

FAC Annual Report

F U R A D V I S O R Y C O U N C I L

From the early 1900's through the 1980's, Louisiana led the nation in the production of wild fur pelts.

During the early 1900's Louisiana was home to over 20,000 trappers and 1,000 fur buyers and dealers. Muskrat populations peaked, and trappers harvested over 9 million pelts worth \$12 million in 1945. This production was larger than what occurred in all the other states combined.

A much larger non-native rodent, the nutria, was raised in captivity in the state in the late 1930s and escaped and/or was released into the near perfect habitat of coastal Louisiana. This South American native multiplied quickly and by 1962 surpassed the muskrat in numbers harvested. Between 1962 and 1982 coastal trappers averaged harvesting over 1.3 million nutria each year, representing over 64% of the total catch and 60% of the total value of the industry. Today, nutria harvest is an essential part of habitat management due to the nutria's aggressive eating habits.

Louisiana produces 12 different species of furbearers (beaver, bobcat, coyote, gray fox, mink, muskrat, nutria, opossum, skunk, raccoon, red fox, river otter). During the past 10 years, the state has averaged producing 23,810 pelts annually. The average annual production of nutria during the past 10 years has been 8,906 and raccoon has been 8,076. These two species alone provided approximately 66% of the value of an industry worth over \$1.9 million annually to Louisiana trappers, including \$5.00 per tail Coast-wide Nutria Control Program (CNCP) payments to participating trappers.

The annual fur harvest of all species has historically been valued as high as \$25 million to the state's trappers.



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Washington D.C. Education

The Council contracted with Glenn Roger Delaney to provide assistance to the Fur Advisory Council (FAC) and Alligator Advisory Council (AAC) regarding federal policies and legislation that impact the management and utilization of Louisiana's wildlife resources, particularly those affecting the fur and alligator resources in Louisiana. Mr. Delaney worked with local congressional staff and federal policy makers and administrators concerning the Louisiana's wildlife resources. He also coordinated with other groups with common interests and other AAC contractors, such as Don Ashley.

It's been a tumultuous year in many respects, but nothing so much as the passing of Don Ashley. The loss of his extraordinary expertise and many great works will be felt far and wide. This includes Washington DC where the Council enjoyed the benefit of partnering with Don on a number of important projects over the years. Our sincere condolences to his wife Pam Ashley and to his entire family. He will be dearly missed here and all over the world.

One of the most important roles Don played was in the international wildlife management arena, particularly in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES plays an important part in the Louisiana fur and alligator program. CITES shares the principles of science-based sustainable use, and the data generated through the International Alligator and Crocodile Trade Study supports the sustainability of the Louisiana alligator industry. These principles are under relentless assault at CITES, including here in Washington DC where US policies, positions and proposals are developed. The future of Louisiana's wildlife programs and industries as we know them today absolutely depends on the rigorous defense and preservation of those principles.

Fortunately, the Council enjoys a highly constructive partnership with some of the world's foremost experts and leaders in the CITES community, including within our own Department of Wildlife & Fisheries as well as with the Association of Fish & Wildlife Agencies, representatives of a number of pro-sustainable use organizations, and even representatives of like-minded foreign governments here in Washington. With the upcoming CITES meeting scheduled in South Africa, this year was again marked by an aggressive campaign to advance proposals that would undermine science-based sustainable use policies at CITES. And, once again, the treatment of Polar Bears became the test case. Although the US government has previously supported such proposals at CITES, this year our informal pro-sustainable use coalition was successful in convincing the Administration to reject them.

Assaults on the sustainable use foundation of wildlife management were not limited to CITES this year. As in the previous Congress, legislation was introduced in the U.S. Senate and House of Representatives in the 114th Congress that would prohibit the use of certain traps on National Wildlife Refuges that are central to successful wild-

life management on both public and private lands. Although this legislation has garnered a significant number of cosponsors and has been pursued aggressively by its proponents on several fronts, so far our informal coalition of sustainable use policy defenders has prevailed in preventing this legislation from being enacted into law.

Finally, we continue to be blessed with the tireless support of the Louisiana Congressional Delegation notwithstanding a number of notable changes in recent years. Invariably, Members of the Delegation have stepped up to champion any number of ongoing initiatives on the Council's agenda ranging from nutria damage control to funding for alligator disease research. The importance of educating and maintaining a constructive working relationship with both the Louisiana Delegation and key committee leaders cannot be overstated and we deeply appreciate their continued support.



