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Undergraduate Certificate in Customs Law in International Trade

## Customs Compliance and Enforcement

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### Customs Compliance and Enforcement Key Terms and Vocabulary

Understanding customs compliance and enforcement is crucial in international trade to ensure that companies adhere to regulations and avoid penalties. This glossary provides key terms and vocabulary essential for the Undergraduate Certificate in Customs Law in International Trade.

#### Customs Compliance

Customs compliance refers to the adherence to laws and regulations governing the import and export of goods. It involves meeting all legal requirements, including documentation, duties, taxes, and other obligations imposed by customs authorities.

#### Enforcement

Enforcement involves the implementation of customs laws and regulations to ensure compliance. Customs authorities use various tools and techniques to monitor, investigate, and penalize violations of trade laws.

#### Risk Management

Risk management is the process of identifying, assessing, and mitigating risks associated with international trade. Customs authorities use risk management strategies to target high-risk shipments and entities for inspection and enforcement actions.

#### Valuation

Valuation is the process of determining the customs value of imported goods for the assessment of duties and taxes. It involves applying valuation methods specified in the World Trade Organization's Agreement on Customs Valuation.

#### Classification

Classification is the categorization of goods based on the Harmonized System (HS) codes for customs purposes. The correct classification of goods is essential for determining duties, taxes, and other regulatory requirements.

#### Origin

Origin refers to the country where goods are produced or manufactured. The rules of origin determine the eligibility for preferential treatment under free trade agreements or other trade programs.

#### Trade Compliance

Trade compliance encompasses customs compliance as well as adherence to other trade-related regulations, such as sanctions, export controls, and anti-money laundering laws. Companies must ensure

compliance with all relevant laws and regulations to avoid legal and financial risks.

#### Authorized Economic Operator (AEO)

An Authorized Economic Operator is a status granted to businesses that meet specific security and compliance criteria set by customs authorities. AEOs receive benefits, such as simplified customs procedures and reduced inspections.

#### Customs Broker

A customs broker is a licensed professional who assists importers and exporters with customs clearance processes. Customs brokers facilitate compliance with customs regulations, classification, valuation, and documentation requirements.

#### Compliance Audit

A compliance audit is a review of import and export activities to assess compliance with customs laws and regulations. Customs authorities conduct audits to ensure that businesses are meeting their legal obligations.

#### Penalties

Penalties are fines or sanctions imposed on businesses for non-compliance with customs laws. Customs authorities may levy penalties for errors in documentation, misclassification of goods, undervaluation, or other violations.

#### Seizure

Seizure is the confiscation of goods by customs authorities due to non-compliance with trade regulations. Seized goods may be subject to forfeiture or destruction if the importer fails to resolve the compliance issues.

#### Incoterms

Incoterms are international commercial terms that define the responsibilities of buyers and sellers in international trade transactions. Incoterms specify the delivery terms, risks, and costs associated with the shipment of goods.

#### Duty Drawback

Duty drawback is a customs program that allows importers to obtain a refund of duties paid on imported goods that are subsequently exported or used in manufacturing. Duty drawback helps businesses reduce costs and remain competitive in global markets.

#### Free Trade Agreement (FTA)

A Free Trade Agreement is a treaty between two or more countries that reduces or eliminates tariffs and other trade barriers on goods traded between the parties. FTAs promote economic cooperation and facilitate trade between participating countries.

### Risk Assessment

Risk assessment is the process of evaluating the likelihood and impact of risks to determine the level of scrutiny required for import and export transactions. Customs authorities use risk assessment tools to prioritize enforcement efforts.

### Compliance Management System

A Compliance Management System is a set of policies, procedures, and controls implemented by businesses to ensure compliance with customs and trade regulations. A well-designed compliance management system helps companies prevent violations and mitigate risks.

### Certificate of Origin

A Certificate of Origin is a document that certifies the origin of goods exported from a particular country. Customs authorities use the certificate of origin to determine eligibility for preferential trade agreements and assess duties and taxes.

