

**Commercial Customs Operations Advisory Committee
Government Issue Paper
Secure Trade Lanes Subcommittee
Pipeline Working Group**

June 2023



**U.S. Customs and
Border Protection**



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Pipeline Working Group June 2023

Action Required: Informational

Background:

- July 2015: The Pipeline Working Group (PWG) established under the COAC to address unique regulatory and administrative challenges of the industry.
- June 2017: Industry and CBP representatives met in Washington under the auspices of the PWG to discuss modernization of pre-arrival data collection, in-bond tracking, and NAFTA compliance processes for pipeline-borne importations of petroleum and natural gas.
- April 2018: CBP's Petroleum Center and Trade Modernization and Innovation Office began exploring the feasibility of using distributed ledger technology to qualify pipeline-borne importations for NAFTA/USMCA, receiving funding from DHS's Silicone Valley Initiative (SVI) in November 2019 and subsuming the entire modernization effort in February 2020.
- February 2019: Pipeline working group placed in hiatus in anticipation of dramatic efficiency gains offered by emerging technologies.
- March 2021: 21st Century Customs Framework offered the CBP/SVI oil and gas pipeline project the opportunity to align with broader agency modernization goals.
- December 2022: PWG hiatus ends with focus on meeting all operational goals of the previous iteration of the PWG and creating a legal framework for implementation.

Issue:

The PWG has established that the Decentralized Identifier (DID) and Distributed Ledger Technology (DLT), jointly developed by CBP and industry during the group's 2019 – 2022 hiatus, has the potential to resolve substantially all outstanding pre-arrival, in-bond, and USMCA traceability issues, which led to the convocation of the PWG in 2015.

Current Status:

The PWG has established that a pilot, which entails novel, automated collection of heretofore paper or near paper border-release data, is an appropriate vehicle to operationalize DID/DLT technology for CBP oversight of pipeline-borne hydrocarbon importations.

Next Steps:

Recommend that the PWG compile the necessary documentation to support a formal proposal by CBP to the Office of Management and Budget for its evaluation of a pilot proposal for compliance with the Paperwork Reduction Act and permission to proceed.

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