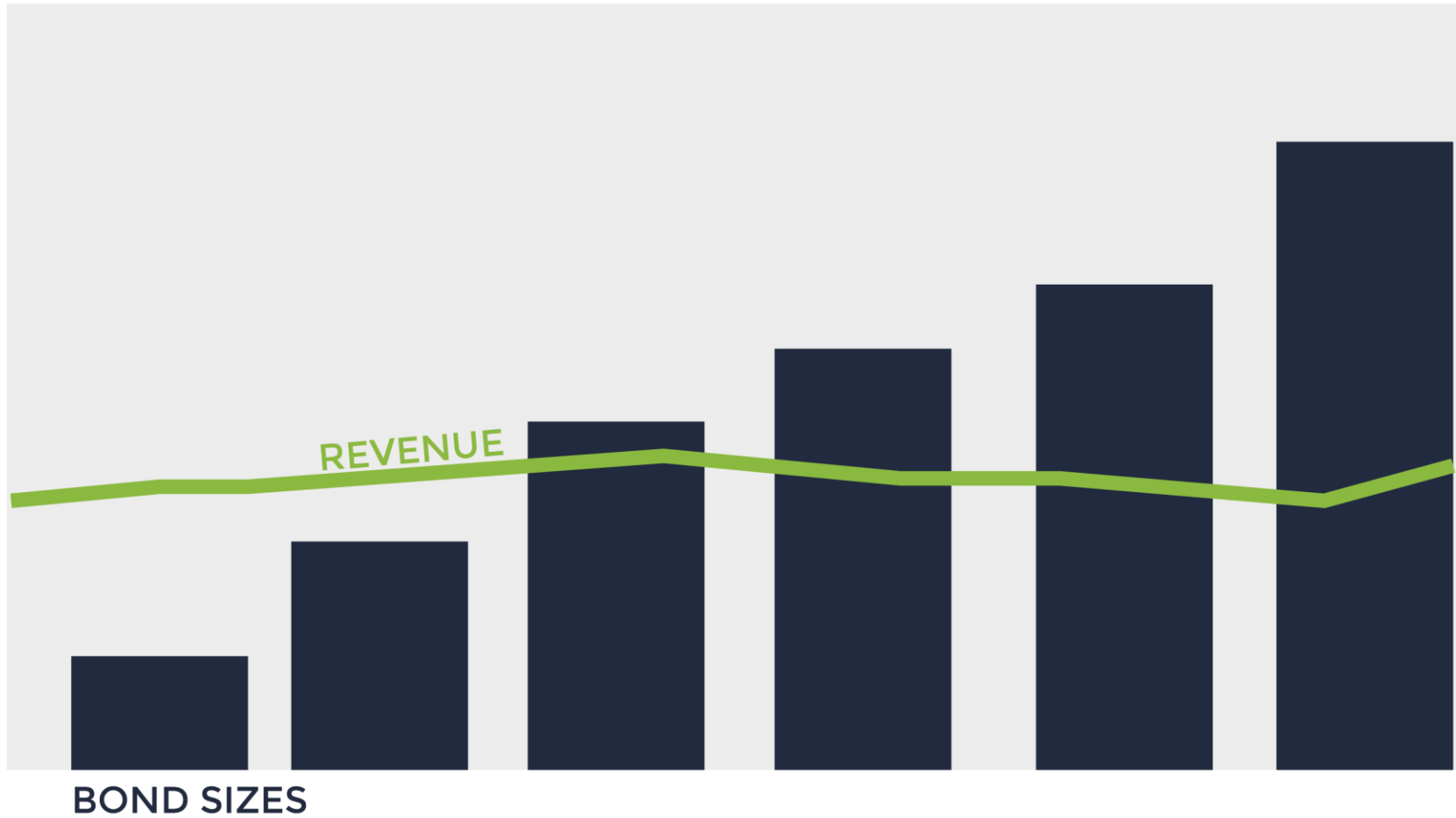
Typical Correlation of Bond and Revenue



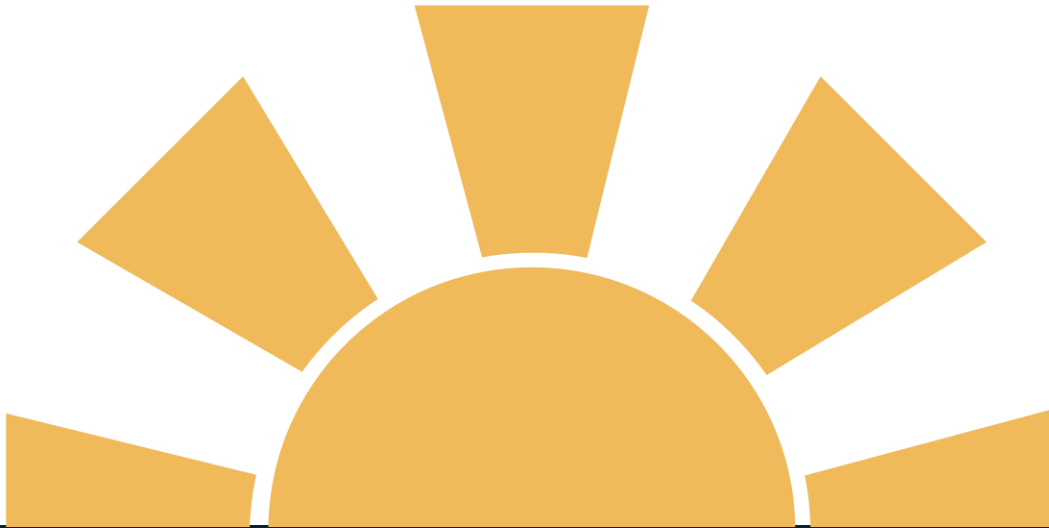
Right now, underwriters are not seeing that corresponding uptick in business along with the increase in bond sizes.

The businesses are taking on more cost without the increase in revenue

Current Correlation of Bond and Revenue



It's Not All Doom and Gloom!



As we enter the second year of tariffs, there is progress.

Businesses that have been able to stay steady through this past year will look more appealing to an underwriter.

The underwriters can now look back at the data and see which businesses have been able to weather the storm.

What to Expect from Sureties & Underwriting Today

We Are Seeing More Collateral Being Required

Collateral used to be the big bad beast, but now more than ever, collateral may not be the evil scenario it used to be. Securing collateral and working with the surety may help you get over that hump and maintain consistency with your relationship.

Collateral is being required for importers that have never needed to place collateral before.

Getting collateral in place takes more time than is typically required when placing a bond. Having the conversation up-front can help you prepare for the process in its entirety.

Forecasting If Stacking Collateral Will Be Required

If collateral is required when placing your Customs bond, there is the chance that additional collateral may be required in the future. While you are not able to fully control if underwriters will require collateral, you can prepare your team internally for that future possibility.

The following are a couple of questions you can ask your surety:

Will I have to place additional collateral when my bond renews?

Is this collateral sufficient for this bond size moving forward?

If you can provide all of the information to your internal team up front (the good, the bad, and the in-between), renewal can be smoother and expectations can be set.

Why Does Collateral Stack?

In a standard bond renewal, there is a tail of liability that remains open on the previous bond.

This tail of liability remains open until all of the entries made on a given 12 month bond period that bond have liquidated.



