



Tariff Classification Guide on Line Pipe of a Kind Used for Oil or Gas Pipelines

1. Guidance on Use

DRAFT

This draft document is for comment and discussion only and the views expressed in it are not those of the Department of Home Affairs until a final document is published.

This publication is intended to provide guidance and information to the trade community. It reflects the position on, or interpretation of, the applicable laws or regulations by the Department of Home Affairs as of the date of final publication. It does not in any way replace or supersede those laws or regulations. Only the latest official version of the laws or regulations is authoritative.

1.1. What this Guide does

This Guide is intended to assist importers and brokers to assess the particular goods they are bringing into Australia.

This Guide does not replace the *Customs Tariff Act 1995 (the Act)*.

The classification of goods can be complex. While care has been taken to ensure that the classifications given are correct at the time of publication, only the latest official version of the Act is authoritative and you should still consult the Act to confirm classifications.

If you are importing commercially and are in doubt about the treatment of your goods, it may be advisable to seek professional advice or approach the Department for assistance. It is recommended that commercial importers or brokers use the Tariff Advice Service where they believe that classification is uncertain.

Relevant information and contact details can be found on the Department's website

<https://www.homeaffairs.gov.au/busi/cargo-support-trade-and-goods/importing-goods/tariff-classification-of-goods/tariff-advice-system>.

1.2. Previous Treatments

Where there has been, or appears to have been, different treatment of the goods in one or more areas by the Department (including by the former Department of Immigration and Border Protection or Australian Customs and Border Protection Service) in the past, or differing interpretations in previous publications or notices, this Guide will be taken as giving the current accepted practice.

2. The Goods of this Guide

2.1 Line Pipe

Uncertainty has arisen over the type of steel pipe that is classified in the Act as line pipe of a kind used for oil or gas pipelines. Anti-dumping measures, in the form of dumping and countervailing duty notices, have been imposed on hollow structural sections. These measures do not apply to steel pipe that is, and is correctly classified as, line pipe of a kind used for oil or gas pipelines. Details of current measures and notices can be found on the Anti-Dumping Commission website - <http://www.adcommission.gov.au/Pages/default.aspx>.

This Tariff Classification Guide seeks to clarify the policy of the Department of Home Affairs on the tariff classification of “line pipe of a kind used for oil or gas pipelines” in subheadings of Chapter 73 of Schedule 3 (the Tariff) of the Act.

All references in this Guide to pipe, or line pipe, is to iron, except for cast iron, or steel pipe. This Guide does not cover pipe made of other materials.

This Guide does not specifically deal with tubes and pipes for offshore pipeline systems. However the same principles apply if contemplating classification under these headings.

The headings covered are the three headings for pipes of iron, other than cast iron, and steel – 7304, 7305 and 7306.

2.2 Headings

Heading 7304

7304 TUBES, PIPES AND HOLLOW PROFILES, SEAMLESS, OF IRON (OTHER THAN CAST IRON) OR STEEL.

7304.1 - Line pipe of a kind used for oil or gas pipelines:

7304.11.00 - - Of stainless steel

7304.19.00 - - Other

7304.2 – Casing, tubing and drill pipe, of a kind used in drilling for oil or gas:

7304.22.00 - - Drill pipe of stainless steel

7304.23.00 - - Other drill pipe

7304.24.00 - - Other, of stainless steel

7304.29.00 - - Other

7304.3 - Other, of circular cross-section, of iron or non-alloy steel:

7304.31.00 - - Cold-drawn or cold-rolled (cold-reduced)

7304.39.00 - - Other

7304.4 - Other, of circular cross-section, of stainless steel:

7304.41.00 - - Cold-drawn or cold-rolled (cold-reduced)

7304.49.00 - - Other

7304.5 - Other, of circular cross-section, of other alloy steel:

7304.51.00 - - Cold-drawn or cold-rolled (cold-reduced)

7304.59.00 - - Other

7304.90.00 - Other

Heading 7305

7305 OTHER TUBES AND PIPES (FOR EXAMPLE, WELDED, RIVETED OR SIMILARLY CLOSED), HAVING CIRCULAR CROSS-SECTIONS, THE EXTERNAL DIAMETER OF WHICH EXCEEDS 406.4 MM, OF IRON OR STEEL.

