Industry & Trade Summary

Furskins

USITC Publication 3666
January 2004

OFFICE OF INDUSTRIES
U.S. International Trade Commission
Washington, DC 20436

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PREFACE

In 1991 the United States International Trade Commission initiated its current *Industry and Trade Summary* series of informational reports on the thousands of products imported into and exported from the United States. Each summary addresses a different commodity/industry area and contains information on product uses, U.S. and foreign producers, and customs treatment. Also included is an analysis of the basic factors affecting trends in consumption, production, and trade of the commodity, as well as those bearing on the competitiveness of U.S. industries in domestic and foreign markets.[1]

This report on furskins covers the period 1998-2002. Listed below are the individual summary reports published to date on the agriculture and forest products sectors.

USITC publication number	***Publication date***	***Title***
2459	November 1991	Live Sheep and Meat of Sheep
2462	November 1991	Cigarettes
2477	January 1992	Dairy Produce
2478	January 1992	Oilseeds
2511	March 1992	Live Swine and Fresh, Chilled, or Frozen Pork
2520	June 1992	Poultry
2544	August 1992	Fresh or Frozen Fish
2545	November 1992	Natural Sweeteners
2551	November 1992	Newsprint
2612	March 1993	Wood Pulp and Waste Paper
2615	March 1993	Citrus Fruit
2625	April 1993	Live Cattle and Fresh, Chilled, or Frozen Beef and Veal
2631	May 1993	Animal and Vegetable Fats and Oils
2635	June 1993	Cocoa, Chocolate, and Confectionery
2636	May 1993	Olives
2639	June 1993	Wine and Certain Fermented Beverages
2693	October 1993	Printing and Writing Paper
2702	November 1993	Fur Goods
2726	January 1994	Furskins
2737	March 1994	Cut Flowers
2749	March 1994	Paper Boxes and Bags
2762	April 1994	Coffee and Tea

[1] The information and analysis provided in this report are for the purposes of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under statutory authority covering the same or similar subject matter.

PREFACE—*CONTINUED*

USITC publication number	*Publication date*	*Title*
2859	May 1995	Seeds
2865	April 1995	Malt Beverages
2875	May 1995	Certain Fresh Deciduous Fruits
2898	June 1995	Certain Miscellaneous Vegetable Substance and Products
2917	October 1995	Lumber, Flooring, and Siding
2918	August 1995	Printed Matter
2928	November 1995	Processed Vegetables
3015	February 1997	Hides, Skins, and Leather
3020	March 1997	Nonalcoholic Beverages
3022	April 1997	Industrial Papers and Paperboards
3080	January 1998	Dairy Products
3083	February 1998	Canned Fish, Except Shellfish
3095	March 1998	Milled Grains, Malts, and Starches
3096	April 1998	Millwork
3145	December 1998	Wool and Related Animal Hair
3148	December 1998	Poultry
3171	March 1999	Dried Fruits Other Than Tropical
3268	December 1999	Eggs
3275	January 2000	Animal Feeds
3350	September 2000	Grain (Cereals)
3352	September 2000	Edible Nuts
3355	September 2000	Newsprint
3373	November 2000	Distilled Spirits
3391	January 2001	Cotton
3461	October 2001	Cured Fish
3463	October 2001	Fresh or Frozen Fish
3490	February 2002	Wood Pulp and Waste Paper
3576	February 2003	Oilseeds
3579	February 2003	Live Sheep and Meat of Sheep
3580	February 2003	Cut Flowers
3592	April 2003	Pasta
3635	September 2003	Bakery Products

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ABSTRACT

This report addresses trade and industry conditions for fur-bearing animals and the pelts derived from fur bearers for the period 1998-2002.

- The United States is the world's largest-volume producer of furskins derived from animals harvested in the wild, and the fourth largest producer of farm-raised mink. Mink is by far the most important fur bearer raised on farms, ahead of other species such as fox and chinchilla.

- U.S. farmed mink pelt production continued its long-term downward trend between 1998 and 2002. In 2002, ranch mink pelt production (estimated to account for more than 50 percent of total U.S. production) totaled 2.6 million pelts, valued at $79.6 million, down 12 percent (by quantity) from 1998. Data for wild furskin production and other ranched production (e.g., fox and chinchilla) are estimated at $70 million for 2002.

- The number of U.S. mink farms declined from 438 in 1998 to 318 in 2002. Average pelt production during the period rose from 6,708 pelts per farm to 8,177 pelts per farm, reflecting consolidation in the mink industry.

- Denmark was by far the leading mink-producing country, accounting for nearly 40 percent of world production in 2002. Other major foreign producers included the Netherlands, Russia, Finland, China, Sweden, and Canada. World production of mink furskins is estimated at 30.9 million pelts in 2002, up from 27.7 million pelts in 1999.

- The ultimate consumers of furs, both wild and farm, are wearers of fur garments and accessories. Important factors influencing demand for fur include the weather, economic conditions, and fashion trends. Antifur legislation has resulted in the banning of fur farms in some countries.

- Canada was the largest single country supplier of furskins to the U.S. market, accounting for 35 percent (by value) of U.S. imports in 2002. The EU, principally the countries of the Netherlands, Finland, Spain, Sweden, and Denmark, accounted for 46 percent of U.S. furskin imports in 2002. U.S. imports from Russia consisted primarily of sable while Finland was the largest U.S. supplier of fox pelts.

- U.S. furskin imports fluctuated from a low of $73.3 million in 1999 to a high of $95.6 million in 2001, generally reflecting changes in unit value per pelt. For example, the average price per mink pelt ranged from a low of $24.53 in 1999 to a high of $28.30 in 2002. Imports of mink pelts accounted for 53 percent of the value of U.S. imports in 2002.

- The United States is a major exporter of both wild and farmed furskins. Major export markets for U.S. furskins include Canada, the EU, and Asia. U.S. exports to Asia (primarily Hong Kong and Korea) as a share of total exports grew from 22 percent in 1998 to 47 percent in 2002.

INTRODUCTION

This summary covers furskins,[1] raw and tanned or dressed, dyed or not dyed. Information is provided on the structure of the U.S. industry and certain foreign industries, U.S. and foreign tariff and nontariff measures, and the competitive conditions of U.S. producers in both domestic and foreign markets. The analysis primarily covers the period 1998-2002. Appendix A is an explanation of tariff and trade agreement terms. Appendix B is statistical tables.

The furskin industry consists of three segments: (1) the raw furskin supply segment; (2) the dressing or pelt processing segment; and (3) the fur garment manufacturing segment. This summary primarily addresses the raw furskin segment.[2]

Furskins (pelts) are derived from animals either raised in captivity on fur farms or obtained from the wild catch of trappers and hunters (including such species as muskrat, raccoon, beaver, bobcat, fox, and mink). Approximately 85 percent of the world furskin production is derived from farm-raised species.[3] Raw or undressed furskins are either unprocessed pelts, or processed pelts that have not been subject to any processing to preserve them indefinitely in a pliant state. Most furskins are sold undressed at public auctions under an open competitive bidding system. All furskins are tanned before they are made into fur goods, and many dressed furskins are dyed to provide uniform color or to improve their appearance or to meet current fashion trends. The principal end use for processed furskins is the manufacture of fur apparel, such as coats and jackets, and as trim or lining for cloth or leather coats.

Mink is by far the most important fur bearer raised on farms although other species such as fox and chinchilla are also raised commercially. The United States is the fourth-largest mink pelt producer in the world. Pelts derived from U.S. farm mink production currently accounts for 8 percent of world supply. In 2002, U.S. production totaled approximately 2.6 million pelts, valued at $79.6 million.

U.S. imports of furskins in 2002 were valued at $87.2 million, most of which enter duty-free. The value of U.S. exports of furskins totaled $172.6 million, and the U.S. trade surplus in furskins totaled $86 million in 2002.

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[1] Furskins are also referred to as skins or pelts.

[2] For information on the dressing and the fur garment manufacturing sectors, see USITC *Industry & Trade Summary*, "Fur Goods," USITC publication 2702, Nov. 1993.