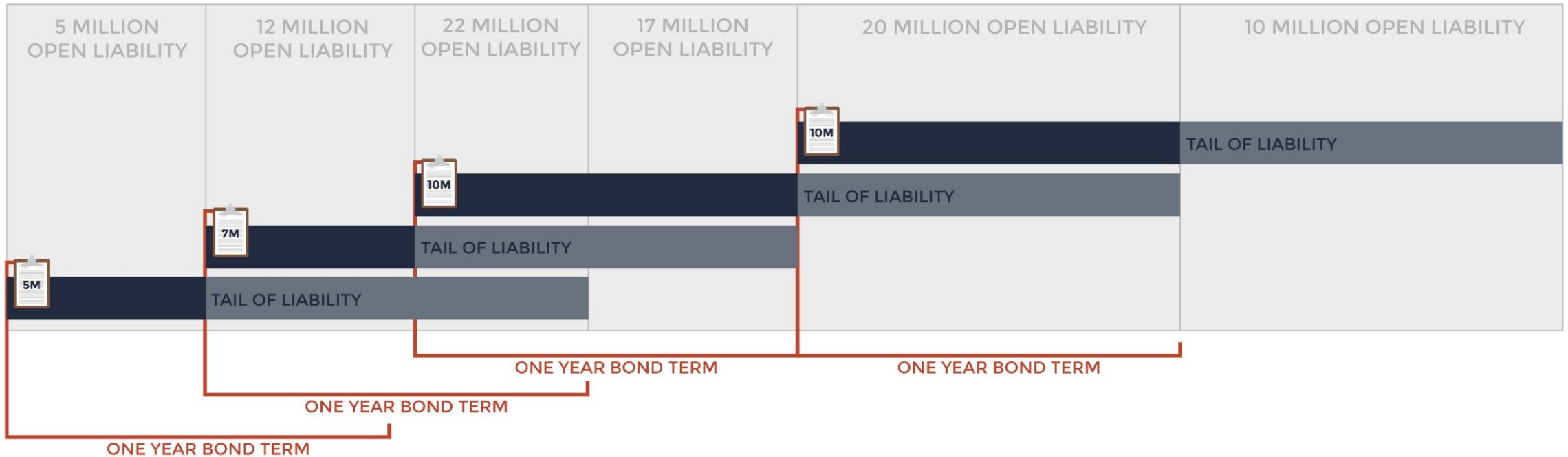
It is standard that the liability amount will stack at least once after the first year a bond was placed.

Try to Avoid Unnecessary Stacking

If possible, changes to the bond should be timed with the effective date so that you avoid excessive stacking liability and limit exposure to additional underwriting requirements.



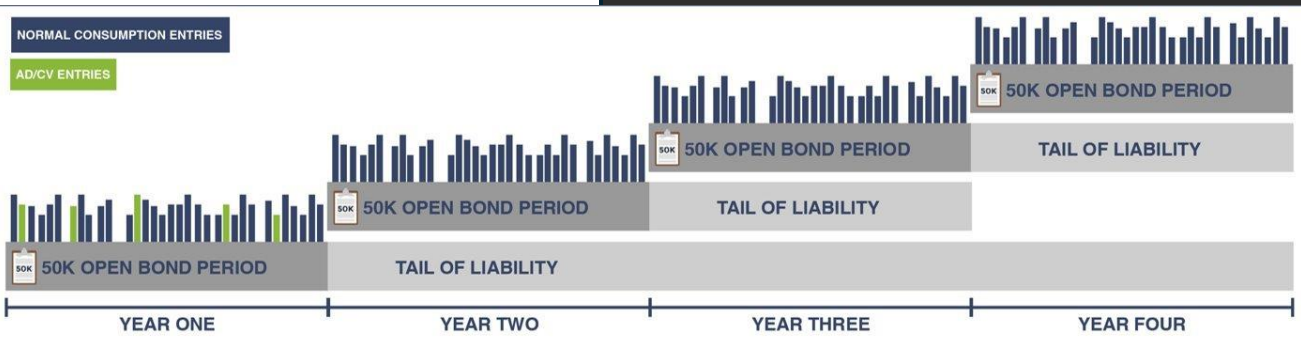
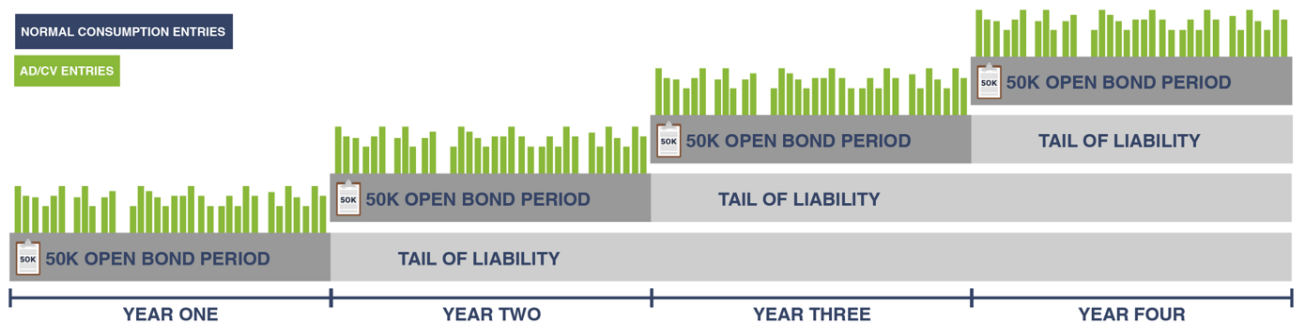
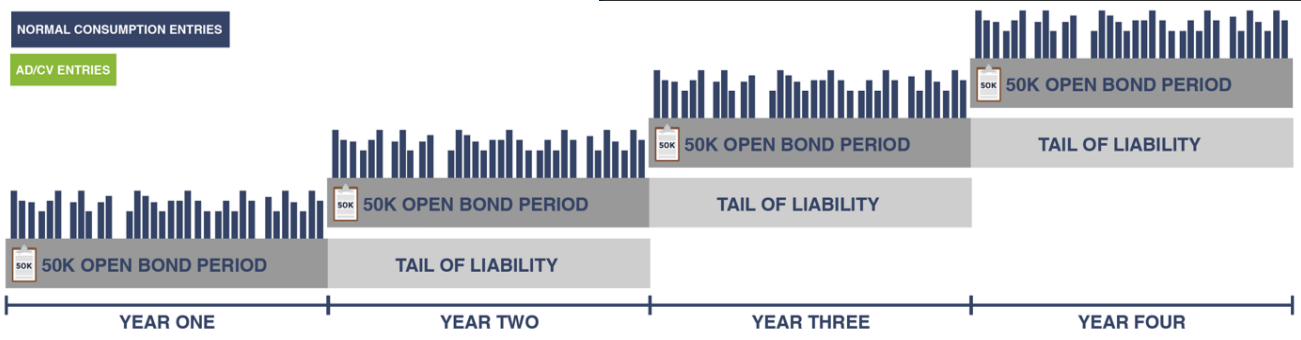
The Effect of Increasing Your Bond Mid-Term



