



# THE COMMITTEE ON PIPE AND TUBE IMPORTS

900 SEVENTH STREET, N.W. SUITE 500 WASHINGTON, D.C. 20001  
P (202) 223-1700 F (202) 429-2522 E [TBROWNE@SCHAGRINASSOCIATES.COM](mailto:TBROWNE@SCHAGRINASSOCIATES.COM)

**Statement of John P. Stupp  
Chairman of the Committee on Pipe and Tube Imports (CPTI)  
And CEO of Stupp Corporation, Baton Rouge, Louisiana**

**Congressional Steel Caucus  
Briefing on the State of the U.S. Steel Industry  
March 25, 2014 – 8:00 – 10:00 a.m.  
2218 Rayburn House Office Building  
U.S. House of Representatives**

Good morning Chairman Murphy, Vice Chairman Visclosky and the distinguished members of the Congressional Steel Caucus. My name is John Stupp and I am the CEO of Stupp Corporation located in Baton Rouge, Louisiana. Stupp Corporation is one of the nation's leading producers of line pipe for the transport of oil and natural gas. Founded in 1952, the company has provided quality products to customers in the U.S. and abroad for 62 years. Citing a further commitment to serving our customers with new products, the company announced it would expand and build a new spiral mill. Construction began in 2008 and the new mill was dedicated in July 2009. This \$80 million capital investment resulted in not only expanding our product line, but doubling the size of our workforce. It has been nearly five years since this expansion. Our company's dedication to quality also resulted in the recent acquisition of a research and development company, APCI LLC in South Bend, Indiana which specializes in linear friction welding technology, with applications in the aerospace, transportation, construction, energy and medical sectors.

It is with great pleasure that I am here this morning to appear in my role as Chairman of the Committee on Pipe and Tube Imports (CPTI). The CPTI represents the majority of the

**AN ASSOCIATION OF UNITED STATES PIPE, TUBE, AND FITTINGS PRODUCERS**

country's steel pipe, tube and fittings producers which employ over 35,000 workers nationwide. Today the CPTI has forty-four member companies who are located in thirty states. CPTI member companies make an array of products used in automotive applications, residential and commercial construction, energy, transportation and infrastructure and fire protection. As a downstream steel sector, these companies are important customers of the nation's basic steel producers and the industry represents nearly one-third of the sales for domestic hot-rolled products.

The CPTI is now in its third decade serving its members and has always placed a high priority to support policies that will not only enhance the manufacturing sector, but more importantly ensure that the industry remains an integral part of the nation's economic landscape. We have participated in the dialogue on leveling the playing field, seizing the opportunity for an energy independent nation and being part of the rebuilding of the nation's infrastructure. We have also advocated for an end to global steel subsidies that we believe are distorting the world steel marketplace and seriously prejudicing the U.S. steel industry.

Today, the CPTI is still committed to these objectives. I would like to expand on what we believe are the critical issues. First, recent year end 2013 data confirms that while overall steel pipe and tube imports declined, import penetration remained at more than half the U.S. market. Second, despite the array of diplomatic exchanges in recent years there has not been an end to subsidized steel expansion in China – today China is home to half of the world's steel capacity and their overcapacity continues to grow. Third, while we are certainly encouraged by the new shale discoveries and the gains made by the energy industry in the Bakken, Marcellus, and Utica shale plays many of the real benefits have been tempered due massive imports supplying this new demand. Finally, equally important to this segment of the steel sector is the construction of a national pipeline network. Further delays in pipeline permitting & construction and the absence of a comprehensive strategy to ensure that the transport of oil and gas is carried by a multi-modal transportation network continues to impede our goals of energy independence.

Let me begin by elaborating about imports and why our industry remains concerned. In 2013, U.S. imports of oil country tubular goods (OCTG) from Korea were nearly one million

tons, or 82,000 tons per month. This was one third of OCTG imports. The industry filed trade cases against imports from Korea and eight other countries on July 2, 2013. On February 18, 2014 the Department of Commerce found dumping margins against 8 of the 9 countries, but 0 margins against Korea. In the first two months of 2014 imports of OCTG from Korea have averaged 150,000 tons per month. In line pipe, our product, imports from Korea were nearly 800,000 tons last year. If the U.S. industry cannot obtain relief against imports from Korea, we forecast the closures of 10 to 12 U.S. pipe mills, the direct loss of 10,000 jobs and the indirect loss of 50,000 jobs throughout the supply chain.

