

**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 standardized 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 are working to both establish a new process to support US/Canada/US in-transit movement of petroleum in pipelines and identify regulatory needs. Detailed work on these issues has occurred and will continue in the next COAC quarter.

Background:

- The Pipeline Working Group (PWG) has engaged in detailed discussions that has identified both CBP and industry business practices that provide opportunities for joint pilots and consensus agreements on areas of mutual concern.
- The PWG has reached agreements in principle on most of the issues needed to establish a process for in-transit movement of merchandise via pipeline, including:
 - Clear definition of in-transit movements;
 - Timeframes for in-transit movement reporting and reconciliation;
 - Identification of metering locations acceptable to both parties;
 - Identification and collection methods for documents needed to verify in-transit movement.
- CBP will begin to test a “real time” exchange of data with a member company in an attempt to establish standard operating procedures to allow the reentry of U.S. crude oil, without formal entry, that has moved in-transit through Canada.

Moving Forward:

- CBP is working with a pipeline operator of natural gas to implement a CBP ruling (HQ H256573) that requires submission of in-bond information for merchandise transiting the U.S.
 - While the work with the carrier is between CBP and the operator, the PWG is being engaged to ensure that procedures and policies established are consistent for the industry at all ports and border locations.
 - The focus of the engagement with the carrier is to encourage the use of automated processes for filing of the in-bond transactions needed for the movement as well as

definition of data elements that are consistent with the business practices of the industry.

The PWG would also like to begin the process of identifying regulatory needs for pipeline movement in the following areas:

- Automated submission of declarations/manifest by pipeline operator/carrier;
 - Establishment of the pipeline operator as carrier for CBP purposes;
 - Manifest data elements that may be required;
 - Pipeline delivery tickets data elements in lieu of manifest;
- Automated filing of entries;
 - Single and periodic entry/entry summary filing procedures; exports, e214s, export document, etc;
- Point of entry release and port of entry identification.
 - Reasonable determination of physical point where goods must be under bond to continue;
 - This would align to the ability of carriers to measure the throughput accurately;
 - Definition needed for regulation but would be determined by policy for each pipeline.
- Importer of record determination;
- Standardization of procedures and establishment of business model based processes;
 - Assignment of pipelines to specific ports for processing;
 - Transactional processing vs periodic/term processing
- Bonding requirements – Carrier Bonds

The input received from the PWG will help us establish uniform procedures from the industry.