

June 4, 2002

VIA EMAIL & TELEFAX:

The Honorable Philip M. Crane, Chairman
Subcommittee on Trade
House Ways and Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515-6354

RE: HR 4171

Dear Chairman Crane:

I am writing, on behalf of ColorChem, to express our objections to HR 4171, which would suspend the duty on the import of the chemical, Anthracenedione, 1,8 bis (phenyl thio), CAS # 13676-91-0, more commonly known as Solvent Yellow 163 (SY 163). SY 163 is a dyestuff that is used to color the engineering plastics, such as ABS, Polycarbonate and Acrylic.

ColorChem manufactures SY 163 in Fort Mill, South Carolina. We have been manufacturing this SY 163 in the U.S. for over 15 years and are the **sole** U.S. manufacturer. ColorChem is a small privately held company that is successfully competing against larger multinational chemical corporations as well as third world chemical companies. In fact, we are one of the last U.S. dyestuff manufacturers left, as the others have succumbed to foreign competition.

Our competition are several Indian and Chinese dye manufacturers, as well as several large European chemical companies. We need the duty to remain in effect for the following reasons: (1) our Indian and Chinese competitors have a lower cost basis than we do, as the manufacture of chemicals in those countries only requires compliance with minimal worker safety and environmental standards. The compliance with U.S. worker safety and environmental standards materially increases our costs of production. The duty levels the playing field. (2) China subsidizes the domestic manufacture of many chemicals, including SY 163 through the use of export credits. Again, the duty helps to level the playing field. (3) Our European competitors have protected their home markets with duties and fees equal to or greater than the current U.S. duties. Also, based on our best market information, it appears that our European competition has stopped manufacturing SY 163 and is merely reselling the Chinese and/or Indian SY 163 under their own trade names.

Should the duty be suspended, it will cause serious financial harm to ColorChem. SY 163 is our most important product and has been the backbone of our growth. The duty suspension would cause even greater price deflation than we have seen in the past few years (which has caused our prices to drop by 10% per year over each of the last 3 years). We would be forced to reduce our U.S. workforce. Our workforce is comprised of many highly paid U.S. chemical operators who

would have a difficult time replacing these wages.

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Finally, the U.S. chemical industry used to run large trade surpluses with the rest of the world. Now, due to Indian and Chinese competition, we are seeing our chemical trade surplus rapidly shrink to the point where the industry had a negative trade balance last July for the first time since the early 1960's. The suspension of the duty on SY 163 would only exacerbate this negative trend for the U.S. chemical industry.

For these reasons, I urge you not to support the suspension of the duty on SY 163.

Sincerely,

Steven Printz
President
770-993-5500, ext 18

cc: The Honorable Johnny Isakson
Dan Cannistra, Esq.