Education on the Hill

Fur Market Overview

This year the Council had two contracts related to fur marketing. Michael Consiglio managed international fur marketing and trade shows. Nick Shao served as a translator at the Beijing Fur Fair, conducted a research and marketing trip in the heavy fur industry region of Chongfu, and followed with fur dealers in China after the fur fair. Both contracts ended with the close of the fiscal year.

International Markets

Since the summer of 2015, our industry has been subject to the turmoil of world politics. China and Russia have been the largest markets for fur for some time, and these markets have suffered this year.

Russia is the second largest buyer of wild fur. Their buying power at the fairs and auctions has been cut dramatically since the US and Europe applied embargos in 2014. And it has had a detrimental effect on the wild fur market. This is most evident in furs like raccoon which is popular in the Russian market. The demand for wild furs is there, the money isn't. Historically, Russia has always been one of the largest wild fur buyers, buying garments from China, Greece, and Italy and buying both fur and leather from Turkey.

Greece, another of Russia's best trading partners is also having problems. They are still on the road to recovery from last summer's financial crisis. At one time, they would welcome Russian tourists looking for fur garments by the bus load; these buses would arrive in multiples on a daily basis. Greece's banks were closed for the better part of July 2015. This means Greek furriers couldn't send money to pay for skins bought at the auctions; they couldn't receive wire transfers from their customers and they couldn't use their credit lines to pay employees or utility bills. The towns of Kastoria and Siatista were hit the hardest as they employ upwards of 25,000 furriers. Even employees, who were willing to work on the promise of pay, had no materials to work with.

The Greek manufacturers who do substantial business in Dubai had funds in banks there to pay for their auction purchases. By the end of Louisiana's fiscal period, there were 167 retail fur shops in the United Arab Emirates and 90% of their owners are from Greece. A vast majority of the fur sales go to tourists – most from Russia. This gives Russians a way to get around the current embargos and buy Greek furs.

The international mink market had fallen as much as 35% in most colors. And while it seems that the lowest point had been reached and prices are beginning to hold, low mink prices make it difficult to sell many types of wild fur. Dealers in North America, and by extension Louisiana, will have to continue to bide their time before investing in the raw wild fur market again. If the low prices discourage some of the smaller trappers from going out, then there will be less of a supply of wild fur available which might help

prices. This of course, depends on the demand for wild fur especially once one factors in the number of ranched mink that are brought to the auction houses annually.

Logic says that all of these changes would pull designers and consumers away from fur but that isn't the case. Design houses have been unveiling their Fall / Winter 2016 lines and many of them are showing fur. Their lines include everything from small pieces like purses and ear-muffs to capes and dresses to full length coats that practically dust the floor.

The July and August editions of fashion magazines are advertising fur. The big design houses such as Michael Kors, Dior and Fendi are running ads with big-named models such as pop singer, Katy Perry and super model, Kate Moss.

Harper's Bazaar magazine's cover article was entitled "Fabulous at Every Age" and the one item that crossed all demographics was fur. The magazine showed celebrities of all ages and all media wearing fur garments.



The International Luxury Outerwear Show held in April 2016 was quiet. There were over 100 booths but buyers weren't coming out as hoped. Retailers had a hard season because it didn't become cold until early 2016 after the Christmas shopping season was long over. So there is going to be a carry over at most retailers. Manufacturers, being the realistic lot that they are, did not have high expectations of the fair. And their expectations were met.

Fur Market Overview Continued

Beijing Fur Fair

Because the year had been so quiet, most of our activities had to do with gathering information about the market and preparing for the 2016 Beijing Fur Fair.

Activities for the fair included creating a new list of customers from China. With all of the changes that took place in the Chinese market over the last couple of years, it was important to get updated information on old contacts and refine customers' requirements for new contacts.

In late November and again in December, bilingual emails were sent out to companies on the list inviting them to meet with us at our booth at the Beijing Fair.

In December 21st 2015, our samples skins were sent to Beijing, China, set to arrive at the fair by the set-up. Unfortunately, the otter and bobcat were not included in the samples. Both of these skins require CITES permits. We were able to obtain the permit without a problem, but the Chinese government now requires a special permit to import CITES furs that can take up to three months to obtain.

This year the North American booth with 200 square meters, was one of the larger booths at the Beijing Fair. The interior of our booth has redesigned; the banners were changed to lighted signs, and the booth was spacious, comfortable and inviting.