The Tail of Liability For the surety extends with AD/CV

The liquidation timeline for antidumping and countervailing entries is suspended beyond the standard 1-year timeline.

This means that the tail of liability for the surety also stretches beyond 1-year and begins to “stack” with the open liability of the following years.



When Can Collateral Be Released?

Collateral cannot be released when the bond is terminated. This is a common misconception.

Once collateral is in place, it cannot be released until the following **minimum** requirements have been met:

All Entries on the Bond Must be Liquidated

All Entries on the Bond Have to Have Been Liquidated for 120 days or More

No Open Claims on Your Bond

How to Prepare for Renewals or Bond Increases

How Does an Increase Start?

When receiving an insufficiency letter from U.S. Customs, it is important to remember that CBP will typically only require you to increase your bond to next size up from your current bond size.

Therefore, it is up to the importer to calculate the appropriate bond size for the next 365 days of importing.



Read the full blog post for more details

1
THE EXISTING BOND AMOUNT AND THE REQUIRED INCREASE AMOUNT

EXAMPLE INSUFFICIENCY LETTER

COMPANY INFORMATION

MONTH, DAY, YEAR

Dear Sir or Madam:

According to our records, you have the following valid continuous bond (Activity Code 1 - Importer or Broker) on file with the Revenue Division, Customs and Border Protection:

Bond Number: XXXXXXXX
Importer Number: XX-XXXXXX
Surety: NAME OF SURETY
Amount: \$XXXX,XXX
Bond Effective Date: MM/DD/YYYY

Pursuant to Title 19 of the Code of Federal Regulations (CFR) Part 113, this bond has been determined to be insufficient to protect the revenue and insure compliance with Customs and Border Protection laws and regulations. Within 30 calendar days from the date of this letter, you must schedule to terminate this bond by MM/DD/YY with a termination date no later than MM/DD/YY or it will be rendered insufficient. Based on the previous 12 months of data captured MM/DD/YY - MM/DD/YY a new continuous bond with a limit of liability not less than amount \$X,XXX,XXX.XX is required.