7305.1 - Line pipe of a kind used for oil or gas pipelines

7305.11.00 - - Longitudinally submerged arc welded

7305.12.00 - - Other, longitudinally welded

7305.19.00 - - Other

7305.20.00 - Casing of a kind used in drilling for oil or gas

7305.3 - Other, welded:

7305.31.00 - - Longitudinally welded

7305.39.00 - - Other

7305.90.00 - Other

Heading 7306

7306 OTHER TUBES, PIPES AND HOLLOW PROFILES (FOR EXAMPLE, OPEN SEAM OR WELDED, RIVETED OR SIMILARLY CLOSED), OF IRON OR STEEL.

7306.1 - Line pipe of a kind used for oil or gas pipelines

7306.11.00 - - Welded, of stainless steel

7306.19.00 - - Other

7306.2 - Casing and tubing of a kind used in drilling for oil or gas:

7306.21.00 - - Welded, of stainless steel

7306.29.00 - - Other

7306.30.00 - Other, welded, of circular cross-section, of iron or non-alloy steel

7306.40.00 - Other, welded, of circular cross-section, of stainless steel

7306.50.00 - Other, welded, of circular cross-section, of other alloy steel

7306.6 - Other, welded, of non-circular cross-section:

7306.61.00 - - Of square or rectangular cross-section

7306.69.00 - - Of other non-circular cross-section

7306.90.00 - Other

2.3 Context – the Harmonized System (HS)

The Australian Tariff is based on the International Convention on the Harmonized Commodity Description and Coding System to which Australia is a signatory. This system is known as the Harmonized System (HS) for short. The HS was developed by the World Customs Organisation (WCO) and the maintenance of the HS is a WCO priority.

The system is used by more than 200 countries and economies as a basis for their Customs tariffs. The principal purpose of the HS for the WCO and its members is uniform classification principally for the collection of international trade statistics.

Classification is internationally identical to the six-digit level in all countries using the HS.

Leading up to 1988, a major review of the HS was undertaken. Major changes were made to the structure of the relevant three headings, 7304, 7305 and 7306 for HS 1988, which remain mainly unchanged to the current HS.

The first two subheadings were added specifically for pipe, casing and tubing of the oil and gas industry - line pipes used for oil or gas pipelines and casing, tubing and drill pipe for oil or gas drilling. The intention of the structure is to target trade statistics for pipe and tubing that is specific to the oil and gas industry for drilling and transportation.

The oil and gas industry is the only industry-specific separation in these headings. The other subheadings distinguish pipe and tubing etc. by cross-section, manufacture process or welding regardless of the industry they are used in.

It is the policy of the Department of Home Affairs to maintain the international uniformity of the classification of goods under the HS.

3. Identification and classification

3.1 Identification

Correct identification is essential to classification.

What is line pipe?

The terms of the subheadings are “line pipe of a kind used for oil or gas pipelines”.

In order to identify pipes as “line pipe of a kind used for oil or gas pipelines”, the pipe must be both:

- line pipe; and
- of a kind used for oil or gas pipelines.

‘Line pipe’ is a term commonly used in Australia, and internationally, in the oil and gas industry for a specific type of pipe used for pipelines to transport oil and gas.

The term ‘line pipe’ in the context of these subheadings of the Tariff means pipe that the oil or gas industry identifies as ‘line pipe’ for oil or gas pipelines. Oil and gas pipelines transport oil and gas over long distances.

Macquarie Dictionary online (<https://www.macquariedictionary.com.au>):

pipeline

noun 1. a pipe or several pipes together forming a conduit for the transportation of petroleum, petroleum products, natural gas, etc.

