

## CBP curtails low-value shipment access for multiple customs brokers



*Type 86 is a voluntary program within the de minimis rule that requires customs brokers to provide a larger set of data about their customers directly to US Customs and Border Protection. Photo credit: wichayada suwanachun / Shutterstock.com.*

**Eric Johnson, Senior Technology Editor | May 30, 2024, 4:49 PM EDT**

US Customs and Border Protection (CBP) has suspended access for several customs brokers to a program meant to facilitate low-value import shipments, forwarders confirmed to the *Journal of Commerce* Thursday.

The Type 86 program is a voluntary initiative in which a consignee can have its customs broker provide CBP with data filed through the agency's automated broker interface (ABI) under the de minimis rule, which allows for the import of one package per day worth \$800 or less without filing a formal customs entry with CBP and — perhaps more importantly — without paying duties or tariffs.

CBP in the last week informed SEKO Logistics, a global air and ocean forwarder and prominent Type 86 participant, that its access to the program would be stopped for 90 days, effective Monday. The company alerted its customers of the pending suspension this week, SEKO told the *Journal of Commerce*.

“During SEKO’s time participating in the Entry Type 86 program we have maintained an exceptionally high 99.9% compliance rate and have been one of the top providers of Entry Type 86 with US CBP since the inception of the program in 2019,” the company said in a statement to the *Journal of Commerce* Thursday. “Despite our extraordinary compliance rate, we were given less than seven days before the suspension went into effect and no opportunity to address any potential or purported deficiencies identified by US CBP.

“We strongly disagree with this decision by US CBP and are looking into all of our options for reinstatement as soon as possible,” SEKO added.

The forwarder said it was working with customers impacted on a “short-term solution that minimizes disruptions to their cross-border e-commerce supply chains.”

## Rising regulatory scrutiny

Scrutiny of the de minimis rule, also known as Section 321, has risen over the past year, largely due to the extensive use of the program by China-based e-commerce giants Temu and Shein. Critics of the rule say retailers abroad are using it as a loophole to evade duties, while they also point to 321 shipments as a source of illicit fentanyl and drug paraphernalia sourced abroad.

The Type 86 program, first piloted in 2019, was meant to plug the gap that resulted in CBP getting little information about low-cost shipments by providing customs brokers and logistics providers a means to attract customers but also funnel more data about those customers to the agency.

In November, CBP said it was urging customs brokers participating in the Type 86 program to increase the information they collected from customers.

“What we’re hoping to do, especially with customs brokers who do file Type 86 [entries], is get them more aware of who the customer is, who the client is and what is actually in the shipment,” John Leonard, deputy executive assistant commissioner at CBP’s Office of Trade, said at the CONECT Northeast Cargo Symposium last fall.

A forwarding executive who asked not to be named said CBP’s crackdown on Type 86 shipments is curious because Type 86 participants provide CBP with more data than

other de minimis shipments. The source said he wouldn't be surprised if other customs brokers get swept up in the Type 86 crackdown in the coming months.

SEKO's name surfaced when *The Information* reported Wednesday that the forwarder had alerted customers of the suspension.

"We are aware of the SEKO suspension from the contents of a letter they sent to some of the same shippers we work for," Rich Roche, senior vice president of customs broker Mohawk Global, told the *Journal of Commerce* Thursday.

In the letter, SEKO said it, "along with a number of other customs brokers," received such a suspension and that they strongly disagree with the decision and intend to press for reinstatement as soon as possible. No other brokers affected by the suspension have been named publicly.

"We are also aware of CBP recently stepping up enforcement regarding vague description and timeliness of Type 86 entries," Roche said.

The forwarder that asked not to be named said he believes the issue is related to misclassification of items being shipped and the resultant data discrepancies that arose from those misclassifications.

Meanwhile, the *Journal of Commerce* has learned that neither Temu nor Shein are SEKO customers into the US, adding further confusion as to why SEKO was specifically targeted.

The volume of de minimis shipments has increased substantially since the COVID-19 pandemic, from 771.5 million in 2021 to 1 billion in 2023 and 701.5 million as of May 30 in 2024, according to a [CBP dashboard of such shipments](#). Of that volume, 67.3% are being cleared via the Type 86 program, with 87.2% moving by air and most of the remainder moving by truck.

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