CBP conducts bond sufficiency review on a monthly basis. To avoid a bond stacking liability issue, it is in the importers best interest to forecast their import activities for the next 12 months to determine if a bond increase beyond the minimum amount stated above, will be more appropriate.

In order to gain a better understanding of the reason(s) for this increase, please refer to the information about current bonding formulas posted on our website at <http://www.cbp.gov/trade/priority-issues/revenue/bonds/bond-centralization-program>. This bond increase is based on the formula described as "Reviewers (1)". Customs and Border Protection requires that each entry must be covered by a valid, continuous bond or a single transaction bond (19 CFR Part 113). Notify your Customs or insurance broker and provide a copy of this letter to them. Please transmit your bond termination request via EDI. If you are unable to transmit via EDI, submit to cbp.bondquestions@dhs.gov.

If you have questions about this letter, please contact XXX-XXX-XXXX.

CBP OFFICER SIGN OFF

2
TIMELINE FOR REQUIRED BOND INCREASE

4
REASON FOR INSUFFICIENCY AND WHERE TO FIND INFORMATION

3
BE SURE TO FORECAST YOUR IMPORT ACTIVITIES TO AVOID STACKING LIABILITY

5
INSTRUCTIONS ON HOW TO TERMINATE YOUR CURRENT BOND

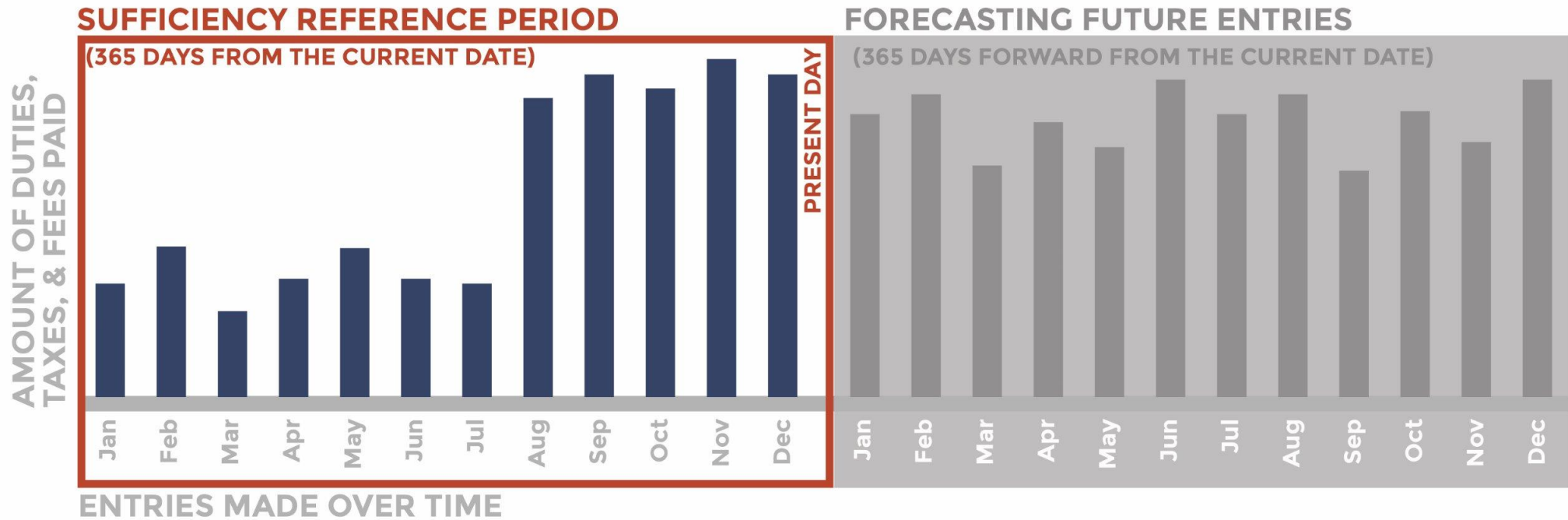
The best importers will tell their bond provider if they filed for CAPE

Including updates on if they received a refund and if they are considering future Section 301 tariffs.