[3] The International Fur Trade Federation, *The Socio-Economic Impact of European Fur Farming* found at *http://www.iftf.com/socio.asp*, retrieved Apr. 30, 2003.

U.S. INDUSTRY PROFILE

Industry Structure

The structure of the U.S. furskin industry is shown in figure 1. The North American Industry Classification System (NAICS) categories applicable to the products in this digest are Fur-bearing Animal and Rabbit Production (11293 pt.), Hunting and Trapping (11421 pt.), and Leather and Hide Tanning and Finishing (336110 pt.).[4]

Number of Firms, Employment, and Geographic Distribution[5]

The number of mink farms in the United States declined from 438 in 1998 to 318 in 2002, or by 27 percent (table B-1).[6] In 2002, Utah had 80 farms followed by Wisconsin with 69 farms and Minnesota with 33. The size of the operation can vary significantly; from a few dozen breeding pairs to thousands of animals. However, the average U.S. mink farm consists of 800 females and 160 males.[7] Most U.S. mink farms or ranches are usually small, family-owned businesses. The number of mink farms that also raised fox in 2002 totaled 20, down by 13 percent from 1998.[8]

Although the number of fur farms declined during 1998-2002, average pelt production per farm rose by 22 percent (from 6,708 pelts per farm to 8,177 pelts per farm). The increase in pelt production per farm coupled with the decline in the number of farms reflected, in part, consolidation in the mink industry as smaller operations merged to form larger ones, and multiple operations by individual families merged under a single corporate umbrella.[9]

Mink pelt production in the United States totaled 2.6 million pelts in 2002. Although Utah had the most mink farms, Wisconsin ranked first in mink pelt production, accounting for

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[4] U.S. Census Bureau, *North American Industry Classification System* (NAICS), found at *http://www.census.gov/epcd/naics02/index.html*, retrieved Apr. 16, 2003.

[5] Mink account for the bulk of U.S. furskin production and data on mink are available from various sources. Production data relating to other species of fur-bearing animals are generally unavailable or limited.

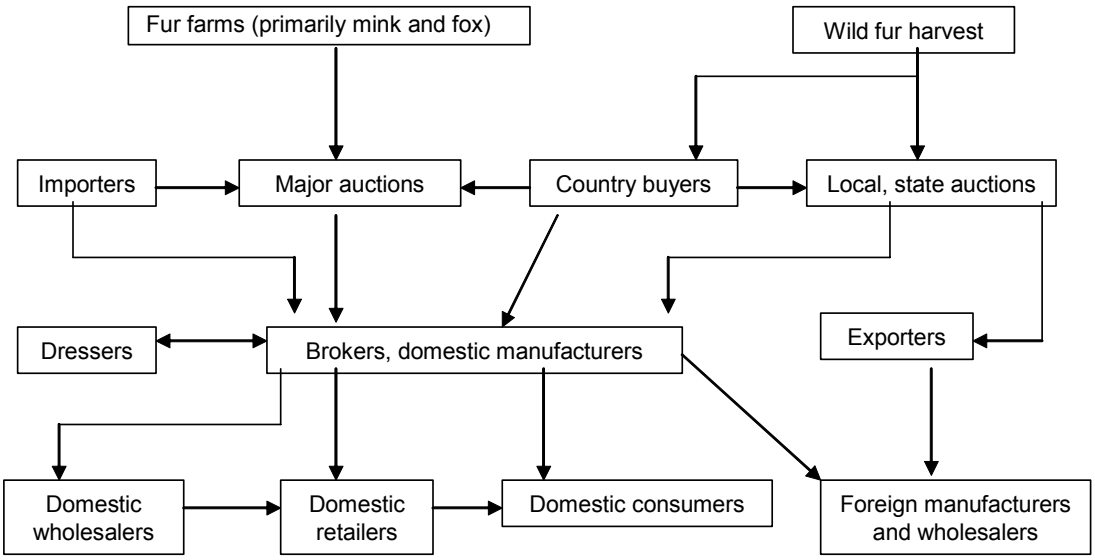
[6] Statistical tables are in appendix B.

[7] Jack Brennan, senior vice president, Mink Specialties Co., Dundee, IL Raising Mink and Fox, speech presented at a conference sponsored by *Successful Farming* magazine found at *http://www.uwyo.edu/AGadmin/-sustainableag/Powell's Publications/mink.3col.pdf,* retrieved Apr. 21, 2003.

[8] USDA, National Agricultural Statistics Service (NASS), *Mink*, various issues.

[9] Fur Commission USA, press release, "U.S. Fur Farms Continue Consolidation," July 20, 2002, found at *http://www.furcommmission.com/news/newsfo5C.HTM*, retrieved Apr. 18, 2003.

Figure 1
Furskins: Structure of the U.S. industry



Source: U.S. International Trade Commission.

26 percent of pelt production in 2002. Utah ranked second (22 percent) in mink pelt production, followed by Minnesota and Oregon (10 percent each). The native North American mink is dark brown in color. Brown and black mink have the greatest commercial value; and, selective breeding has resulted in mink with a number of color variations.[10]

Employment in the U.S. furskin industry occurs primarily in family-run operations. Many of the farmers and their families perform much of the day-to-day labor required and employ seasonal workers during the breeding and the harvesting seasons. Annual employment in the mink industry (including family labor) is estimated to have remained fairly stable during 1998-2002 at about 3,000 people.[11]

There are approximately 150,000 licensed trappers in the United States.[12] Although many individuals trap and hunt for furskins in the United States, only a small portion of hunters and trappers derive a significant income from such activities. Many trappers and hunters choose alternative employment when fur prices decline to certain levels; thus, the number of fur-bearing animals harvested falls as prices decline. Many States report that trapping is necessary for the responsible management of wildlife resources.[13]

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[10] Fur Commission USA (FCUSA), found at *http://www.furcommission.com*, retrieved Sept. 10, 2003.

[11] Employment data are not available for farms raising fur bearers such as fox, rabbit, and chinchilla.

[12] Submission from the National Trappers Association, Inc. (NTA), May 24, 2001.

[13] NTA, found at *http://www.nationaltrappers.com,* retrieved Dec. 18, 2003.

Labor and Automation

Raising fur-bearing animals and the preservation of the pelts are highly labor-intensive. As stated, many mink farmers hire seasonal workers during the breeding and harvesting seasons. Mink and fox are generally raised in pens, housed within covered (open-sided) sheds. Newborn mink (kits) remain in the pens with their mothers until weaned (after approximately 6 weeks), at which time they are separated, with two to a pen. Once the kits are mature (about 12 weeks), they are placed in individual pens to prevent the mink from inflicting fur damage to their pen mates. Farmers check the quality of fur of each animal, retaining the animals with the best fur for breeding purposes.[14]

The use of mechanical feeders and watering systems assist many farmers in their daily feedings. Many farmers are employing computer software systems to maintain detailed records about their animals, including genetic characteristics and the value of the pelts produced.

Skill is required in processing raw pelts or dressed skins. Before pelts come to auction, the pelts are scraped and stretched on boards to dry and maintain consistent shape. This prevents the pelts from decaying and allows the pelts to be stored. Dressing pelts is a highly skilled process involving many steps, including soaking the pelts in brine or saline solutions to soften the pelts, placing the pelts in a drum to soften further, and pickling the pelts (a process in which chrome is added to the pelt). The pelts are then stretched and may be dyed. After processing, the pelts are then sorted and made ready for the furrier or manufacturer.[15]

Humane Treatment and Animal Welfare

Opposition to the raising of furbearers and the harvesting of wild furbearers (primarily for their pelts) by animal rights activists and animal welfare groups has grown tremendously since the late 1960s. Opposition to trapping and raising of animals (for human benefit) is based in part on moral and ethical grounds as well as concern for animal welfare. Although there is some overlap, the animal rights activists generally oppose any nonessential human use of animals, whereas the welfare groups generally strive to promote legislation that will effectively result in more humane and ethical treatment of wild and farm-raised animals.[16] Some opposition groups have acted on their concerns by raiding mink farms and releasing animals, causing economic losses to the fur industry.

