

May 17 2005 - As Commerce Secretary Gutierrez Visits China, An Iconic American Industry Lays Dying..

As Commerce Secretary Gutierrez Visits China, An Iconic American Industry Lays Dying from Illegal Chinese Price Dumping

Commerce Dept. Refuses to Enforce Existing Trade Laws to Save the American Industry

Washington, DC- As Commerce Secretary Carlos Gutierrez is in China talking about trade issues, the Buffalo Color Company(BCC) of Buffalo, New York, the last domestic producer of indigo dye used to make blue jeans, is preparing to be liquidated after 100 years in business.

Buffalo Color is the victim of illegal price dumping of indigo dye on the U.S. market and has been seeking action by the Commerce Department and the _____ for several years.

The Commerce Department has already acknowledged that the illegal dumping is occurring, but has inexplicably refused to enforce the very trade laws that it acknowledges have been broken.

As a result, BCC is scheduled for liquidation. "The liquidation of the Buffalo Color Company will mean the elimination of an American industry and the diminishment of an iconic symbol of the power of America's once great working class," stated Rep. Slaughter. "If Secretary Gutierrez really wants to protect American companies from illegal Chinese price dumping, then simply enforcing our trade laws and saving the American Indigo Dye Industry would be a great start. It is my hope he will take swift, simple action to prevent this iconic American industry from being destroyed."

Congresswoman Slaughter, who has been pushing the Bush Administration to enforce existing laws and save BCC has repeatedly attempted to set up a meeting or a direct conversation with Secretary Gutierrez on this matter.

American Icon Threatened by White House Inaction

Last American Blue Jean Dye Company on Brink of Bankruptcy Due to Permitted Illegal Foreign Competition

Washington, DC - The Buffalo Color Company (BCC), the last American producer of the indigo dye used to color blue jeans, is on the brink of bankruptcy, having filed for Chapter 11 protection in 2002.

More than four years ago, the Commerce Department enacted retroactive duties on Chinese importers who were illegally dumping their cheap synthetic indigo on the American market at less than fair market value. Since then, however, these same importers have been shipping their products through Korea and giving them a Korean point of origin in order to side-step the Department's regulations. The dumping practices have continued, and BCC has been nearly forced out of business as a result.

For over two years, the Bush Administration has refused to pursue the issue or enforce standing trade laws relevant to it, even though BCC and Congresswoman Louise Slaughter (D-NY) have documented the ongoing abuses and made officials aware of the problem.

"The Administration is standing by while an old, established American company is being eliminated, not by a better product, but by cheating competitors," Rep. Slaughter said recently.

"Despite all its rhetoric in defense of American industry and all its talk about putting Americans back to work following our recent economic troubles, the White House is refusing to protect an American institution that was until recently providing nearly 250 reliable, quality jobs," Slaughter added.

"The Administration acted to protect U.S. Steel from foreign competition, but it won't act to defend a company which the United Steelworkers of America has sought to defend against the same problem," Slaughter said. "If it was only willing to enforce its own laws, then we could stand up for local industry and stand against an unjust and illegal attack upon it."

"If the White House won't act to uphold the trade laws of our country and protect our local workers, then we in the Congress must," Slaughter added.

BACKGROUND:

The Buffalo Color Corporation (BCC), located in South Buffalo, New York, is the last domestic producer of synthetic indigo dye used in the manufacture of denim left in the United States.

Up until the late 1990s, BCC enjoyed a dominant share of the North American synthetic indigo dye market. In 1997, BCC had a workforce of 246 and \$54.4 million in annual sales.

However, by 1998, the price of indigo dye was driven so low by foreign competitors that BCC found it difficult to stay in business.

In late June of 1999, BCC and the United Steelworkers of America filed an anti-dumping suit with the U.S. International Trade Commission against the Chinese producers of synthetic indigo for selling dye in the U.S. at less than fair market value.

In August of 1999, the six member Trade Commission unanimously agreed that the alleged dumping of Chinese producers has injured BCC and its workers.

By December 1999, BCC's sales were down to \$33.6 million and, with \$5 million in operating losses, had to lay off 85 employees.

Four months later, the Commerce Department issued a preliminary determination that the Chinese producers were dumping in the U.S. market. A full six months later, in June 2000, the Commerce Department formally reaffirmed the finding that Chinese producers were dumping in the U.S. market and issued an anti-dumping order that retroactively imposed 79.7% and 129.6% duties on shipments made since mid-September 1999.

By December 2000, the anti-dumping ruling has improved BCC's prospects. It reported \$44.4 million in sales and operating losses of only \$400,000. The jobs of its 161 employees looked secure. By 2001, BCC had 73.8% of the domestic indigo market.

Then the transshipping began.

Between January 2002 and 2003, import levels of Chinese-produced indigo ceased and increases in importations from Mexico and Korea increased at a commensurate rate and quantity.

In February 2003, BCC presented substantial evidence of transshipping to the Customs and the Commerce Departments, in circumvention of the 129.6% anti-dumping duty.

BCC approached Rep. Slaughter for assistance with this enforcement effort. In July 2003, BCC had 140 employees but by December 2003 BCC was forced to curtail its manufacturing and operating losses of \$2.5 million and 11 employees.

In May 2004, Rep. Slaughter provided Customs with a document confirming that some Korean indigo dye was Chinese-produced and re-labeled "Made in Korea."

Due to the Bush Administration's inability to resolve this transshipping case in a timely manner to help the American company, BCC was forced to shut down and sell all of its non-indigo dye operations in June 2004. If the transshipment issue is not resolved, it is likely that BCC will have to terminate its remaining production operations and layoff all its

remaining employees.