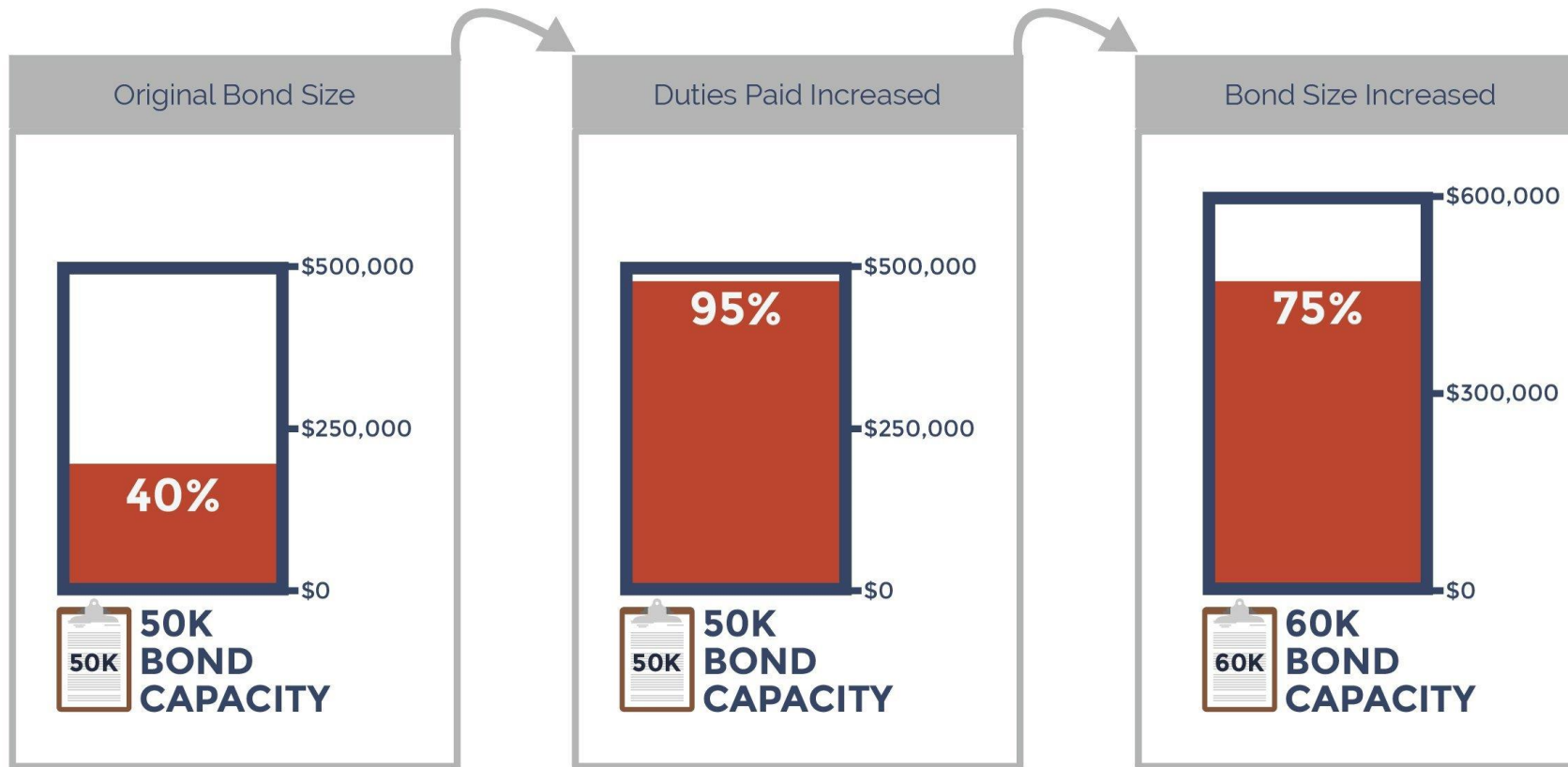
Forecasting Your Bond Size

It is the responsibility of the company, as the importer of record, to ensure the bond size chosen will remain sufficient for an upcoming full calendar year.