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Oxford Dictionary online (<https://en.oxforddictionaries.com>):

Pipeline

1 A long pipe, typically underground, for conveying oil, gas, etc. over long distances.

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Verb

Convey (a substance) by a pipeline. *'oil and gas were pipelined to refineries in Toronto'*

Characteristics

Line pipe is not manufactured in Australia. Nor is this pipe usually stockpiled for general or ad hoc use. Line pipe is typically ordered for the construction of a specific pipeline project according to the engineering design requirements of the project.

Features of pipe that will determine whether it is classifiable as line pipe will include, for example, internal and external coatings, welding, length, end finish, circumference and wall thickness etc. Some features will be specified by the Standard to which it is manufactured.

The overarching Standard relevant to line pipe and pipelines in Australia is AS 2885 Pipelines—Gas and liquid petroleum. AS 2885 establishes requirements for the design, construction, testing, operation, and maintenance of gas and petroleum pipelines that operate at pressures in excess of 1050kpa.

Section 3.2.2 of AS 2885.1, nominates internationally recognised Standards that may be used to certify components under AS 2885 as the principal document. However, Section 3.2.2 notes that compliance with a nominated Standard is necessary but is not sufficient and this especially applies to line pipe. The most commonly referenced Standard for line pipe is API 5L/ISO 3183. Certification to these international Standards is of assistance but not enough to identify pipe as line pipe for oil and gas transmission (transportation) pipelines in Australia.

The AS 2885 Standard stipulates testing and requirements of line pipe, for instance hydrostatic testing of each length of pipe, drop weight tear testing and, weld testing. The Standard also requires all documentation and records to be stored and available. Line pipe must comply with all the specifications in AS 2885 to be used for oil or gas pipelines in Australia.

Galvanised pipe is pipe covered with a coating of zinc. It is commonly used for pipes carrying water to prevent rusting but not for oil or gas pipes. It is also used for outdoor railings, scaffolding, fence, sewage plumbing, and farm irrigation. Galvanised steel pipe is not of a kind used for oil or gas pipelines. Oil and gas line pipes are usually coated with epoxy resins or plastics.

American Petroleum Institute Standard API 5L

Steel pipe that is API 5L certified is not automatically accepted as line pipe of a kind for oil or gas pipelines. It is not considered to be the defining feature alone. As seen with the AS 2885 Standard, compliance with a nominated Standard, for example API 5L, is necessary but is not sufficient and this especially applies to line pipe.

Structural pipe can also be certified to API 5L if that standard of pipe is deemed appropriate to the purpose and for ease when ordering from overseas mills. This will not be accepted as identifying the pipe as classifiable as line pipe.

An example can be found on the website of STM Pipe Sales Pty Ltd <https://www.astmpipe.com.au/> and <http://www.bnbg.com.au/products/steel-steel-pipes>

Providing a broad range of New API 5L GR X 52-AS1163 C 350 L.O ERW Steelpipe for structural use as well as our existing range of heavy wall ASTM A 106 GR B Seamless Steelpipe.

It is not enough to prove that the pipe is made to API 5L Standards. Steel pipes manufactured to this Standard can be made for many uses including irrigation pipes and structural use.

Note that identification as line pipe is not made on the basis that certain pipe *could* be used, or *might* be used, for oil or gas pipelines when it is not commonly used in those pipelines.

3.2 Classification

If line pipe is, or will be, imported for use in a particular oil or gas pipeline, the simplest way to demonstrate that the pipe is classified to these subheadings is to produce documentation for the pipeline project indicating that the pipe will be used in that project.

Where pipes are not imported for use in a particular oil or gas pipeline, it may be difficult to establish that they are of the relevant kind. It will be necessary to have documentation and evidence from the relevant industry bodies or experts that the same pipe is commonly or regularly used for oil or gas pipelines.

Therefore if a particular pipe is not line pipe, it is not of the relevant kind. If a type of pipe is only, or is commonly, used to transmit water for instance, and not oil or gas, it is not of the relevant kind.

Classification to these subheadings cannot be made on the basis that certain pipe *could* be used, or *might* be used, for oil or gas pipelines when it is not commonly used in those pipelines.

Change Record

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