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[14] *Utah Farm Bureau News*, "The state of mink: A visit to one of Utah's many mink operations," found at *http://www.fb.com/utfb/News/March*, retrieved Apr. 18, 2003.

[15] Furbusiness, "Fur Facts - fur to fashion," found at *http://www.furbusiness.com/FurFacts/8/,* retrieved Apr. 18, 2003.

[16] "Characteristics, Activities, Lifestyles, and Attitudes of Trappers in North America," ch. 7 in *Wild Furbearer Management and Conservation in North America*, ed. Milan Novak and others (Ontario: The Ontario Trappers Association, 1987), p. 72.

According to the Fur Commission USA (FCUSA), the raising of fur-bearing animals involves good husbandry and humane farm management practices. Sound genetics and quality feed programs are necessary to ensure optimal growth and production of top quality pelts. Fur farming is regulated by local, State, national, and sometimes international humane regulations. In addition, country fur breeders associations generally follow "Codes of Practice" developed with cooperation from fur farmers, government, scientists, veterinarians, and animal-welfare authorities. In the United States, mink standards are administered by the FCUSA and for fox by the U.S. Fox Shippers Council.[17]

The catching of fur bearers in the wild requires expert trapping and hunting techniques. Knowledge of baits, lures, traps, site location, and animal behavior are fundamental skills necessary for successful trapping and hunting. Trapping has long been a controversial topic in wildlife management and conservation, mainly because of questions surrounding animal welfare and humane capture practices, as well as animal rights concerns. In 1996, the International Association of Fish and Wildlife Agencies (IAFWA) started a program to research and develop "Best Management Practices" (BMPs) for trapping fur bearers in the United States.[18] Once developed, BMPs are provided to State agencies and trappers for incorporation into trapper education and wildlife management programs. BMPs are aimed at improving the welfare of animals captured in traps by identifying the best traps for each species of fur bearers in the United States. In addition, BMPs are used to address international commitments to identify and promote the use of humane traps and trapping methods for capturing wildlife.[19]

Special Considerations

Feed cost is the largest cost incurred by fur farms (and for many other farm-raised animals), representing 50-60 percent of the total cost of producing a pelt. Mink require a high-quality protein feed for reproductive performance, growth of the kits, and ultimately for the production of high-quality fur pelts. Fur farms purchase agricultural byproducts from the production of human food, including raw meat from the beef, pork, and poultry industries, as well as fish byproducts. The component of the feed may differ by region, as fur farms generally purchase byproducts of agricultural industries produced locally. Prepared rations sold by animal feed companies may supplement the diet.

Most of the byproducts consumed by fur bearers are products unfit for human consumption. Some fur farmers contend that they provide an environmentally friendly service by utilizing millions of tons of meat byproducts, that, for the most part, would go unused and add to landfill waste. For example, in Wisconsin, cheese byproducts unfit for human consumption

[17] FCUSA, "Fur Facts," found at *http://www.furcommission.com/farming/pelts.htm*, retrieved Apr. 30, 2003.

[18] The International Association of Fish and Wildlife Agencies (IAFWA) is an organization of public agencies charged with the protection and management of North America's fish and wildlife resources. All 50 States are members. Best Management Practice (BMP) is a method to improve an activity by developing recommendations based on sound scientific information while maintaining practicability.

[19] IAFWA, "Best Management Practices for Trapping Furbearers in the United States," May 10, 2001.

are used by area fur farms to feed mink and fox.[20] In Utah, fish byproducts from canneries in California as well as byproducts from seven other States are trucked into a central feed mill.[21] In addition, purchases of byproducts that would otherwise be disposed of provide a source of revenue for other farm producers.

Some ranchers have organized cooperatives in which members are provided with reduced cost feed as well as other needed supplies. In Utah, farmed fur bearers consume over 50 million pounds of animal byproducts annually. The Utah Fur Breeders Agricultural Cooperative provides reduced cost feed to approximately 130 ranches in Utah and Southern Idaho.[22] In addition to lowering feed cost to its members, the Utah co-op eliminates the need for ranchers to purchase capital-intensive mixing equipment.[23]

Marketing Methods

Ranch Furskins

Ranch furskins are largely marketed through international auctions. Major North American auctions that offer farm-produced pelts include the American Legend Auctions (ALA)[24] and the North American Fur Auctions (NAFA). ALA is in Seattle and is a U.S. producer-owned cooperative. In addition to North American mink, ALA also sells European mink, North American wild fur, and North American and European farm fox.[25]

NAFA sells both farm-produced pelts and wild furs in its Toronto facility. Auctions in the NAFA New Jersey facility were halted after the September 11, 2001, tragedy to ease fears of foreign buyers traveling to New York. In August 2002, NAFA officials terminated its leasing agreement on this facility, leaving its facility in Toronto as its sole auction house. Meanwhile NAFA expanded its Wisconsin office and full service processing facility used for fur grading and cold storage.[26]

Although the first auction sales of the marketing year usually occur in October, larger volume sales occur during January through May. The principal buyers at auctions are furskin dealers and fur garment or manufacturers of fur trim. Generally, sellers and buyers at

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[20] FCUSA, "Fur Farming's Role in Agriculture," found at *http://www.furcommission.com/-farming/-role.htm*, retrieved May 2, 2003.

[21] Ibid.

[22] *The Salt Lake Tribune*, "Co-op Sued for Not Delivering Feed to Remote Mink Ranch," by Steven Oberbeck, Nov. 9, 2002, found at *www.sltrib.com/2002/nov/11092002/business/-14837.htm*, retrieved May 6, 2003.

[23] *Utah Farm Bureau News*, Mar. 2001, "The state of mink: A visit to one of Utah's many mink operations," found at *http://www.fb.com/utfb/News/March%20News%20-%20Web/MINK%20-story.htm*, retrieved May 6, 2003.

[24] Formerly known as the Seattle Fur Exchange.

[25] American Legend, found at *http://www.seattlefur.com*, retrieved Sept. 10, 2003.

[26] North American Fur Auctions, press release, "NAFA Expands US Midwest Operations," July 18, 2002, found at *http://nafa.ca/news/PrssRls.July.18,2002.htm*, retrieved Sept. 10, 2003, and *Sandy Parker Report*, Vol. 26, No. 22, July 22, 2002, found at *http://www.furcommison.com/-news/SP4K.htm*, retrieved Sept. 10, 2003.

auctions are assessed a fee. Major European fur auctions are in Copenhagen, Denmark, and Helsinki, Finland.

Wild Furskins

Wild furskin harvesters have many options in marketing their furskins. Some harvesters market their furs through country buyers, who then sell them to auction houses, brokers, exporters, and/or fur manufacturers. Some harvesters rely on auctions organized by local and State trapping associations to market their furs. A commission is generally charged to the fur harvester. In addition, some wild furskins are marketed to international auction houses. Such furs are grouped in uniform lots and consequently command a higher price than trappers' bundles auctioned at local or State associations. Some international auctions that market wild furs include NAFA, ALA, and Fur Harvesters Auction, Inc., North Bay, Ontario.

Research and Development

USDA, Cooperative State Research, Education and Extension Service (CSREES) collects data on public research expenditures and funding for fur-bearing animals. There are three active research projects for mink and two for rabbits, with funding for mink research totaling $42,870 and funding for rabbit research totaling $90,569.[27] These expenditures are from all sources (Federal, State, and private).[28] Research is conducted at various universities and land grant institutions (e.g., the University of Minnesota). The Mink Farmers' Research Foundation[29] also supports many research projects that focus attention on genetics, disease control, and animal behavior.[30]

Aleutian disease (AD) is a highly infectious disease affecting ranch-raised mink. Currently there is no treatment, vaccine, or cure known for AD. In addition to high mortality rates, AD causes severe economic losses in both reproduction and fur value. AD infects about 30 percent of the mink herds in Utah, resulting in mortality of about 20 percent. A vaccine is being developed against the disease by Utah State University that promises to eliminate these losses, which could save Utah mink producers $2.4 million.[31]

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[27] USDA, Cooperative State Research Education and Extension Service (CSREES) facsimile, "Public Funding for Mink and Rabbit Research," May 12, 2003. Funding dollars are for calendar year 2001.