### Intellectual Property Rights (IPR)

Intellectual Property Rights refer to legal rights that protect intangible assets, such as patents, trademarks, copyrights, and trade secrets. Customs authorities enforce IPR laws to prevent the importation of counterfeit or pirated goods.

### Supply Chain Security

Supply Chain Security involves measures taken to secure the movement of goods from the point of origin to the final destination. Customs authorities collaborate with businesses to enhance supply chain security and prevent illicit activities, such as smuggling and terrorism.

### Customs Union

A Customs Union is a trade bloc in which member countries eliminate internal tariffs and adopt a common external tariff on goods imported from non-member countries. Customs unions promote economic integration and facilitate trade among member states.

### Trade Facilitation

Trade Facilitation refers to measures taken to streamline customs procedures and reduce barriers to international trade. Customs authorities implement trade facilitation initiatives to expedite the clearance of goods and enhance trade efficiency.

### Non-Tariff Measures

Non-Tariff Measures are trade restrictions other than tariffs that affect the flow of goods across borders. Examples of non-tariff measures include quotas, licensing requirements, technical standards, and sanitary and phytosanitary regulations.

### Customs Declaration

A Customs Declaration is a formal statement submitted by importers or exporters to customs authorities

providing information about the goods being imported or exported. Customs declarations include details such as the value, quantity, and classification of goods.

#### Transit

Transit refers to the movement of goods through a country without being subject to customs duties or other import/export requirements. Transit procedures facilitate the movement of goods between countries and regions.

#### Country of Destination

The Country of Destination is the final destination of goods in an international trade transaction. Customs authorities at the destination country assess duties, taxes, and other regulatory requirements before allowing the goods to enter the country.

#### Single Window System

A Single Window System is a trade facilitation initiative that allows traders to submit all required information and documents to multiple government agencies through a single electronic platform. The Single Window System streamlines customs procedures and reduces processing times for import and export transactions.

#### Trade Compliance Program

A Trade Compliance Program is a comprehensive framework established by businesses to ensure compliance with customs and trade regulations. Trade compliance programs include policies, procedures, training, and monitoring mechanisms to prevent violations and promote ethical business practices.

#### Customs Seizure

A Customs Seizure occurs when customs authorities confiscate goods due to non-compliance with trade regulations. Seized goods may be subject to legal proceedings, including forfeiture or destruction, if the importer fails to resolve the compliance issues.

#### Harmonized System (HS)

The Harmonized System is an international nomenclature for the classification of goods developed by the World Customs Organization. The HS codes are used by customs authorities worldwide to classify goods for customs purposes and facilitate international trade.

#### Container Security Initiative (CSI)

The Container Security Initiative is a program implemented by customs authorities to enhance the security of containerized cargo shipped to the United States. Under the CSI, customs officials conduct risk assessments and inspections at foreign ports to detect and prevent security threats.

#### Customs Valuation

Customs Valuation is the process of determining the customs value of imported goods for the assessment of duties and taxes. Customs authorities use valuation methods specified in the World Trade Organization's

Agreement on Customs Valuation to ensure the accurate valuation of goods.

#### Customs Duty

Customs Duty is a tax imposed on goods imported into a country. Customs duties are calculated based on the customs value of the goods, the applicable tariff rates, and any preferential trade agreements or exemptions that may apply.

#### Anti-Dumping Duty

An Anti-Dumping Duty is a tariff imposed on imported goods that are priced below fair market value and cause harm to domestic industries. Anti-dumping duties protect domestic producers from unfair competition and prevent the dumping of subsidized or low-priced imports.

#### Rules of Origin

Rules of Origin are criteria used to determine the origin of goods for customs purposes. The rules of origin specify the requirements that goods must meet to qualify for preferential treatment under free trade agreements or other trade programs.

#### Customs Compliance Officer

A Customs Compliance Officer is a professional responsible for ensuring that businesses comply with customs regulations and trade laws. Compliance officers monitor import and export activities, conduct audits, and provide guidance on customs compliance issues.

