
PACIFIC COAST COUNCIL
OF CUSTOMS BROKERS & FREIGHT FORWARDERS ASSN., INC.

1120 G STREET, NW SUITE 1020 • WASHINGTON, D.C. 20005
TEL: 202-783-0007 • FAX: 202-783-4422

COPY

September 25, 2008

The Honorable Jim Nussle
Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Mr. Nussle:

I am writing on behalf of the Pacific Coast Council of Customs Brokers and Freight Forwarders (PCC) to express our concern with US Customs and Border Protection's (CBP) proposed 10+2 rule, and particularly the impact this proposed rule will have on customs brokers which are small businesses. The customs brokers and freight forwarders who make up the PCC are at the very frontlines of international trade and cargo security, handling all of the international cargo that transit west coast ports. Approximately 75 percent of West Coast customs brokers are small businesses that have fewer than 100 employees, and at least half of those companies have fewer than 15 employees.

CBP's proposed 10+2 rule – also known as the Importer Security Filing (ISF) program – will place small brokers at a significant competitive disadvantage vis a vis much larger brokers that have locations around the globe. Not only do customs small brokers lack the economies of scale enjoyed by much larger brokers, small customs brokers will incur a relatively larger cost to purchase the necessary software to collect the 10+2 data from their clients and then transmit data sets to CBP. These costs and considerations are extremely important for small customs brokers, placing additional burdens on their operations that are simply not sustainable.

What does CBP say about the cost of its proposed 10+2 rule on small customs brokers? While CBP stated in its notice of proposed rulemaking (73 Fed. Reg. 107) that the rule “likely affects a substantial number of small entities”, the agency claims that “due to data limitations, we cannot determine if these effects will be significant on a per-entry basis.” Are data limitations really an excuse to ignore the potentially devastating consequences that its proposed 10+2 rule could have on small customs brokers if implemented as drafted?

It is critical that the Office of Management and Budget take into consideration the concerns being raised by members of the PCC, and that OMB evaluates the impact of CBP's proposed 10+2 rule on small business customs brokers before the final rule is implemented.

Sincerely,

Jack Hubbard
President