[28] According to a USITC staff telephone interview with a USDA official, there is very little if any Federally funded mink research, May 7, 2003.

[29] The Mink Farmers' Research Foundation is a committee of Fur Commission USA. See *2003 Blue Book of Fur Farming*, p. 26.

[30] Minnesota Foundation for Responsible Animal Care, "Fur Farmers Care," found at *http://www.mnbeef.org/-MnFRAC/fur.htm*, retrieved May 5, 2003.

[31] USDA, Cooperative State Research, Education and Extension Service (CSREE), "Thriving Livestock," found at *http://www.reeusda.gov/success/Animal.Final.html*, retrieved May 7, 2003.

U.S. MARKET

Consumer Characteristics and Factors Affecting Demand

The intermediate consumers of furskins (ranch and wild) are fur dressers or wearing apparel manufacturers; however, the ultimate consumers are wearers of fur garments. Demand for fur is primarily driven by weather (i.e. the colder the climate the greater demand), economic conditions, and fashion trends. Fur is considered a luxury item and in times of economic downturns demand for fur products declines. The promotion of anti-fur messages by various animal rights groups can also dampen the demand for fur apparel.

Consumption

Industry sources indicate that mink pelts account for the bulk of U.S. furskin consumption. Consumption data on other species are unavailable. U.S. apparent consumption of mink furskins declined significantly between $37.6 million in 1998 to $7.3 million in 2002 as shown figure 2 and table B-2. The decline in consumption reflected, in part, a decline in U.S. mink pelt production, a greater share of U.S. mink pelts purchased by international markets (increase in U.S. exports), and a decrease in the number of mink pelts imported. Imports accounted for 57 percent of the value of U.S. mink production in 2002. As shown in table B-2, U.S. mink exports exceeded U.S. mink production during 1998-2002. This anomaly occurred because statistics on U.S. mink production do not account for pelt inventories or for wild mink pelts harvested; U.S. export data, however, include inventoried pelts and wild mink pelts harvested, as well as farmed pelt production.

Production

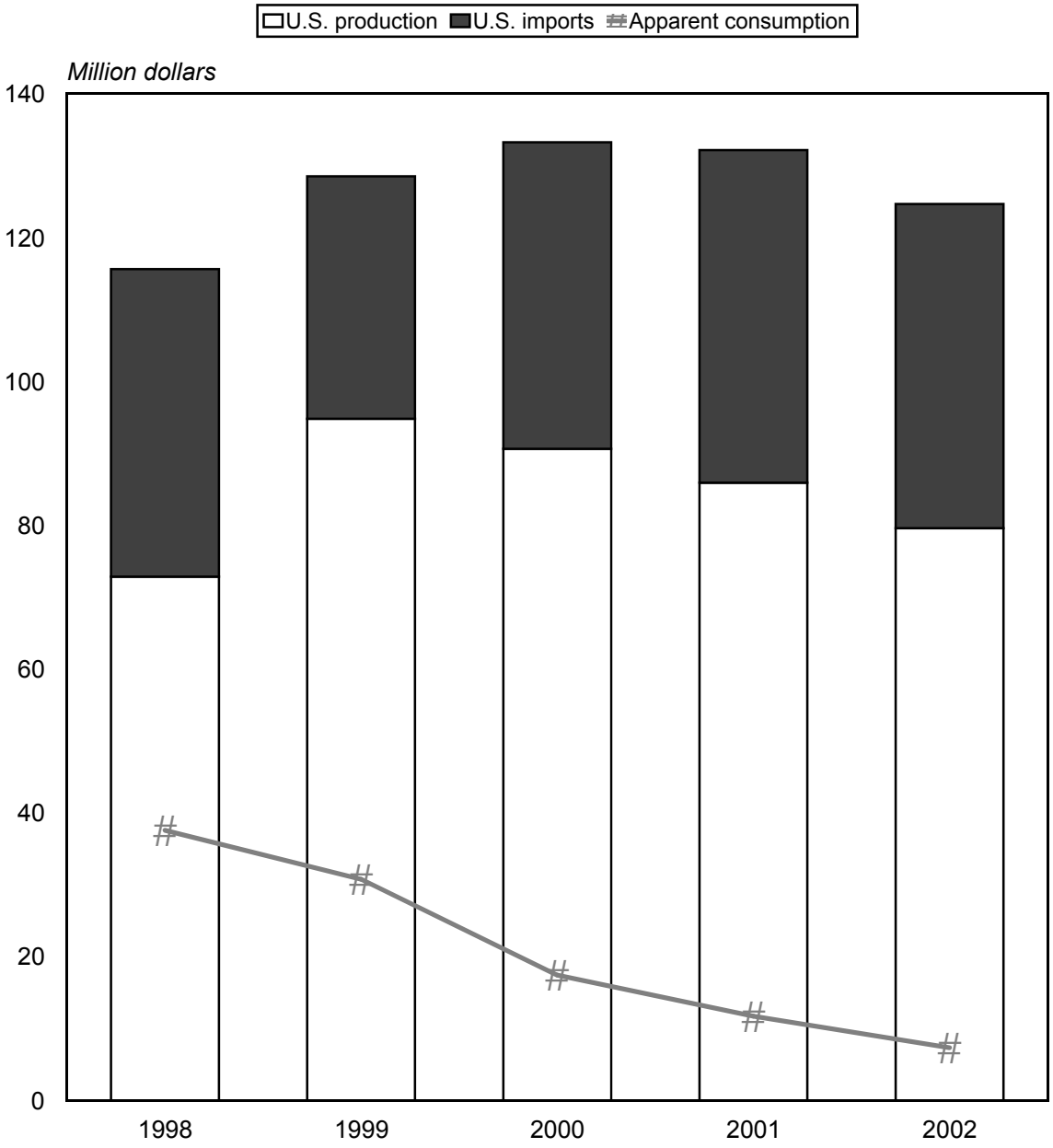
Total U.S. furskin production is estimated at $151 million in 2002.[32] During 1998-2002, U.S. ranched mink furskin production continued its long-term downward trend. The number of mink pelts produced, the average marketing price, and the value of production for 1998-2002 is shown in table B-3.

Ranch Mink Production

Mink pelt production totaled 2.6 million pelts in 2002, down by 12 percent from 1998. The value of mink pelt production rose sharply from $72.9 million in 1998 to $94.8 million in

[32] Estimated by the staff of the USITC.

Figure 2
Mink furskins: U.S. production, imports, and apparent consumption, 1998-2002



Note.--Inventories are not available.

Source: Production data compiled from the U.S. Department of Agriculture, NASS, *Mink, July 15, 2003.* Import data compiled from official statistics of the U.S. Department of Commerce.

1999, then fell to $79.6 million in 2002. The rise in value in 1999 reflects an increase in the average market price per pelt, which rose from $24.80 in 1998 to $33.70 in 1999. Changes in the total value during 1999-2001 generally reflect declines in the number of pelts produced as the average price per pelt remained fairly stable. However, the average pelt price declined to $30.60 in 2002.

Mink pelt production in any given year is dependent on decisions made by the rancher. When ranchers decide to retain more breeding stock the number of mink available for pelt production drops. Conversely, as the inventory of breeding stock declines, the number of kits produced decreases, and thus mink furskin production also decreases. The number of mink retained for breeding purposes constitute the inventories of live mink, since mink not kept for breeding purposes are slaughtered. During 1998-2002, the number of females bred to produce kits declined by 15 percent to 622,900. Despite the overall decline in the number of females retained for breeding purposes, the number of females bred to produce kits in Utah rose from 145,000 in 2001 to 149,000 in 2002. Other States in which the number of females bred increased were Idaho and Washington.[33]

Wild Fur Harvest

The United States is the world's largest-volume producer of furskins derived from animals harvested in the wild. Data on the U.S. wild fur harvest are collected by the Fur Resource Committee of the International Association of Fish and Wildlife Agencies (IAFWA) with the assistance of State wildlife agencies.[34] The estimated value of the 1997-98 harvest was $56.7 million (table B-4).[35] Principal species harvested (value basis) include raccoon, beaver, and muskrat. Other important species harvested include red fox, mink, nutria, and coyote. Many factors contribute to the increase/decrease in the harvest of wild furbearers including Federal, State, and local trapping and hunting regulations; weather, animal populations, and fur prices.

