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Customs & Global Trade Alert

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United States Customs and Border Protection's guidelines on illegal transshipping

This alert highlights the issue of illegal transshipment and outlines the country of origin marking requirements mandated by United States (US) customs regulations and trade laws, as enforced by US Customs and Border Protection (CBP).

The US President issued Executive Order (EO) 14326 dated 31 July 2025, modifying the additional ad valorem import tariff rate for Vietnamese goods destined for the US to 20%, reduced from 46% as specified in EO 14257 dated 2 April 2025. EO 14326 also highlights the risks of illegal transshipment as a method to evade applicable duties.

Definition of illegal transshipping

Recently, CBP provided updated [guidance in a Customs-Trade Partnership Against Terrorism \(CTPAT\) alert regarding illegal transshipment](#).

Accordingly, while transshipment is a legal and common practice in global trade logistics, it becomes illegal when used deceptively to circumvent duties, sanctions, or trade restrictions.

CBP has identified several industries and product categories that are often involved in illegal transshipment schemes targeting the US market, including but not limited to:

- Steel and aluminum
- Textiles and apparel
- Automobiles and auto parts
- Electronics
- Solar panels
- Agriculture products

Importers found engaging in illegal transshipment are subject to severe consequences, including:

- Inventory seizure, business disruption, loss of import privileges
- Evaluated tariff: an additional ad valorem duty of 40% and all other US duties, fees, taxes, exactions, or charges applicable to goods of the country of origin
- Criminal penalties and fines
- Reputational damage, loss of customer trust, and decline in market share

Marking of country of origin on US imports

CBP recommends that companies carefully verify country of origin markings to ensure compliance before importing goods into the US.

Below are key points from [CBP's guidance on origin marking requirements](#):

- **Definition of country of origin:** The country of origin refers to the political entity known as a nation where the article was manufactured, produced, or grown.
- **Altering the article in a second country change the country of origin:** For goods that are not originating from North American Free Trade Agreement (NAFTA) countries, its country of origin may be changed in a second country if one of the following occurs:
 - If the further work or material added to an article in the second country constitutes a substantial transformation. This transformation occurs when the product takes on a new name, character, or use, thereby qualifying it as a good of the new country under the applicable regulations.
 - If a good is a textile or apparel product: The origin by specific rules are applicable to those categories.
- **Presentation of origin in the marking of goods:**
 - The phrase "made in" is necessary only when a locality's name, other than the manufacturing country, is present on the product or its packaging and could potentially mislead the consumer. The marking "made in [country]" must be displayed near this other locality name in similar-sized letters to prevent confusion.
 - The phrase "assembled in" can be used to denote the country where the article was finally assembled, and it may be followed by the statement "from components of [the name of the country or countries of origin of all the components]".



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