

## July 13 2005 - Commerce Department Should Intervene

Commerce Department Should Intervene

to Save Besieged American Industry

Buffalo Color Case Raises Concerns about China/U.S. Trade Agreements

Washington, DC - In a letter today to Secretary of Commerce Carlos Gutierrez, Rep. Louise M. Slaughter (D-NY), Ranking Member of the House Rules Committee, urged him to enforce existing trade laws and to save a besieged American industrial icon, the Buffalo Color Company (BCC) of Buffalo, New York.

Although Rep. Slaughter has called on the Bush administration to take immediate action, the Buffalo Color case has languished at the Commerce Department for over two years.

Rep. Slaughter had hoped that Sec. Gutierrez, who was sworn in earlier this year, would be more responsive to U.S. business interests. She wrote in the letter, "Given that you just returned from a trip to China promoting more trade, I am particularly troubled that the Commerce Department is refusing to enforce existing trade laws to save the last domestic producer of indigo dye used to make blue jeans -- especially since illegal Chinese price dumping drove BCC into bankruptcy."

She continued, "This raises broader concerns about the ability of American business owners and workers to have faith in any trade agreement championed by the Administration, whether in China or in other parts of the world, when we cannot rely on you to enforce trade laws already on the books."

After 100 years of business, the BCC, the last domestic producer of the indigo dye used to make blue jeans, is in the final throes of bankruptcy.

Buffalo Color is the victim of illegal dumping of indigo dye on the U.S. market. The company has been seeking help from the administration to stop Chinese companies from circumventing our trade laws by shipping cheap dye to the U.S. through Korea and Mexico.

Rep. Slaughter has tried repeatedly to personally discuss BCC with the Secretary, but she has yet to hear back from him.

Rep. Slaughter wrote, "Like all U.S. companies, BCC should be able to count on the Department of Commerce to do all that it can to support its business interests and provide protection from unfair trade practices. However, the Department of Commerce is clearly failing to meet its responsibilities, jeopardizing the future of BCC and all US companies."

In conclusion, Rep. Slaughter wrote, "Without your immediate intervention, the company will be liquidated, an American icon will be lost, and a once proud U.S. industry will no longer exist."

Below is the full text of Rep. Slaughter's letter to Secretary Gutierrez:

July 12, 2005

Secretary Carlos M. Gutierrez  
Office of the Secretary  
US Department of Commerce

14th and Constitution Ave. NW

Room 5516  
Washington, DC 20230

Dear Secretary Gutierrez,

I am writing to request that you immediately intervene to protect the Buffalo Color Corporation (BCC) from bankruptcy. The handling of this case by your agency raises serious doubts about the trade policies currently being championed by this Administration.

I have repeatedly, and unsuccessfully, attempted to contact you directly to discuss the dire situation facing BCC. This company, located in South Buffalo, New York, is the last domestic producer of synthetic indigo dye used in the manufacture of denim in the United States. However, due to the failure of your agency to resolve BCC's case in a timely manner, this company is now in the final stages of bankruptcy. Its loss will represent the death of an entire US industry.

Beginning in 1999, BCC successfully fought a two year battle to stop Chinese producers from illegally flooding the US market with indigo dye. In June of 2000, the Commerce Department formally affirmed that Chinese producers were dumping in the U.S. market and issued an anti-dumping order that retroactively imposed duties on shipments made since mid-September 1999. BCC suffered severe economic hardship due to the illegal dumping, but was able to get back on strong financial footing as a result of this decision.

However, within a year and a half of this order being issued, Chinese producers began circumventing the anti-dumping duty by shipping indigo dye to the US through Mexico and Korea to the US. In February 2003, BCC presented substantial evidence of this transshipping to the Commerce Department, as well as the US Customs and Border Protection. Despite strong and compelling evidence, this case is still pending before your agency.

In the over two years the Department of Commerce has had to investigate this case, cheap Chinese produced indigo dye has continued to reach US shores through Korea and Mexico. Consequently, BBC has been forced to cease manufacturing, lay-off its workforce, and is now in the final stages of bankruptcy. Despite BCC's grave financial status, the company has lined-up US investors that are committed to resurrecting the company -- but only if its case is resolved and the transshipping is stopped. I, therefore, urge you to immediately complete your investigation and fully enforce the anti-dumping order.

Given that you just returned from a trip to China promoting more trade, I am particularly troubled that the Commerce Department is refusing to enforce existing trade laws to save the last domestic producer of indigo dye used to make blue jeans -- especially since illegal Chinese price dumping drove BCC into bankruptcy. This raises broader concerns about ability of American business owners and workers to have faith in any trade agreement championed by the Administration, whether in China or in other parts of the world, when we cannot rely on you to enforce trade laws already on the books.

Like all US companies, BCC should be able to count on the Department of Commerce to do all that it can to support its business interests and provide protection from unfair trade practices. However, the Department of Commerce is clearly failing to meet its responsibilities, jeopardizing the future of BCC and all US companies. Without your immediate intervention, the company will be liquidated, an American Icon will be lost, and a once proud US industry will no longer exist.

I have enclosed background information on this case for your review, and expect your swift response to this urgent case. Thank you.

Sincerely,

/s

Louise M. Slaughter

Member of Congress