#### Customs Clearance

Customs Clearance is the process of obtaining permission from customs authorities to import or export goods. Customs clearance involves submitting documentation, paying duties and taxes, and complying with regulatory requirements before goods can be released for delivery.

#### Trade Remedies

Trade Remedies are measures taken to address unfair trade practices, such as dumping, subsidies, or import surges that harm domestic industries. Trade remedies include anti-dumping duties, countervailing duties, and safeguards to protect domestic producers from unfair competition.

#### Export Controls

Export Controls are regulations imposed by governments to restrict the export of certain goods, technologies, or services for reasons of national security, foreign policy, or non-proliferation. Export controls aim to prevent the proliferation of weapons of mass destruction and protect sensitive technologies.

#### Customs Tariff

A Customs Tariff is a schedule of duties or taxes imposed on imported or exported goods by customs authorities. The customs tariff lists the applicable rates for different categories of goods and is used to calculate the customs duties payable on imports and exports.

### Trade Compliance Officer

A Trade Compliance Officer is a professional responsible for ensuring that businesses comply with trade regulations and laws. Compliance officers monitor trade activities, develop compliance programs, and provide training to employees to promote ethical business practices.

### Compliance Risk

Compliance Risk is the potential for non-compliance with customs and trade regulations that may result in legal, financial, or reputational harm to businesses. Companies must assess and mitigate compliance risks to avoid penalties and maintain a good standing with customs authorities.

### Customs Brokerage

Customs Brokerage is the service provided by customs brokers to facilitate the clearance of goods through customs. Customs brokers assist importers and exporters with documentation, classification, valuation, and compliance requirements to ensure smooth customs clearance processes.

### Import License

An Import License is a permit issued by customs authorities that allows businesses to import certain goods into a country. Import licenses may be required for restricted or controlled goods to ensure compliance with trade regulations and licensing requirements.

### Export Declaration

An Export Declaration is a document submitted by exporters to customs authorities providing information about the goods being exported. Export declarations include details such as the value, quantity, and destination of goods and are used for customs clearance and statistical purposes.

### Customs Union

A Customs Union is a trade bloc in which member countries eliminate internal tariffs and adopt a common external tariff on goods imported from non-member countries. Customs unions promote economic integration and facilitate trade among member states.

### Trade Facilitation Agreement (TFA)

The Trade Facilitation Agreement is a multilateral trade agreement negotiated under the World Trade Organization to simplify customs procedures and reduce trade barriers. The TFA aims to enhance trade facilitation, transparency, and efficiency in international trade.

### Import Quota

An Import Quota is a restriction imposed by customs authorities on the quantity of certain goods that can be imported into a country during a specific period. Import quotas are used to control the supply of goods and protect domestic industries from excessive imports.

### Customs Compliance Manual

A Customs Compliance Manual is a guide developed by businesses to outline policies, procedures, and best

practices for ensuring compliance with customs and trade regulations. The compliance manual provides employees with instructions on fulfilling regulatory requirements and maintaining ethical standards.

#### Trade Compliance Training

Trade Compliance Training is educational programs provided to employees to enhance their understanding of customs and trade regulations. Training programs cover topics such as import/export procedures, classification, valuation, sanctions, and compliance requirements to promote a culture of compliance within organizations.

#### Customs Audit

A Customs Audit is a review conducted by customs authorities to assess a company's compliance with customs laws and regulations. Customs audits may be random or targeted and involve examining import and export activities, documentation, and internal controls to identify potential violations.

#### Customs Brokerage Fee

A Customs Brokerage Fee is a charge levied by customs brokers for their services in facilitating customs clearance processes. Customs brokerage fees cover the costs of documentation, classification, valuation, and compliance services provided by customs brokers on behalf of importers and exporters.

#### Trade Compliance Software

Trade Compliance Software is technology solutions used by businesses to automate and streamline customs and trade compliance processes. Trade compliance software helps companies manage import/export activities, classification, valuation, documentation, and reporting to ensure regulatory compliance and reduce risks.