Second, is the issue of subsidized global overcapacity. CPTI members have been vocal on this issue for over a decade. We have collaborated with the industry to support trade remedies which we believed leveled the playing field. Despite having orders in place and despite our good work to educate Congress and the Administration we have not seen any meaningful resolution to this chronic problem. The Chinese government has subsidized over one billion tons of steel capacity in China. Of this, 250 million metric tons of this capacity is excess. China is the world's largest steel exporter with 60 million metric tons of steel exports in 2013 at prices more than one quarter below world prices. This Chinese excess capacity is harming every steel industry in the world and the CPTI urges the U.S. government to enlist governments around the world to take Chinese violation of the subsidy rules to the WTO for redress.

Third, the CPTI is also very concerned about the state of pipeline construction in our country. While the association did not take a formal position on the construction of the Keystone XL Pipeline, we have had individual members express their support for the project. From our company's perspective we believe pipelines are the safest way to transport oil and gas. Of course, we at Stupp have a parochial interest since we make the products used in pipelines. Given our investments and those of others in the domestic industry we want to see these pipelines built. The net benefit is increased demand for steel pipe products and for steel used as the input to make the pipe. In addition, the installation of this pipe employs thousands of workers across the country further adding to our nation's economic recovery. I am aware that many Members of the Caucus recognize the importance of having a strong pipeline network and even some of you may support the approval of Keystone XL.

The good news is that it does appear that even the public is moving forward on this issue based on a recent Washington Post-ABC News poll. The findings were promising since the poll reported that “Americans support the idea of constructing the Keystone XL oil pipeline between Canada and the United States by a nearly 3 to 1 margin, with 65 percent saying it should be approved and 22 percent opposed.”<sup>1</sup> I am very encouraged by this report because I believe it reflects that our nation is moving forward. I can only hope that with continued support from Congress and further deliberations in the respective Federal agencies that our President will make the right decision to approve the Keystone XL project allowing this project to be completed and opening the door for future pipeline projects.

Closely related to this issue is concern over the ability of the nation’s infrastructure to transport oil and gas. With the discovery in the Bakken shale and other shale areas there is increasing demand to transport the products. It has been widely reported that the Bakken crude is high in more explosive and flammable Natural Gas Liquids that are much more safely transported by pipelines. With a limited pipeline network in place in these new shale fields much of the shipments of oil and gas have been transported by rail. While rail is a critical component of the nation’s infrastructure, some critics have warned of safety risks. There have been an alarming number of rail accidents involving the transport of crude oil in the past year. The number of incidents has been so alarming that many leaders in Congress have demanded answers on how to avoid another calamity. In fact the Federal Government issued a report that unveiled that more crude oil was spilled in US railway incidents in 2013 than in the previous 37 years. This report along with others has resulted in many federal officials urging improved safety standards. Our industry has documented incidents and believes that pipelines provide the safest transport of these energy products. (Handout) Further, we firmly believe that Congress and the Administration should work with the private sector to ensure that the nation has a strong multi-modal infrastructure system in place to meet the needs of this expansive energy industry. Instead of ensuring that the country have a *reactive* policy after the fact, we must collaborate on

---

<sup>1</sup> “Poll Shows Strong Support for Moving Forward on Keystone”, Washington Post, March 7, 2014 - [http://www.washingtonpost.com/politics/new-post-abc-news-poll-keystone-xl-project-overwhelmingly-favored-by-americans/2014/03/06/d74c58c6-a4a1-11e3-a5fa-55f0c77bf39c\\_story.html](http://www.washingtonpost.com/politics/new-post-abc-news-poll-keystone-xl-project-overwhelmingly-favored-by-americans/2014/03/06/d74c58c6-a4a1-11e3-a5fa-55f0c77bf39c_story.html)

*proactive* recommendations that will allow the use of multiple sources of transport. A number of Congressional hearings were held earlier this year and industry leaders from rail, energy and transportation groups also met with the Transportation Secretary to discuss proposals.

**Congressional Priorities for the CPTI in the 113<sup>th</sup> Congress – 2<sup>nd</sup> Session**

The CPTI will continue to work on the development of sound and effective trade proposals that ensure a strong manufacturing sector. The association will continue to work to end currency misalignment and encourages Members of this Caucus to support passage of the Currency Reform for Fair Trade Act of 2013, H.R. 1276.