One way to calculate this forecasted bond amount, is to look at how much you have paid in duties, taxes, and fees in the past 30 and 90 days and using that to calculate forward.



A Reminder When Placing a New Bond



Bond Sufficiency does not reset when a new bond is placed. U.S. Customs is looking back at the entries made throughout the last 365 days and comparing that to the size of the current bond on file, regardless of when that bond was placed.

What Is a Good Range for Bond Sufficiency?

A good range for your bond sufficiency is between 40% - 60%. That leaves you enough room for 'to grow' while not being over-bonded.



50%

Don't Play Chicken with Your Bond

Even with the current decrease in tariffs, it is important to protect your company from future volatility.

What We Know and What's On the Horizon?

What We Know... Section 301

Section 301 tariffs related to the forced labor investigation are suggested to be 10% or 12.5% and will likely be implemented after the public comment period ending in July

There are 54 economies that were found to have failed to impose a legal prohibition on the importation of goods produced wholly or in part with forced labor and to effectively enforce such a prohibition. **These 54 economies have been assigned a 12.5% tariff rate.**

While the following six economies have failed to effectively enforce a forced labor import prohibition:

- Canada
- Ecuador
- the European Union
- Indonesia
- Mexico
- Pakistan

These economies have been assigned a 10% tariff rate.

What Is On the Horizon... More Section 301

On March 11, 2026, the Office of the U.S. Trade Representative initiated Section 301 investigations into the acts, policies, and practices of certain economies relating to structural excess capacity and production in certain manufacturing sectors.

The investigations focus on

- China, the European Union, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, Korea, Vietnam, Taiwan, Bangladesh, Mexico, Japan, and India.

The sectors being investigated for excess capacity and production:

- Aluminum, Automobiles, Batteries, Cement, Chemicals, Electronics, Energy Goods, Glass, Machine Tools, Machinery, Paper, Plastics, Processed Food and Beverages, Robotics, Satellites, Semiconductors, Ships, Solar Modules, Steel, and Transportation Equipment.

Excess capacity occurs when manufacturing industries have the ability to produce more goods than global markets can absorb.

What Is On the Horizon... Recent Executive Order

On June 3 an executive order was issued that directs a broad tightening of U.S. Customs enforcement, with particular emphasis on importer accountability and vetting, foreign importer restrictions, disclosure obligations, and higher penalties.

The executive order outlines many distinctions to increase the vetting process on IORs, including drawing a sharper distinction between U.S. IORs and foreign IORs based on citizenship, legal organization, ownership, location, and U.S. assets.

What Is On the Horizon... Recent Executive Order

Days from Order	Required Action
45 Days	Submit recommendations for legislation to strengthen customs enforcement
90 Days	Require submission of documentation or information that the foreign exporter provided to foreign customs authorities before export to the U.S.
	Revise mitigation standards to establish a minimum penalty of at least 50 percent, minimum liquidated damages, and no mitigation for repeat offenders
	Take actions to expedite and enhance seizure and disposal of noncompliant imports, including easing voluntary abandonment, increasing bond requirements for high-risk shipments, and authorizing third-party disposal
	Enhance transparency through periodic review and expiration of confidentiality requests, as appropriate, and publication of a annual enforcement transparency reports
180 Days	Revise importer eligibility regulations, guidance, and policies to require minimum domestic assets, bonding, or both; increased bond coverage; IOR designation for formal and informal entries; and additional IOR data disclosures
	Require all IORs to maintain good standing with CBP
	Update the IOR registry by removing inactive IORs, confirming compliance and disclosures for active IORs, and creating risk-based tiers
	Establish enhanced and recurrent vetting procedures for IORs, affiliates, customs brokers, custodians of bonded merchandise, and freight forwarders
1 Year	Submit a report on the effectiveness of the matters set forth in the order

Contact Trade Risk Guaranty



Travis Smith

President

Travis has spent the last 15 years talking directly to and helping importers.

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October 16, 2026



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Thank You!

Stick around for some Q&A!

From Mistakes to Mastery:
Lessons from a Voluntary
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