

**U.S Customs and Border Protection
Office of Field Operations
Cargo and Conveyance Security**

Action Required: Update Only

Issue: Pipeline Working Group, COAC Global Supply Chain Security Subcommittee (GSC)

Executive Summary:

The movement of crude petroleum and natural gas products through pipelines presents unique challenges to CBP and the trade community. The lack of specific regulations in 19 CFR, unique infrastructure for measuring and monitoring and limited automation to date, has resulted in an inconsistent location-by-location approach to the pipeline industry by CBP. Additionally, each pipeline operator uses company specific documentation for importations, movement of shipments and accounting procedures. The Pipeline Working Group was established under COAC GSC to help identify issues of mutual concern, establish standardize processes and create a framework for regulatory and policy change that meets the needs of both industry and CBP stakeholders. This working group has had fruitful discussions on several key issues and assisted in the development of a new pilot process to support US/Canada in-transit movement of petroleum in pipelines. The discussions were very useful in identifying common processes and practices that were useful in developing guidance for a pilot. Guidelines for this pilot process are being distributed and it should be operational in at least one port for May 2016.

Background:

- CBP has collaborated with pipeline industry stakeholders at the national level for several years to address the pipeline industry's concerns over a lack of consistency in reporting requirements for pipeline crude oil and natural gas pipeline importations, movements, and processing procedures;
- An internal working group was established made up of various CBP components to identify a framework for the development of regulations, national policy and automation to address pipeline uniformity issues for pipeline shipments.
- The framework was established based on CBP business practices and regulations for other modes of transportation to facilitate training, processes and automation development.

Moving Forward:

CBP expects to continue the collaborative effort to refine and test processes for in-transit movement of petroleum and natural gas. During the next quarter the working group will participate in the following activities:

- Participate in the operational rollout of the US-Canada-US in-transit pilot program and monitor and measure efficiencies gained through a new standardized process. This includes eliminating the requirement to file formal entries for goods that qualify for this pilot and the establishment of standard requirements for reporting and reconciling eligible movement.
- Establish similar guidelines for in-bond movements of natural gas and petroleum products based on the standardization identified with the in-transit pilot.
- Reach agreement on current regulatory deficiencies and help in the development of new regulations to address same.
- Identify automation options and requirements to move from paper processes to a standardized automated platform for pipeline movements.