Equally important to our industry is an end to customs fraud. Too often, the pipe and tube sector has been the target of transshipment and other fraudulent activities that distort trade. The CPTI has joined with other associations and industry groups to urge the Customs and Border Protection Service (CBP) to dedicate resources in commercial enforcement that will end these practices. The industry has met with Customs and continues to keep an open dialogue on these issues. However, the CPTI believes that passage of the Enforcing Orders and Reducing Customs Evasion Act of 2013, H.R. 1440 is essential to ensure that there is resolution to this problem.

Finally, as I mentioned earlier in this testimony, the CPTI will continue to explore all opportunities to end China's massive subsidization of their steel industry. It is time that our Government take action to hold China accountable to the terms of their WTO accession by pursuing violations by China of the Subsidies and Countervailing Measure (SCM) Agreement.

On behalf of all of us at the CPTI, we thank you and your colleagues in the Caucus for your support of the industry, workers and steel communities throughout the nation. We will continue to work with you and others in Congress on policies that will result in a renewed manufacturing sector that will showcase the accomplishments of the nation's steel sector.

Thank you.



**John P. Stupp, Jr.**  
**President - Stupp Bros., Inc.**  
**Chairman – The Committee on Pipe and Tube Imports (CPTI)**

John P. Stupp, Jr. is the fifth generation President of Stupp Bros., Inc., a holding company that was founded in 1856 by Mr. Stupp's great-great grandfather, Johann. John Stupp, aged 63, has been president of Stupp Bros., Inc. since March of 2004 and chief executive officer of its pipe division, Stupp Corporation, since August of 1995.

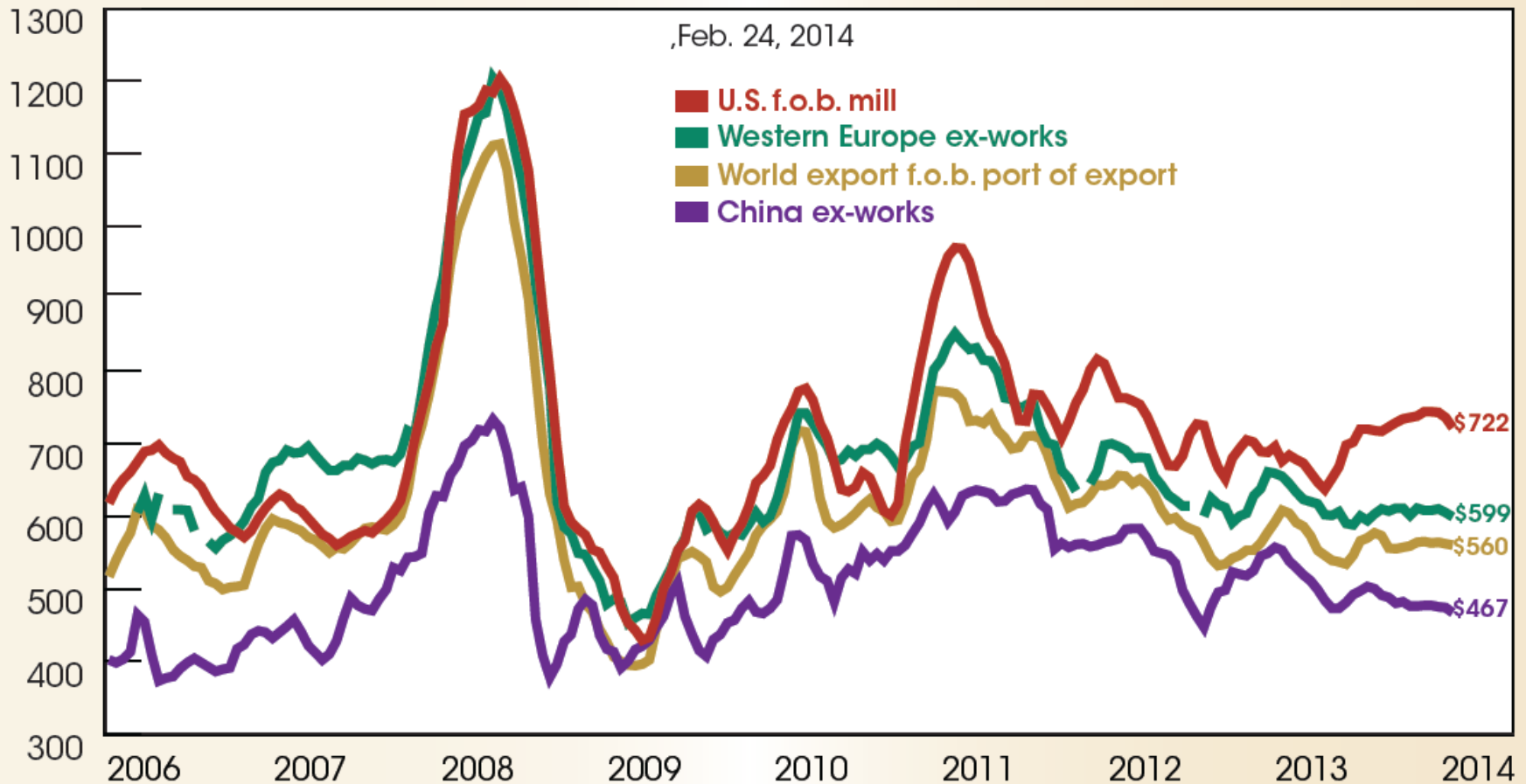
John started working in the family business during the summers at age 12. Following graduation from Lehigh University in 1972, he was commissioned a 2<sup>nd</sup> Lieutenant and served in the US Army until 1974 when he joined Stupp Bros. full time. John remained active in the US Army Reserves and retired with the rank of Colonel in 1993. Prior to his promotion to president, he served as Executive Vice President from April 1995 – March 2004, and Chief Operating Officer from April 1996- March 2004.