#### Customs Recordkeeping

Customs Recordkeeping is the practice of maintaining accurate and complete records of import and export transactions for compliance purposes. Customs authorities require businesses to retain records of shipments, invoices, permits, licenses, and other documents for a specified period to demonstrate compliance with trade regulations.

#### Export License

An Export License is a permit issued by customs authorities that allows businesses to export certain goods from a country. Export licenses may be required for controlled or restricted goods to ensure compliance with trade regulations, licensing requirements, and export controls.

#### Customs Compliance Review

A Customs Compliance Review is an assessment conducted by businesses to evaluate their adherence to customs and trade regulations. Compliance reviews involve reviewing import/export activities, documentation, procedures, and internal controls to identify areas of non-compliance and implement corrective actions.

### Trade Compliance Officer

A Trade Compliance Officer is a professional responsible for overseeing and managing trade compliance activities within an organization. Compliance officers develop and implement compliance programs, monitor import/export activities, conduct risk assessments, and provide guidance on customs and trade regulations to ensure compliance and mitigate risks.

### Customs Enforcement Actions

Customs Enforcement Actions are measures taken by customs authorities to address non-compliance with trade regulations. Enforcement actions may include audits, inspections, penalties, seizures, fines, and legal proceedings to ensure that businesses comply with customs laws and regulations.

### Customs Compliance Training

Customs Compliance Training is educational programs provided to employees to enhance their understanding of customs regulations and compliance requirements. Training programs cover topics such as customs procedures, documentation, classification, valuation, and risk management to promote compliance and ethical behavior in international trade.

### Trade Compliance Policy

A Trade Compliance Policy is a set of guidelines and principles established by businesses to ensure compliance with customs and trade regulations. Compliance policies outline the responsibilities of employees, procedures for handling import/export activities, and consequences for non-compliance to promote a culture of ethical behavior and regulatory adherence.

### Customs Risk Assessment

Customs Risk Assessment is the process of evaluating the potential risks associated with import and export transactions to determine the level of scrutiny required for compliance. Risk assessments help customs authorities target high-risk shipments and entities for inspection, monitoring, and enforcement actions to prevent violations and ensure regulatory compliance.

### Customs Compliance Framework

A Customs Compliance Framework is a structured approach developed by businesses to manage customs compliance risks and ensure adherence to trade regulations. The compliance framework includes policies, procedures, controls, training, and monitoring mechanisms to establish a culture of compliance, prevent violations, and mitigate risks in international trade.

### Trade Compliance Management

Trade Compliance Management is the process of overseeing and controlling import and export activities to ensure compliance with customs and trade regulations. Compliance management involves developing compliance programs, monitoring trade activities, conducting risk assessments, and implementing controls to prevent violations and promote ethical behavior within organizations.

### Customs Enforcement Policy

A Customs Enforcement Policy is a set of guidelines and procedures established by customs authorities to enforce compliance with trade regulations. Enforcement policies outline the actions, penalties, and sanctions that customs authorities may take to address non-compliance, deter violations, and ensure the integrity of customs processes.

#### Customs Compliance Monitoring

Customs Compliance Monitoring is the practice of overseeing import and export activities to ensure compliance with customs laws and regulations. Monitoring activities involve reviewing documentation, conducting audits, performing risk assessments, and implementing controls to detect and prevent violations, maintain regulatory compliance, and mitigate risks in international trade.

#### Trade Compliance Procedures

Trade Compliance Procedures are step-by-step instructions and guidelines developed by businesses to ensure compliance with customs and trade regulations. Compliance procedures outline the processes for handling import/export activities, documentation, classification, valuation, and risk management to promote regulatory adherence, prevent violations, and mitigate risks in international trade.

#### Customs Compliance Review

A Customs Compliance Review is an assessment conducted by businesses to evaluate their adherence to customs and trade regulations. Compliance reviews involve reviewing import/export activities, documentation, procedures, and internal controls to identify areas of non-compliance and implement corrective actions to ensure regulatory compliance and mitigate risks.

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#### Customs Enforcement Policy

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