Table B-5 shows average pelt values for certain fur bearer species for the 1997-98 season. The geographic region in which a species is harvested will often influence the value of the pelt. For example, beaver harvested in the northeast was valued at $21.08 per pelt in the 1997-98 season whereas beaver harvested in the southeast during the period averaged $10.31 per pelt. The colder climate in the northeast generally results in a more desirable higher quality beaver pelt.

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[33] USDA, NASS, *Mink*, various issues.

[34] *U.S. Fur Harvest (1975-1995) and Fur Value (1974-1995) Statistics by State and Region*, by Greg Linscombe, chairman, Fur Resources Committee, IAFWA, with the assistance of state wildlife agencies. The fur harvest data and price are estimated based on data supplied by State agencies. It should be noted that some States include data collected from fur buyers or dealers, whereas some States rely on pelt tagging records and trapper questionnaires. Some species (e.g., raccoon) reported may include fur harvest taken by hunters; however, for most species, the harvest data are largely trapper harvest.

[35] Latest data available.

U.S. TRADE

The United States had a positive trade balance for furskins in every year during 1998-2002 (table B-6). Imports and exports generally rose from 1999 to 2002; however, the increase in exports was more significant--from $141 million in 1999 to $173 million in 2002. The United States registered a trade deficit with the EU during 1999-2002, reflecting a shift in trade to Asian markets and away from the EU. The United States registered a trade surplus of $76 million with Asia in 2002.

U.S. Imports

U.S. furskin imports during 1998-2002 are shown in tables B-7 through B-10. Such imports consisted mostly of mink, fox, and sable (table B-7). Mink, primarily undressed furskins, accounted for about 52 percent of the value of U.S. furskin imports annually during 1998-2002.

Products Imported, Levels, and Trends

U.S. furskin imports amounted to $87.2 million in 2002; mink pelts made up $46.6 million (53 percent), fox pelts accounted for $7.1 million (8 percent), and sable accounted for $2.3 million (3 percent). U.S. imports of "other" dressed, dyed furskins (HTS subheading 4302.19.75) totaled $12.1 million in 2002, accounting for 14 percent of furskin imports. Furskins included in this other category are derived from many species, including beaver, chinchilla, ermine, fisher, fitch, leopard, lynx, marten, nutria, ocelot, otter, pony, sable, and wolf.[36]

Principal Import Suppliers

The EU and Canada are the major U.S. suppliers of furskins, accounting for 81 percent of U.S. imports (by value) in 2002 (table B-8). Canada was the leading single country supplier during 1998-2002, accounting for about 39 percent (by value) of total U.S. furskins imports annually. Canada was the leading supplier of mink pelts during 1998-2002, accounting for 35 percent of such imports in 2002 (table B-9).

The Netherlands, Finland, Spain, Sweden, and Denmark accounted for more than 80 percent of U.S. furskin imports from the EU (table B-8). The Netherlands is the leading EU exporter of mink furskins to the United States, followed by Sweden, and Denmark. Finland is the leading supplier of fox pelts, accounting for more than 70 percent of the value in 2002 (table B-10). U.S. imports from Spain consisted mainly of "other" dressed and dyed furskins. Russia was the leading U.S. supplier of sable furskins during 1998-2002; such imports totaled $2.1 million in 2002.

[36] Data on individual species imported are not available.

U.S. Importers

The principal importers of furskins are U.S. fur brokers and wearing apparel manufacturers. The number of brokers and establishments is unknown; however, industry sources report that very few manufacturing facilities remain in New York City, which was once the fur-manufacturing center of the United States.[37]

U.S. Trade Measures

Tariff Measures

The provisions of the HTS for the furskins covered in this summary are shown in table B-11. This table shows the general and special column 1 rates of duty applicable to U.S. imports of furskins as of January 1, 2003. Furskin trade is covered in chapter 43. In addition, the table shows U.S. exports and imports of furskins, by HTS subheading, during 2002. Appendix A includes an explanation of tariff and trade agreement terms.

The aggregate trade-weighted average rate of duty for all products included in this summary was 0.50 percent ad valorem in 2002 and the aggregate trade-weighted average rate of duty for dutiable products was 2.2 percent ad valorem.

Nontariff Measures

The importation of threatened or endangered fur bearers or their products is prohibited under authority of the Endangered Species Act (ESA) of 1973 (Public Law 93-205). The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was established to govern the importation and exportation of endangered species and their products and was codified as part of the ESA on December 28, 1973. There are currently 161 countries that ascribe to CITES.

The Marine Mammal Protection Act[38] prohibits almost all commerce in seal, whale, and other marine mammal products, including furskins. However, Alaskan natives (Indians, Aleuts, and Eskimos) may hunt for subsistence and to make "cottage industry" handicrafts.[39]

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[37] *Sandy Parker Reports*, Vol. 27, Aug. 18, 2003.

[38] Sec. 17 of the Endangered Species Act.

[39] U.S. Department of the Interior, U.S. Fish & Wildlife Service, "Overview of the Division of Federal Program Activities," found at *http://habitat.fws.gov/overview.htm*, retrieved May 7, 2003.

U.S. Exports

The United States is a major exporter of wild harvested and farm-raised furskins, the bulk of which are exported in the raw state. U.S. furskin exports during 1998-2002 are shown in tables B-12 through B-14.

Products Exported, Levels, and Trends

U.S. furskin exports amounted to $172.6 million in 2002 (table B-12), of which $122.2 million (71 percent) consisted of mink pelts. Mink pelts accounted for between 56 percent and 77 percent of the value of exports during 1998-2002. Fox, beaver, and muskrat accounted for most of the remainder.

U.S. furskin exports declined from a high of $195.6 million in 1998 to $140.5 million in 1999 then rose steadily totaling $172.6 million in 2002. The decline in value from 1998 to 1999 reflected a decline in the quantity of furskins exported (except for mink pelts) and to a larger degree a decline in the unit value for most species, including mink pelts. The unit value for mink pelts dropped by 25 percent from $31.23 per pelt in 1998 to $23.57 per pelt in 1999 (table B-12). Exports to the EU and Canada declined in 1999 from year earlier levels, with exports to the EU showing the largest decline, dropping from $76.0 million to $19.7 million. U.S. exports to Asian markets increased by 34 percent from 1998 to 1999, driven mainly by increased shipments to Hong Kong and Korea.

Principal Export Markets

The leading markets for U.S. furskins include Canada, the EU, and Asia (table B-13). Canada was the leading single-country U.S. export market for furskins during 1998-99, but Hong Kong became the leading market in 2000 and remained the leading market in 2001. Canada regained its place as the leading market in 2002. Canada was the second-leading market for U.S. mink furskins exports (table B-14).

U.S. furskin exports to Asia rose by 84 percent during the period of review, from $43.7 million in 1998 to $80.4 million in 2002, reflecting Asia's dominance (due in large part to Asia's lower labor costs) in the fur apparel and accessories manufacturing sectors. Hong Kong and Korea are the leading Asian markets, accounting for 90 percent of U.S. furskin exports to Asia in 2002. Hong Kong was the leading U.S. export market for mink furskins during 1998-2002; however, most of these furskin exports to Hong Kong are re-exported to China.[40] Exports to the EU declined from $76.0 million in 1998 to $22.0 million in 2002, reflecting Asian dominance at the international fur auctions. Leading EU markets include Germany, Greece, and Italy.

[40] USDA, FAS, Peoples Republic of China, "Market Development Reports China's Growing Mink Market 2002," GAIN Report #CH2801, June 25, 2002.

