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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. The pilot was successfully implemented in May/June 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.
- The working group established and piloted new in-transit procedures with the potential for considerable savings by trade partners. Additionally, CBP, especially the Petroleum Center, gained significant knowledge on operations of pipelines that will lead to crafting procedures and regulations that will provide uniform and consistent guidance for the industry.
- By agreement of the working group and committee, this working group has completed its task and is disbanding. A new working group will be established in the next quarter to take on the remainder of the issues including standardized uniform procedures and establishing a regulatory framework.

Moving Forward:

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

- Clarification of industry operations as they apply to CBP risks and equities.
- Establishment of standardized procedures as they apply to various operations and ports of entry including:
 - Entry and Entry Summary requirements including filing timelines, quantity and value reporting and commonalities and differences between oil and natural gas pipelines.
 - Pipeline operator carrier issues including in-bond processes, carrier based reporting and reconciliation and bonding requirements
- 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.

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