Dear Acting Secretary McAleenan and Ambassador Lighthizer,

As you know, the Pacific Coast Council of Customs Brokers and Freight Forwarders represents the customs brokers and freight forwarders who facilitate international trade along the entire US Pacific Coast and the California-Mexico border. There is no group that is more familiar with how trade works, in the most practical sense. We know the process, the documentation, the physical transport of exports and imports through ports of entry, the governing laws and regulations, Customs and Border Protection processes for reporting, payment of tariffs.

This letter does NOT advocate one way or another as to the trade and immigration objectives of the President's recently announced 5% tariff on imports from Mexico, to be effective June 10, with additional increases of 5% at the beginning of each month thereafter. Rather it is our responsibility as the most knowledgeable professionals, to express our grave concern, even alarm, that it will be impossible to comply, as the mechanisms for compliance are not available between now and June 10, or even before the increase planned for July 1.

The Pacific Coast Council and our local San Diego Customs Broker Association are available to work with CBP and DHS, to share our experience, in order to limit the injury to the trade. Our concerns can be itemized as follows:

1. Every minimum continuous bond filed by the customs broker on behalf of an importer, will now be insufficient in this first month of June. Reviewing financials to raise the limits takes weeks.

2. Adding every client to their own ACH takes weeks as well. Even CBP recognizes this is not possible to accomplish by June 10 or even July 1. CBP has issued the following notice:

Due to increased volume, ACH application processing time has increased. You will be notified once your application has been reviewed and processed. New Applications: Please be advised the process can take up to 15 business days from the date of receipt.

3. Financial burden on the brokers is beyond their capacity. For example, a ‘small importer” which imports one entry per day with average values of $50,000 per invoice, will now be subject to $50,000 in tariffs (to comply with the announced 5% tariff) in June and $100,000 in July. This means, for example, that a broker on the southern border with 100 such importer clients will be responsible for payment of $5 million dollars in duties for June alone. This dollar amount exceeds most brokers’ capacity. Further, the staffing needed to ensure payment to CBP by June 10th day is often not possible.

4. We understand that ACE will not be ready to “go live” by Monday.
5. Most border maquiladoras are in a ‘just in time’ environment and cannot suddenly alter their supply chain to make and then cross more goods before the 5% duties become effective for entries on Monday (or thereafter).

6. We fear this 5% duty announcement will undermine the entire Mexico–US supply chain and reduce compliance as it puts at risk the many US small businesses who are members of the San Diego and Pacific Coast Council customs broker/freight forwarder associations. This is ironic, since these are the very companies licensed by CBP and DHS to assure importer compliance with US laws, including Presidential proclamations such as the 5% duty.

Without commenting on the policies of the Administration, we ask USTR, DHS and CBP, and of course the President, to postpone any new import duties on product from Mexico, until CBP can develop the procedures by which importers and brokers can reasonably pay them.

Eduardo “Lalo” Acosta
Vice President
Pacific Coast Council of Customs Brokers and Freight Forwarders Assn.

CC: Vincent Iacopella, President, Pacific Coast Council
    Senator Chuck Grassley, Chair, Senate Committee on Finance
    Senator Ron Wyden, Ranking Member, Senate Committee on Finance
    Congressman Richard Neal, Chair, House Committee on Ways and Means
    Congressman Kevin Brady, Ranking Member, House Committee on Ways and Means
    Congressman Juan Vargas
    Congresswoman Susan Davis
    Congressman Scott Peters