



**Coalition
Of
New
England
Companies for
Trade**

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 Coalition of New England Companies for Trade (CONNECT) 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 small businesses if it is implemented as drafted. CONNECT has 700 members in the Northeast consisting of manufacturers, traders, importers, exporters, customs brokers, freight forwarders, transportation providers, financial institutions, law firms, accounting firms, consultants and other firms active in international trade. Many of these members are small businesses.

CBP's proposed 10+2 rule -- also known as the Importer Security Filing (ISF) program -- will place small businesses at a significant competitive disadvantage. Not only do small businesses lack the resources needed to comply with CBP's proposal, including the expertise and computer software needed to help collect, compile and report the information required by 10+2; small businesses will also face significant increases in operating costs. CBP's proposed 10+2 rule will require small importers to stock and store extra inventory, pay increased bond charges, and insure the goods for an extra 2-5 days or more if the sailing deadline is missed. Furthermore, small businesses ship in consolidated containers, which means that if one importer's ISF creates a red flag, the entire container will be delayed and each importer will incur significant costs while their goods sit at the foreign port. Small businesses can not afford the increased operating costs associated with CBP's proposed 10+2 rule and many small businesses will be forced to leave the marketplace.

CBP has also failed to address many of the practical issues that arise for international business transactions including the issuance of lines of credit, the ability of customs brokers to provide services to small importers, the ability to obtain ISF bonds and the ability to store and protect goods while they sit at the foreign ports. These costs and considerations are extremely important for small businesses, 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 businesses? 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 businesses if implemented as drafted?

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

Sincerely,

Karen Kenney
President