Stupp Bros., Inc. has two operating divisions: Stupp Bridge Company, a fabricator of steel highway and railroad bridges; and Stupp Corporation, a producer of custom-made HFW (high frequency weld) and SAWH (Submerged Arc Helically (spiral) Weld) pipe for gas and oil transmission; and three subsidiaries: Bayou Coating, LLC, cathodic protection coating applicators for steel line pipe; and Midwest BankCentre, Inc., a Missouri bank holding company; and APCI, linear friction welding for solid state bonding. Additionally Stupp Bros., is also a significant minority shareholder in Ben Hur Construction Company, a steel erection and fabricating contractor and in Vulcan Natural Resources, a Ghanaian engineering and project management company.

John serves as a director of Stupp Bros., Inc., Atrion Corporation (ATRI) and Laclede Group (LG). Besides these company boards John has been actively involved in numerous civic and not-for-profit institutions over the last 30+ years including extensive leadership experience.

# SteelBenchmarker Hot-Rolled Band Price

(in dollars per tonne)

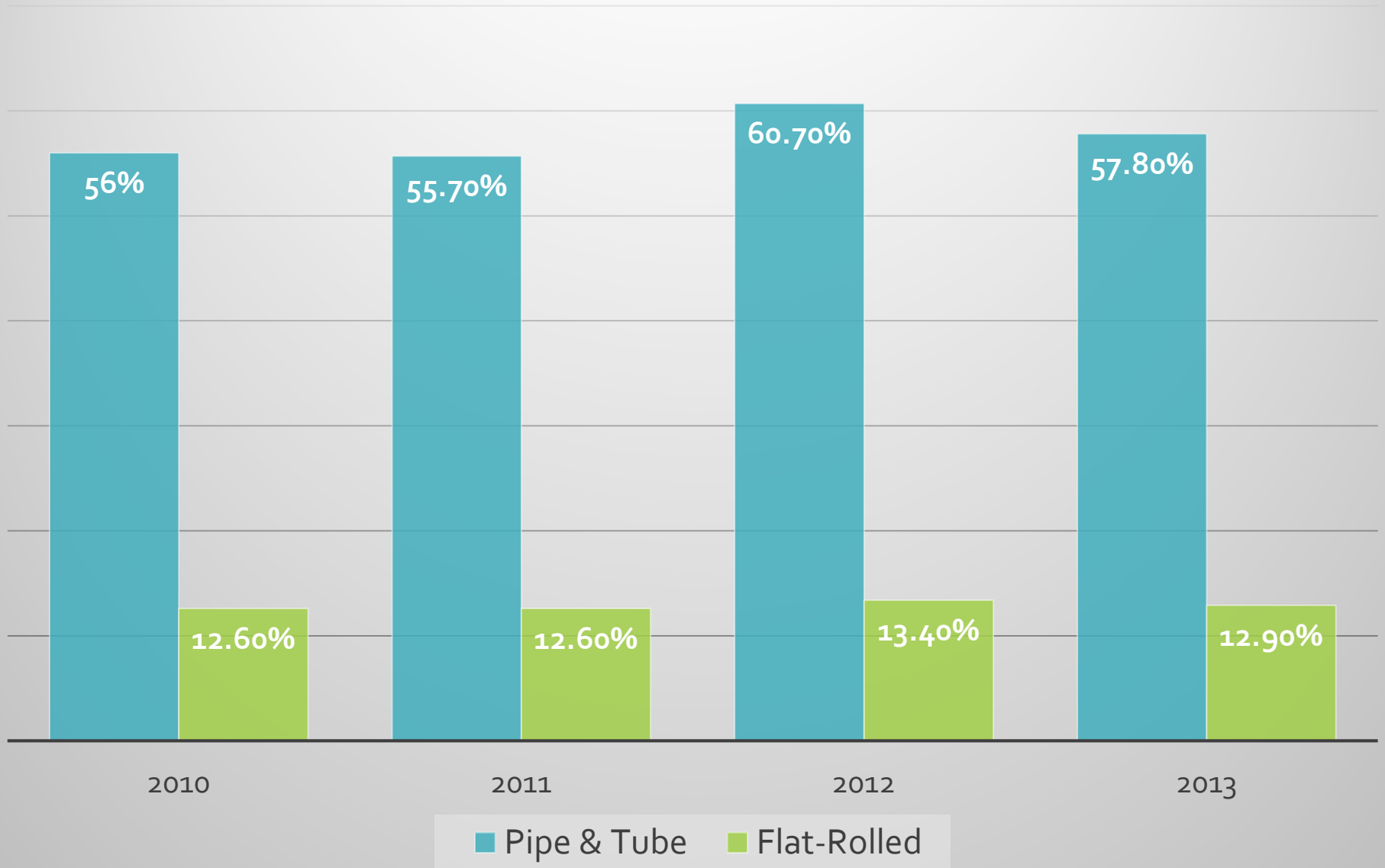


Note: If a product is not listed or a price is not indicated, fewer than 10 price inputs were received at this time.

SteelBenchmarker is a joint venture of World Steel Dynamics Inc. and *AMM/Metal Bulletin* that was officially launched in April 2006. Prices are published twice monthly. SteelBenchmarker is designed to provide a reliable set of benchmark prices for use by participants in the steel industry and others without requiring disclosure of actual transaction prices.

Source: Compiled by *AMM* using data from SteelBenchmarker.

# Import Market Penetration of Steel Pipe & Tube Products vs. Flat-Rolled Steel Products



■ Pipe & Tube ■ Flat-Rolled



# Rail Incidents and Public Response in 2013-2014

14 tankers of a 94-car Canadian Pacific train derailed when the train lost air pressure and went into emergency braking mode. Three of the derailed tankers leaked or spilled an estimated 15,000-30,000 gallons of crude oil.