Peter Li brought some of his samples and worked with us at the booth. International skin dealer, Bernhard Stohn from Denmark's Stohn Furs was also at the booth, offering his financing plan to potential Chinese customers and introducing his existing clients attending the fair to Louisiana's products.

Raw Skin Market

Fur sales continue to be static in general. The contractor advised dealers throughout the year to remain extremely conservative in the quantity of their purchases and look for quality at suggested prices.



Council Booth, Beijing Fur Fair

In September, Derek Yin, our otter buyer, was still trying to sell off last year's inventory. Peter Li continued to buy furs throughout the year. Dealers received interest from a new potential customer, Bernhard Stohn of Denmark.

By October 2015, most dealers had sold most of what they had. Louisiana nutria was still trying to find its footing. Although the dropping of prices raised some interest, the sales were few and far between.

Auctions

Had the autumn of 2015 shown signs of a cold winter, and increased consumer activity, the September auctions should have had better sales. They may not be the outstanding prices of a few years ago but those prices were dependent on a bubble. And as stated earlier, all false markets must eventually ring true. The prices had to be sharply corrected, but they remained within the proper margins expected based on economic norms.

NAFA cancelled their September 2015 auction. Saga Furs and Kopenhagen both held their auctions in September 2015. Taken together, the two houses had nearly nine million Ranched Mink on offer. The results were expected but disappointing nonetheless. The prices should have held firm. Between the slowdown in China, the fall of the Russian ruble, and the economic problems in Greece, the auctions' three biggest buyers were notably absent.

The prices of mink at both auctions were down as much as 30%. Kopenhagen, anticipating lower price averages, posted an advisory notice in advance of the auction. They reminded buyers that the offerings in September were regular size skins, breeders and lower grades and smaller lots and should, therefore, not be compared to the prices awarded at the June 2015 auction which had higher grade skins. At the Kopenhagen September auction, ranched mink was down another 15% making it a 50% drop overall. A friend attending that auction was able to purchase black female minks at \$15.00 per skin. How is wild fur to compete?

Mink dealers in China are carrying large inventories of goods bought at the top prices and were not open to buying more skins in January 2016. Prices dropped 15% - 17% at last seasons' final auctions and this only because the auctions held up the prices. But the mink auction houses have to help their sellers and are ready to add millions of ranched mink to the over-saturated market. This strategy will cause the price to continue to adjust downwards. Saga has announced that it will offer 13.3 million mink in the 2015-2016 season.

2.7 million mink were offered at the Kopenhagen Auction in January. Popular colors such as mahogany female sold at an average price of US\$13.00 and most skins sold at an average of 70%. The two top clearances (99%) were pearl beige female mink which sold at an average of US\$19.20 and white velvet female mink which sold at an average of US\$28.00. The problem will now be to get buyers interested in going to the auctions.

Fur Market Overview Continued

At the NAFA auction held at the end of January and beginning of February, wild fur was still struggling for sales. Commercial grade goods were particularly hard hit. Trim furs such as coyote and red fox sold well. Muskrat sold 20%. It seems to be waiting for the stabilization of mink prices before sales increase. Muskrat, when sheared, can be used as a substitute for mink in less expensive garments such as fur lined coats.

With the coming of spring 2016, there was a glimmer of a rebooting of the fur industry. Copenhagen's auction at the end of February / beginning of March had a large offering of 6.8 million skins and was 100% sold at an average price of DKK 210 (approx. US\$ 32.50). These prices, like those at the Helsinki auction are considered satisfactory based on the current fur market.

The Saga / American Legend / Fur Harvester auction was held in February in Helsinki. Both Saga and American Legend sold out their skins at 100%. The prices at these two mink auctions were similar to the results at Copenhagen. There are still a lot of ranched mink skins on the market, but the demand will eventually outstrip the supply. Even though the price of the ranched mink is still low, it shows that the international market has a chance of stabilizing. From stability comes new growth.

While there were only 400 international buyers in Copenhagen this spring (200 from China and Hong Kong) Chinese customers were also buying via Copenhagen Furs' website online live auction. This new video conferencing initiative was launched in February. It allowed buyers to see the skins and telephone their brokers on the auction floor.

The system ensures a unique image quality and minimal time lag and greatly supports the development and interest in buying skins without being physically present in the auction room. It is difficult to say exactly how many customers used this kind of trade for fur, but according to buyers in the auction room, a conservative estimate is more than 400 Chinese customers used it and contributed positively to the competition in the auction room. This type of technology is possible because Copenhagen maintains a very strict and rigid grading standard.

