

International Chamber of Shipping

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13 April 2017

Mr. Kevin K. McAleenan
Acting Commissioner
U.S. Customs and Border Protection
1300 Pennsylvania Avenue, NW
Washington, DC 20229

Via email: CBPPublicationsResponse@cbp.dhs.gov

Dear Mr McAleenan,

PROPOSED MODIFICATION AND REVOCATION OF RULING LETTERS RELATED TO CUSTOMS APPLICATION OF THE JONES ACT TO THE TRANSPORTATION OF CERTAIN MERCHANDISE AND EQUIPMENT BETWEEN COASTWISE POINTS - Customs Bulletin (Vol. 51, No. 3, at p. 1)

Comments by International Chamber of Shipping (ICS)

1. The International Chamber of Shipping (ICS) is the principal global trade association for shipowners, representing all sectors and trades. ICS membership comprises 37 national shipowners' associations from Asia, the Americas and Europe, some of whose member shipping companies include offshore support vessel (OSV) operators providing services to United States' oil production and exploration companies within the U.S. Outer Continental Shelf (OCS).
2. On 18 January, U.S. Customs and Border Protection (CBP) published a Notice proposing modification and revocation of ruling letters related to the application of U.S. law to transportation of certain merchandise and equipment between coastwise points. This radical proposal, if implemented, would have profound implications for the U.S. oil and gas industry, withdrawing or modifying 25 rulings made by CBP during the previous 40 years.

3. ICS shares the concerns raised by the United States' trading partners as represented by the Consultative Shipping Group (CSG) of Governments including: Belgium, Canada, Denmark, Finland, France, Germany, Greece, Italy, Japan, Republic of Korea, Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, and United Kingdom
4. ICS therefore encourages CBP to take full account of the fact that the U.S oil and gas industry has relied upon these longstanding interpretations for many decades, and that substantial investments toward resources for specialist OSV operations have consequently been made by the economies of the United States' leading trading partners, whose OSV operating companies have committed to providing key services to this vital U.S. industry.
5. ICS also encourages CBP to give careful consideration to the detailed evidence provided by the International Marine Contractors' Association (IMCA) regarding the detrimental impact that these proposed changes would have on the interests of the U.S. oil and gas industry.
6. Most important, however, is the need to take account of the concerns raised by the U.S. oil and gas industry itself as represented by *inter alia* the American Petroleum Institute (API) with respect to how these proposed modifications would have a very negative effect on activities that are essential to the U.S. economy and the national energy security.
7. The impact of these proposed changes on operations in the U.S. OCS would likely be severe and protracted, as the number of U.S. flag coastwise OSVs of the type and specification required is simply too limited to be able to fully meet the current demands of the U.S offshore oil industry.
8. ICS also respectfully notes the recent Executive Order (dated March 28 2017), from the President of the United States, on 'Promoting Energy Independence and Economic Growth'.
9. ICS understands that this EO requires U.S. Government agencies including CBP to immediately review actions that potentially burden safe and efficient development of domestic energy resources, and that the EO defines 'burden' as meaning 'to unnecessarily obstruct, delay, curtail, or otherwise impose significant costs on the siting, permitting, production, utilization, transmission, or delivery of energy resources' . ICS suggests – based on the evidence submitted by API and others – that the CBP proposals certainly represent such a 'burden' as defined by this EO.

10. To reiterate, ICS fully concurs with the concerns raised by the U.S. oil and gas industry as represented by API, among others, and urges the CBP to preserve the existing interpretations of these important ruling letters.
11. ICS hopes that these remarks are helpful, and is grateful for this opportunity to submit comments.

Simon Bennett
Director Policy & External Relations
International Chamber of Shipping