

Pipelay ships ‘not affected’ by Jones Act rule changes

Debate emerges over whether new customs rule will affect pipelay vessels

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Measures under consideration by the Donald Trump administration to tighten Jones Act rules might not have as sweeping an impact as oil companies and international offshore-vessel owners claim, according to proponents of the changes.

Supporters say the changes, which would revoke years of rulings by US Customs and Border Protection (CBP) that had made it easier for some foreign flag offshore to operate in US waters, would not apply to pipelay vessels.

WHAT IS AFFECTED?

Offshore Marine Service Association (OMSA) says there are 31 US-flag offshore construction vessels and newbuildings that can carry out the work covered by US Customs and Border Protection's proposed rule.

The group says the changes that Washington is considering cover vessels that carry out subsea construction, dive support vessels, shallow water liftboats and construction barges.

"Thirty-one vessels are more than enough to perform the necessary work on the OCS [outer continental shelf] previously improperly taken by a foreign fleet," OMSA said in an analysis.

Calash, the consultancy which carried out a report for oil industry group API, has said that the proposal could hamper oil and gas spending in the US Gulf of Mexico.

The changes also do not affect heavylift vessels, they say. Rather, they would primarily cover work done by the multipurpose support vessels and other light construction units that Jones Act shipowners have been actively building in recent years, the Jones Act proponents say.

The comments come after an American Petroleum Institute-commissioned study claimed that pipelay vessels would be among those whose activity would be slammed by the proposal. The study, by consultancy Calash, even featured the profile of a pipelay vessel on its cover.

As TradeWinds has reported, CBP is proposing to make changes that would classify key materials carried by offshore construction vessels as "merchandise" rather than "vessel equipment". Under the Jones Act cabotage law, that would require a US-built vessel with a US crew and a domestic owner.

Proponents of the change, which they say will restore the original understanding of the Jones Act, argue that one thing that is not altered by the proposal is the determination that laying pipe — specifically "paying out" pipe rather than "unladen" cargo — is not covered by the Jones Act.

That is not to say that supporters of tighter Jones Act rules do not want the law to cover pipelay vessels. They just see it as a battle for another day.

"Customs' theory, not endorsed by the Jones Act community, is because you're stringing that behind you as you move, you're not unladen it onto the seafloor, which would be a Jones Act move," said Aaron Smith, president and chief executive of the Offshore Marine Service Association, which is made up of Jones Act offshore vessel owners.

"This paid out versus unladen is all that is left from the original [decision], so from that the only conclusion that can be reached is that pipelay is not affected by revocation."

Despite this line in the fine print of the CBP's changes, critics complain that it is unclear whether pipelay vessels will or will not suffer from the ruling.

After all, some of the decisions that the agency is proposing to revoke involve laying of cable, flowline and umbilicals that use a similar process. That has the cable industry "up in arms", because there are no US-built cable laying vessels, just as there are no Jones Act-compliant pipelay vessels.

"It's unclear what it does do and what it doesn't do," an industry expert said.