Five cars carrying crude oil derailed but only one leaked its contents, spilling 91,000 liters (approx. 25,000 gallons) of oil. There were no reported injuries and the spill was not deemed a risk to the public.

13 cars, nine carrying liquefied petroleum gas and four carrying crude oil, came off the tracks. Three of the cars carrying LPG leaked and caught fire, causing the evacuation of the town. The cars carrying crude oil did not leak and were secured away from the fire.

March 27, 2013 –  
Parkers Prairie,  
MN

April 3, 2013 –  
White River,  
Ontario, Canada

May 21, 2013 –  
Jansen,  
Saskatchewan,  
Canada

July 6, 2013 –  
Lac-Megantic,  
Quebec, Canada

October 19, 2013  
– Gainford,  
Alberta, Canada

20 cars, including two containing crude oil, went off the tracks in northwestern Ontario. Canadian Pacific first estimated four barrels of oil had leaked; that number increased to 400 barrels (16,642 gallons) after further examination.

An unattended 74-car freight train carrying crude oil from the Bakken fields ran away and derailed, resulting in the explosion of multiple tank cars and the spilling of over 1.5 million gallons of oil. 47 people were killed and about half of the town's center was destroyed. It is the fourth deadliest rail disaster in Canadian history.

# Rail Incidents and Public Response in 2013-2014

A 106-car train struck a derailed grain train, resulting in a fiery crash and the evacuation of the town. The train was carrying over 400,000 gallons of crude oil from the Bakken fields. No injuries or fatalities were reported.

19 cars and the remote locomotive of a freight train carrying crude oil, butane, and propane derailed in a remote province of New Brunswick near the Maine border. 9 of the cars carrying oil burst into flames, causing about 150 residents to evacuate from their homes. There were no deaths or injuries.

November 8,  
2013 – Aliceville,  
AL

December 30,  
2013 – Casselton,  
ND

January 7, 2014 –  
Washington,  
D.C.