U.S. Exporters

Most U.S. furskin production is marketed through two auction houses. The leading U.S. exporters of furskins include the NAFA and the American Legend Auctions. Representatives of major international buyers generally purchase furskins through these auction houses. It is estimated that a few hundred foreign buyers (e.g., Hong Kong dealers) purchase domestic furs annually at these auctions to be subsequently exported to foreign interests.

Foreign Trade Measures

Tariff Measures

Raw furskin imports into the EU enter duty free; tariffs on imports of tanned or dressed furskins and pieces or cuttings of furskins, tanned or dressed, range from free to 2.7 percent ad valorem.[41] Imports of furskins into Canada from the United States enter duty free. Canadian imports of furskins from other countries that qualify for most favorable nation (MFN) treatment enter duty free for raw furskins and from free to 8 percent ad valorem for dressed furskins.[42] Tariffs in Korea range from 3 percent ad valorem on raw furskins to 5 percent on tanned or dressed furskins. The Hong Kong Special Administrative Region of the People's Republic of China (HKSAR) is a free port and does not levy any customs tariff on imports.[43] China acceded to the World Trade Organization (WTO) on December 11, 2001, and its accession should further open its market to U.S. furskins. The bound rate for raw mink pelts (the principal U.S. fur exported to China) was 24 percent on January 1, 2001, with the final bound rate of 15 percent to be implemented on January 1, 2004.[44] Dressed mink received a rate of 24 percent on January 1, 2001, with the final bound rate of 12 percent to be implemented on January 1, 2005. Imports of tanned or dressed furskins of grey squirrel, ermine, other marten, fox, otter, marmot, lynx, and other furskins not specifically identified are also subject to staged duty reductions–declining from 17.2 percent in 2001 to 10 percent in 2004. All remaining furskins receive a duty rate of 20 percent with no staged reduction.

Nontariff Measures

Like the United States, most countries are members of CITES, and as such prohibit the importation and exportation of furskins from endangered species. In 1991, the EU approved

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[41] *Official Journal of the European Communities*, Ch. 43 "Furskins and Artificial Fur; Manufacturers Thereof," Dec. 28, 2002, pp. 315-317, found at *http://www.trade.gov/td/tic/tariff/-eu_instructions.htm*, retrieved July 7, 2003.

[42] See Asia-Pacific Economic Cooperation (APEC), Canada Economy Information, found at *http://www.apectariff.org*, retrieved July 7, 2003.

[43] See APEC Customs Guide - Hong Kong, China - 2003, found at *http://www.apectariff.org/-tdb.cgi*, retrieved July 7, 2003.

[44] China's WTO Accession and Trade Agreements found at *http://www.mac.doc.gov/China/-WTOAccessionPackageNEW.html*, retrieved Aug. 19, 2003.

a Council Regulation[45] that banned the use of leg-hold traps in the EU. In addition, the regulation which was scheduled for implementation in December 1997, would ban the importation of certain wild furskins (and fur products) from countries that use leghold traps or employ trapping methods that fall below internationally agreed humane trapping standards. Such a ban would adversely affect U.S. exports of fur to the EU as such traps are widely used by trappers in the United States. Other important wild fur- harvesting countries include Canada and Russia. However, in July 1997, an "Agreement on Humane Trapping Standards between Canada, the European Community, and the Russian Federation" was reached. On December 18, 1997, the United States and the EU signed an Agreed Minute[46] on humane trapping standards, thus allowing for the uninterrupted trade of wild furs.[47] The US-EU understanding (Agreed Minute) describes the characteristics of trap performance that need to be met in order for any trap to conform to the humane trapping standards. It reflects, in part, the intent of U.S. authorities to phase out certain leghold restraining traps and to promote trap research, as well as report research findings.[48] Authorities in the United States implemented the US-EU understanding through the Best Management Practices.[49] The Agreed Minute will permit continuing access of U.S. source fur and fur products to the EU market.

FOREIGN INDUSTRY PROFILE

Overview

Furskins derived from farmed fur-bearing animals account for 85 percent of fur production worldwide.[50] Mink and fox are the most common fur bearers raised on farms. As in the United States, farmed fur animals in foreign producing countries are typically fed a diet based mainly of slaughter-house and fish byproducts. Such feed is generally produced domestically and often is supplied by feed centers that are usually farmer owned. Most fur farms are family-owned operations that often employ additional workers during the breeding and pelting seasons.

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[45] EEC No. 3254/91 of Nov. 4, 1991, *Official Journal of the European Communities*, No. L 308/1.

[46] The Agreed Minute, is a nonbinding understanding with the EU, that expresses the intention of the United States and the EU to support trap research by their respective authorities, and foreseeing the phaseout of certain trapping devices.

[47] The Office of the United States Trade Representative (USTR), press release, "United States Reaches Understanding with the European Union on Humane Trapping Standards," Dec. 23, 1997.

[48] In the United States, individual State and tribal authorities have primary authority over the regulation of trapping and are thus responsible for implementing the humane trapping standards. See USTR, press release, "United States Reaches Understanding," Dec. 23, 1997.

[49] See summary section entitled "Humane treatment and animal welfare," for information on Best Management Practices (BMPs).

[50] British Fur Trade Association, "Facts and Figures," found at *http://www.britishfur.co.uk/-mediafacts.html*, retrieved July 14, 2003.

Europe is by far the largest producer of farmed mink and fox followed by North America. Other principal producing countries include Russia and China. World mink production declined from 30.1 million pelts in 1998 to 27.7 million pelts in 1999, then rose steadily reaching an estimated 30.9 million pelts in 2002 (table B-15). Global fox production declined from about 4.8 million pelts in 1998 to 4.0 million pelts in 2000, then rose to 4.5 million pelts in 2002 as shown in table B-16. Finland was by far the largest single country producer of fox pelts, with a share of 47 percent of world fox production.

Leading import markets for raw furskins include the EU, Asia, and North America (table B-17). Over 1991-2001, the developing countries' share of furskin imports rose from 31 percent to 50 percent; conversely, the share accounted for by developed countries declined from 69 percent to 50 percent.[51]

Country/Regional Profiles

European Union

The EU accounted for about 65 percent of world mink production in 2002.[52] Denmark, the Netherlands, Finland, and Sweden are the leading furskin producers in the EU. The largest consumers of fur products in Europe are Italy, Spain, and Germany. The majority of European fur production is marketed either through Denmark's Copenhagen Fur Center (CFC) or Finland's Finnish Fur Sales Ltd., (FFS). CFC is the world's largest auction house of farmed furskins selling nearly 13 million pelts annually with mink accounting for about 90 percent of the pelts sold. International auctions are held 5 - 6 times a year.

Saga Furs of Scandinavia (Saga Furs) is the world's largest fur-marketing organization, representing fur breeders from Denmark, Finland, Norway, and Sweden. Saga Furs is responsible for promoting and branding of SAGA Mink® and SAGA Fox® skins sold at auction houses in Copenhagen and Helsinki.[53] In 2002, SAGA Mink® and SAGA Fox® accounted for 66 percent of the world's market for farmed mink and 61 percent of fox marketed, respectively. Saga Furs design center is credited with the renewed interest in furs and offers workshops on the latest pelt-processing techniques and innovative ways to use fur pelts.[54] The future of SAGA however is uncertain, as Denmark's fur breeders association (CFC), the largest contributor to SAGA, has removed itself from the organization effective June 2005.[55]

Fur farmers in the EU are subject to humane animal regulations. Council Directive 98/58 sets down rules covering the welfare of farmed animals, including fur bearing animals and

[51] Based on statistics of the Food and Agriculture Organization of the United Nations, found at *http://www.fao.org*, retrieved Sept. 9, 2003.
[52] Sandy Parker, Farm Produced Minkskins, Oslo Fur Auctions, Ltd., July 16, 2003.
[53] Saga Furs of Scandinavia found at *http://www.sagafurs.com,* retrieved Aug. 27, 2003.
[54] Ibid.
[55] Copenhagen Fur Center, press release, "CFC Retires from the SAGA co-operation," found at *http://www.cfc.dk/sw5394.asp,* retrieved Aug. 26, 2003.