Saga established their live webcast in time for the December auction. It was available in real time via a new mobile service. The service can be used with a browser on all mobile devices, such as a laptop, tablet or smartphone. The new service is available at www.liveauction.sagafurs.com.

Conclusion

As predicated and reported, the current market remains inactive. Wild fur remains in ranched mink's long shadow. As the price of ranched mink continues to stabilize, wild fur will again find its course. Currently there is a lot of inventory and wild fur is being bought by speculators for a fraction of its worth. We won't see any true indicators until the retail cycle completes its revolution at the end of December 2016.

Fur Queen Promotion

The Fur Advisory Council provides two fur garments to the Louisiana Fur and Wildlife Festival for the Fur Queen and Ms. Cameron. The winning queens promote the fur industry throughout the year as they participate in festivals and pageants across the state.

They wear real fur at these events and explain the benefits of supporting the fur industry and Louisiana's beautiful, rich habitat. Ms. Julian Devillier was crowned Fur Queen this year and she proudly wears her fur coat and gives fur key chains away as gifts to each new festival queen throughout the state. She has purchased several items of fur to accent her wardrobe including a vest, boots with fox fur cuffs, and a black mink hat. She uses these garments as talking points to promote the use of sustainable, renewable resources such as fur.



Fur Queen, Julian Devillier

The fur queens wear fur to balls such as the Sicilian Ball and the Crowley Ball. Julian Devillier even had her date wear a tie made from coyote fur. They attended over a dozen festivals throughout the state, participated in parades, and used their platforms to promote cultural pride in Louisiana and its natural resources.



Queen with Fur Vest



Miss Crowley Ball

Education Program

The Fur Advisory Council contracted with Quentin Morris to do outreach and trapping education. The Council changed its educational focus from school presentations to workshops and outdoor events. The contractor presented at a few public libraries, but primarily attended events that are geared to hunters, fishermen, and outdoor enthusiasts. Events included two Future Farmers of America Conventions, the Winn Parish Forestry Awareness Day, The Step Outside Day, Camp Roughin' It, the Cameron Fur and Wildlife Festival, and two LDWF Hunting and Fishing Days.



Hunting and Fishing Day

The major focus of the contract was to organize two trapping workshops taught by Fur Advisory Council members and Louisiana Trappers and Alligator Hunter Association members. One trapping workshop was held in northern Louisiana at Cypress Black Bayou, and the other was held in the south at Palmetto Island State Park.



Trapping Workshop

The Fur Advisory Council intends on continuing the workshops in order to promote the practice of trapping directly to the public. The Fur Advisory Council wants to ensure that the art of fur trapping continues as an active custom in the future, as it is an integral part of Louisiana's heritage.

The trapping workshops had over seventy students ranging in age from pre-teens to retirement aged adults. The average age was thirty-five, and there were many family groups. For instance a sixty-five year old would bring a sixteen year old grandchild to the workshop, and they would participate together. The workshops covered Louisiana regulations, the ethics of trapping, trap setting, and pelt handling.

The Fur Advisory Council wants to ensure that the art of fur trapping continues as an active custom in the future, as it is an integral part of Louisiana's heritage.



Trapping Workshop

2015 - 2016 Expenditures

The Fur Advisory Council operates from two funding sources, Rockefeller Trust Funds and Education and Marketing Funds.

Rockefeller Trust Funds	
Budgeted	\$120,638.00
Salaries	\$0
Related Benefits	\$0
Travel	\$0
Operating Services- <i>i.e. cell phone, newspaper ads</i>	\$0
Supplies- <i>i.e. sample furs, sample products</i>	\$49
Professional Services- <i>i.e. fur promotion contract, D.C. education</i>	\$110,970.00
Capital Outlay	\$0
Rockefeller Trust Funds Expended	\$110,970.00
Remaining	\$9,668.00
Education and Marketing Fund	
Budgeted	\$65,000.00
Salaries	\$21,592.24
Related Benefits	\$9,449.30
Travel	\$2,804.70
Operating Services- <i>i.e. cell phone, internet service</i>	\$4,059.84
Supplies- <i>i.e. printing supplies, office supplies, sample furs</i>	\$7,332.23
Professional Services	\$17,267.87
Education and Marketing Funds Expended	\$62,556.18
Remaining	\$2,443.82
Total FAC Funds Budgeted	\$185,638.00
Total Expended	\$173,526.18

F A C M e m b e r s

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Trappers Continued

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