January 8, 2014 –  
Plaster Rock,  
New Brunswick,  
Canada

January 9, 2014 –  
Washington,  
D.C.

A 90 – car train carrying crude oil from North Dakota's Bakken shale formation derailed and caught fire in western Alabama, spilling nearly 750,000 gallons of its 2 million gallon load of crude in wetlands a half-mile south of the town of Aliceville. No injuries were reported.

US Rep. Peter DeFazio (D-OR-4) wrote to Congressional leaders to ask that the Rail Subcommittee hold a future hearing on rail safety and transportation of petroleum products by rail.

<http://defazio.house.gov/media-center/press-releases/defazio-urges-hearing-following-latest-train-derailment>

U.S. Sens. Jay Rockefeller (D-WV) and Ron Wyden (D-OR) wrote to Transportation Secretary Anthony Foxx and Energy Secretary Ernest Moniz calling for “prompt and decisive action” to resolve recent safety problems with the transportation of crude oil by rail.

[http://www.commerce.senate.gov/public/?a=Files.Serve&File\\_id=0310a0d8-ag8b-4b1c-8740-ee9f2f5102a3#storylink=relast](http://www.commerce.senate.gov/public/?a=Files.Serve&File_id=0310a0d8-ag8b-4b1c-8740-ee9f2f5102a3#storylink=relast)

# Rail Incidents and Public Response in 2013-2014

U.S. Rep. Tim Walz (D-MN-1) wrote to Transportation & Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials Chairman Jeff Denham (R-CA-10) requesting a hearing to be held on rail safety. <http://walz.house.gov/media-center/press-releases/walz-calls-for-hearing-on-rail-safety>

A 101 car CSX train carrying crude oil from the Bakken Shale derailed near the Schuylkill River in Philadelphia on January 20, 2014. Seven cars in the train derailed causing a spill. No injuries were reported. The train originated in Chicago and was transporting oil to the Philadelphia Energy Solutions (PES) refinery.

21 cars of a 120 car Norfolk Southern train carrying heavy Canadian crude oil and liquefied petroleum gas derailed and crashed into an industrial building in Vandergrift near the Kiskiminetas River. Of the nineteen cars carrying oil, four spilled between 3,000-4,000 gallons of oil. There were no reports of injury or fire and the car leaks have been plugged.

January 15,  
2014 –  
Washington,  
D.C.

January 16,  
2014 –  
Washington,  
D.C.

January 20,  
2014 –  
Philadelphia,  
PA

February 4,  
2014 –  
Washington,  
DC

February 13,  
2014 –  
Vandergrift, PA

Officials from the U.S. Department of Transportation and leaders from the U.S. rail industry and energy industry met with Secretary Foxx to discuss recent rail accidents involving the shipment of petroleum products. The group agreed to a 30-day action plan that will address policies and programs in place to increase rail safety, improve railcar safety standards and address the growing demand of rail shipments of energy products.

The Pipeline and Hazardous Materials Safety Administration (PHMSA) announced preliminary results from their ongoing Bakken investigation, issuing three Notices of Probable Violations to companies and citing lack of proper testing and classification.

<http://www.phmsa.dot.gov/staticfiles/PHMSA/DownloadableFiles/Press%20Releases/PHMSA%2001-14.pdf>

# Rail Incidents and Public Response in 2013-2014

The Department of Transportation issued an Emergency Restriction/Prohibition Order with regards to shipments of petroleum crude oil in tank cars by rail in response to recent rail incidents.

<http://www.dot.gov/sites/dot.gov/files/docs/Amended%20Emergency%20Order%20030614.pdf>

The Senate Committee on Commerce, Science & Transportation Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security held a hearing on Enhancing Our Rail Safety: Current Challenges for Passenger and Freight Rail.

February 21,  
2014 –  
Washington,  
DC

February 25,  
2014 –  
Washington,  
DC

February 26,  
2014 –  
Washington,  
DC

March 6, 2014 –  
Washington,  
DC

April 1, 2014 –  
Washington,  
DC

Transportation Secretary Foxx wrote to Edward R. Hamberger, President and CEO of the Association of American Railroads (AAR) to follow up on meetings and further movement on imposing new rail safety standards.

<http://www.dot.gov/briefing-room/letter-association-american-railroads>

The House Transportation & Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials held a hearing on the Oversight of Passenger and Freight Rail Safety.

Expected completion of evaluation by Federal Railroad Administration's Safety Advisory Committee on the safety of rail transport of crude oil.