Directive 93/119 deals with the slaughter and killing of fur and other farmed animals.[56] In 1999, the Council of Europe revised its standards for fur farming. The new standards formed the basis for the Code of Practice of the European Fur Breeders' Association (EFBA).[57]

Animal rights and animal welfare organizations have established a strong antifur movement in much of Europe.[58] Pressure from animal rights and animal welfare groups have led many European countries to pass legislation banning fur farming or making it economically unviable to raise fur-bearing animals. Table B-18 shows various regulations affecting the raising of fur-bearing animals for certain European countries. In addition to efforts to ban fur farming, the EU in 1995 banned the use of leghold traps within its borders.

Denmark

By far the world's leading producer and exporter of ranch mink, Denmark accounted for about 40 percent of world mink production annually during 1998-2002 (table B-15). Most Danish mink farms are small family-run businesses although Denmark has some of the largest farms in the world. The Danish Fur Breeders Association represents about 2,400 fur breeders in Denmark and conducts its own research. Danish furs are generally marketed through the producer owned CFC. Furskins are the fourth- largest animal export product from Denmark.[59] Major export markets include Hong Kong, China, Japan, other European countries, and Korea.

Although world mink production has remained fairly stable in recent years, Danish production has increased while declines in production have taken place in many other countries. Danish mink production rose from 8.3 million pelts in 1983 (22 percent of world production) to 12.2 million pelts in 2002, accounting for nearly 40 percent of world mink production. Conversely, the United States saw production decline during the same period from 4.4 million pelts (16 percent of world production) in 1983 to 2.6 million pelts in 2002 (8 percent of world production).

Netherlands

The Netherlands accounts for about 10 percent of world mink production, the majority of which is exported. The overall number of mink farms has been declining; however, the number of mink raised per farm has been increasing.[60] Consequently, mink pelt production has remained fairly steady, averaging about 2.9 million pelts annually during 1998-2002. The number of mink pelts produced totaled 3.0 million in 2002. There is a ban on construction of new fox fur and chinchilla fur facilities in the Netherlands, with existing fox

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[56] British Fur Trade Association Mink Farming, "Fur Farming in the EU," found at *http://www.britishfur.co.uk/farmbody.html,* retrieved Apr. 30, 2003.

[57] European Fur Breeders' Association (EFBA), Legislation, found at *http://www.efbanet.com/-legislation.htm,* retrieved May 29, 2003.

[58] Animal Protection Institute, *The Demise of Fur; A Multilateral Approach* by Camilla Fox, reprinted from Animals' Agenda, Vol. 17, No. 1, Jan./Feb. 1997, found at *http://www.api4-animals.org,* retrieved Aug. 26, 2003.

[59] Copenhagen Fur Center, found at *http://www.cfc.dk/sw568.asp*, retrieved May 28, 2003.

[60] Bont voor Dieren, "Fur Farming in the Netherlands," found at *http://www.bontvoordieren.-nl/english/dutch.php-?action=furfarming*, retrieved May 2, 2003.

and chinchilla farms due to be phased out by 2008. Antifur campaigns in the early 1980s resulted in a drastic decline in fur retail sales in the Netherlands.[61] The Bont voor Dieren (Fur for Animals), a Dutch animal protection organization, claim partial responsibility for the ban on new fox fur and chinchilla fur facilities and to the phasing out of existing fox and chinchilla farms.[62] The Dutch Government has withdrawn a proposed ban on mink farming, reporting that its Cabinet has "no ethical objections to mink farming" and "does not want to act ahead of any Brussels legislation."[63]

Finland

Finland is the world's largest-volume producer and exporter of fox pelts and the fifth largest world producer of mink pelts (tables B-16 & B-15). Fur farming is concentrated on the west coast, due in part to its accessibility to fish byproducts. There are approximately 1,600 fur farms in Finland with employment estimated at 7,000. Fox production totaled 2.1 million pelts in 2002. There are many breeds of foxes raised in Finland; however, the blue fox is the most common, and, as its name indicates, it is blue-grey in color. The fur is principally used in the manufacture of collars and trimmings. Mink production averaged about 2 million pelts annually during the period, with black and brown shades being the most popular colors. Over 98 percent of Finnish fur production is exported. China and Russia are the most important markets for Finnish pelts; other important markets include Italy, Greece, Germany, and Japan.[64]

The Finnish Fur Sales (FFS) is a leading international fur auction company that is publically listed on the Helsinki Stock Exchange. The Finnish Fur Breeders Association is its largest stockholder. In 2001, FFS opened an automated pelting facility (Furfix Oy). This facility provided service to more than 200 mink breeders in its first year of operation, pelting about 500,000 mink pelts. Using the latest technology, the automated machinery provides (1) more uniform pelts than those processed by individual ranchers, and (2) higher quality pelts to fur buyers.[65]

Sweden

There are approximately 170 mink farms in Sweden, which ranked seventh in world mink production in 2002.[66] Such production increased from a low of 1.2 million pelts in 2000 to 1.4 million pelts in 2002 (table B-15). All fur farmers are members of SPR, The National Federation of Swedish Fur Farmers. The SPR is responsible for marketing of Swedish pelts,

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[61] World Animal Net: Anti-Fur Campaign: Legislation, "Anti-fur Legislation," found at *http://www.worldanimal.net/fur-legislation.html*, retrieved June 2, 2003.

[62] Bont voor Dieren, "Fur Farming in the Netherlands," found at *http://www.bontvoordieren.nl/english/-dutch.php?action=furfarming*, retrieved May 2, 2003.

[63] European Fur Breeders Association, "Dutch Government Fur Farming Ban Withdrawn," Feb. 27, 2003, found at *www.efbanet.com/presreleases.html*, retrieved Sept. 4, 2003.

[64] Finnish Fur Breeders' Association, found at *http://www.stkl-fpf.fi/index_e.htm*, retrieved July 15, 2003.

[65] Finnish Fur Sales, 2.4.9 "Pelting Service," found at *http://www.ffs.fi*, retrieved Sept. 11, 2003.

[66] Information on the Swedish industry was obtained by Commission staff from Asa Lexmon, agricultural specialist, FAS, Stockholm, in an e-mail correspondence of Sept. 3, 2003, unless otherwise noted.

which are sold at auctions, primarily at CFC to international buyers. In recent years, the Swedish Government and the public have strongly questioned the raising of fur-bearing animals. In November 2001, Sweden's Social Democratic Party voted to ban fur farming.[67] The Swedish Government is reportedly investigating the affects of a possible ban on fur farming, but results have not been finalized.

Asia

Hong Kong, China, and Korea are the primary Asian markets for furskins. China ranks sixth in world mink production. Demand for furskins, primarily for use in the manufacture of fur garments and accessories for both domestic and world markets has grown rapidly. The following provides information on these markets.

Hong Kong

Hong Kong was the leading world market for furskins during 1998-2001 as shown in table B-17. Principal suppliers to the Hong Kong market include Denmark, Finland, Canada, and the United States.

Most of Hong Kong's fur-manufacturing takes place in mainland China at facilities owned by Hong Kong Chinese. The number of fur-manufacturing establishments in Hong Kong declined from 24 in 1996 to 10 in 2001 as higher labor cost and stricter environmental regulations resulted in furriers setting up offshore production facilities in mainland China.[68]

Notwithstanding the decline in the number of manufacturing establishments, Hong Kong remains active in many trade related services, such as sales, marketing, and fur designs. Hong Kong traders act as brokers for Chinese buyers at U.S. fur auctions.[69] In addition, the purchased pelts are shipped to Hong Kong and re-exported to China. The raw pelts are dressed in China often by Hong Kong-owned dressing companies. The pelts are then usually sent to Chinese furskins dealers and/or to Hong Kong and Chinese garment and trimming manufacturers.

Hong Kong is the world's largest exporter of manufactured fur goods, although as stated, most fur garments are made in China at facilities managed and owned by the Hong Kong Chinese.[70] Hong Kong exports of fur clothing (including re-exports) totaled

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[67] Respect for Animals, press release, "Swedish Vote to Ban Fur Farming Succeeds," Nov. 13, 2001, found at *http://www.respectforanimals.org/news/131101.html*, retrieved Aug. 27, 2003.

[68] Industry Canada, Hong Kong - Leather and Fur - Competitive Situation found at *http://strategis.ic.gc.ca/SSGF/dd79252f.html,* retrieved July 28, 2003 and Hong Kong's Trade Development Council, "Profiles of Hong Kong Major Manufacturing Industries, Hong Kong's Fur Industry," Sept. 2002, found at *http://www.tdctrade.com/main/industries/t2_2_14.htm,* retrieved May 1, 2003.

[69] USDA, FAS, Peoples Republic of China, "Market Development Reports China's Growing Mink Market 2002," GAIN Report No. CH2801, June 25, 2002.

[70] From Copenhagen Fur Center, found at *http://www.furs.com/FUR/FurAge3.html,* retrieved July 11, 2003.

US$258 million[71] (HK $2.0 billion) in 2002, up from US$232 million (HK $1.8 billion) in 2000.[72] Japan, the United States, and the EU accounted for more than 75 percent of Hong Kong's fur clothing exports in 2002.[73] China and Korea are also emerging as important export markets for Hong Kong.

China

In recent years China's furskin industry has been restructuring with many state-owned enterprises closing and being replaced by private firms and joint-venture firms. There are a limited number of private mink farms in Northeast China that market their pelt production domestically. Fur pelts produced in China are considered inferior to North American and European pelts and are generally consumed domestically. The level of China's technology with respect to tanning, dressing, dyeing, and craftsmanship is relatively low, except for in Guangdong Province, where the level of technology is relatively high because of innovations in processing and manufacturing techniques.[74]

Official data on Chinese furskin production are unknown; however, mink pelt production is estimated at about 1.7 million in 2002 (table B-15), up from 1.2 million in 1998. Fox production totaled about 1.2 million pelts in 2002, up from 400,000 in 1998 (table B-16).

Chinese furskin imports rose from $49 million in 1998 to $66 million in 2001 (table B-17). Leading import suppliers include Europe (primarily Denmark, Holland, and Finland), the United States, and Canada. An estimated 70 percent of world mink production is manufactured into garments and accessories in China.[75] However, much of China's fur-manufacturing sector is owned by Hong Kong furriers and the furs are shipped out (re-exported) from Hong Kong and are recorded by Hong Kong's trade statistics.[76] Factors contributing to the increase in Chinese furskin imports include low wages, ease in expanding dressing and dyeing facilities, on time delivery of product, and acceptable workmanship and reliability. In addition to being a major exporter of fur products, China is now recognized as the leading consumer of mink garments.[77] Although Hong Kong is expected to continue to play a significant role in China's fur industry, analyst expect China to develop its own fully

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[71] Converted to U.S. dollars based on statistics of the International Monetary Fund: *International Financial Statistics*, July 2003, China, P.R.: Hong Kong average annual exchange rates for 2000 and 2002.

[72] "Hong Kong's Total Exports of Clothing of Furskins (SITC 84831)," found at *http://stat.tdctrade.com/monthly/prodt3.htm,* retrieved Aug. 1, 2003 and *Profiles of Hong Kong Major Manufacturing Industries*, found at *http://stat.tdctrade.com/monthly/prodt3.htm,* retrieved May 1, 2003.

[73] Based on Jan-June 2002 data. See Hong Kong's Trade Development Council, "Profiles of Hong Kong Major Manufacturing Industries, Hong Kong's Fur Industry," Sept. 2002, found at *http://www.tdctrade.com/main/-industries/t2_2_14.htm,* retrieved May 1, 2003.

[74] *Fur Age* article by David Sebben, executive director of Wild Fur Council of North America, found at *http://www.furs.com/FUR/FurAge2.html*, retrieved July 16, 2003.

[75] North American Fur Auctions (NAFA), Market Bulletin - January 25, 2001, "Far East Market Report," found at *http://nafa.ca/ranchfur/marketnews_jan2001.asp*, retrieved July 24, 2003.

[76] See Hong Kong writeup.

[77] NAFA, Market Bulletin - January 25, 2001, "Far East Market Report," found at *http://nafa.ca/ranchfur/-marketnews_jan2001.asp*, retrieved July 24, 2003.

integrated mink processing industry in the near future.[78] China's demand for fur is expected to increase; reflecting an expanding economy and stable currency. Because Hong Kong has established distribution channels into China, its exporters have a competitive advantage over other suppliers.

Korea

Korea was the third largest importer of furskins in 2001 (table B-17). Such imports rose from $41 million in 1998 to $90 million in 2000, then declined to $67 million in 2001. The decline in imports during 2001 reflect, in part, economic problems, decline in the stock market, and a weakening currency, which have lessened the demand for fur garments, especially traditional mink garments.[79] In addition, inventories of traditional garments have grown as demand for dyed, plucked and sheared mink, fox, and some wild furs have increased, reflecting increased demand by younger consumers. Korea is also importing finished garments from China, a trend that is expected to continue.

Russia

Farmed fur production as well as the harvesting of wild fur-bearing animals in Russia has declined dramatically in recent years.[80] The decline in fur production reflects the economic reform that resulted in the disintegration of the former Soviet Union and the subsequent demise of state-subsidized industries. Important fur-bearing species raised on farms include sable, mink, and fox. The number of fur farms declined from about 150 in the 1990s to about 40 in 2002.[81] Approximately one-half of the farms are large-scale operations and account for 80 percent of Russian pelt production.[82]

Sables are found almost exclusively in Russia and are one of the most expensive furs. Sable pelts are derived from wild sable as well as from farmed sable. The former Soviet Union banned export sales of sable-breeding stock. Thus, the Government controlled the resource and ultimately the number of pelts available on the world market. The ban on export sales of live sable remains in place despite Russia's move toward a free market economy. The United States, Hong Kong, and Japan are among the largest buyers of Russian sable pelts.

In the early 1990s, Russia was believed to have been the world's largest producer of farmed mink pelts. In 1993, such production was estimated at about 12.0 million pelts and accounted for 36 percent of world mink pelt production. In 2002, Russia's mink pelt production totaled about 2.7 million pelts (table B-15) and accounted for about 9 percent of world production. The bulk of production is consumed domestically.

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[78] USDA, FAS, Peoples Republic of China, "Market Development Reports China's Growing Mink Market 2002," GAIN Report No. CH2801, 25, 2002.

[79] NAFA, Market Bulletin, Dec. 14, 2000, "Korea," found at *http://nafa.ca/ranchfur/market-news.dec2000.asp*, retrieved Sept. 2, 2003.

[80] *International Herald Tribune*, "Fur Comes Back in a Brashy Way," Mar. 13, 1998, p. 23, found at *http://www.iht.com*, retrieved Apr. 30, 2003.

[81] *The Russia Journal*, "Russian fur industry struggles for survival," Feb. 22, 2002, found at *http://www.therussiajournal.com/index.htm?obj+5563*, retrieved July 23, 2003.

[82] Ibid.

Production costs to raise farmed fur animals have risen since the end of the Soviet Union, prior to which fur farmers had ready access to domestic fish and meat processing byproducts. As a result of government reforms, the Russian Government no longer subsidizes feed or offers easy credit terms. Feed costs, which represent the greatest cost of producing a pelt, rose as the infrastructure of industries which provided domestic fish and meat byproducts were destroyed.[83] Russian fur farmers thus incur greater production cost compared with other major farmed fur-producing countries.

Farmed pelts produced in Russia are considered inferior to those produced by North American and European producers. Many farmers cannot afford the imported feed and antibiotics necessary to raise animals that will produce quality pelts. One source reported that Scandinavian fur farms are more competitive than Russian farms because Scandinavian producers' farms are small family-run businesses that rely on skills handed down through several generations versus the large collective-style farms found in Russia.[84]

Russia has traditionally consumed over half the world's fur supply, primarily for headgear. The structure of consumer demand in Russia for fur-wearing apparel is changing in that the demand for domestic manufactured goods is declining while the demand for imported apparel is increasing. The old Soviet-style retail shops are being replaced by modern boutiques. Imported mink apparel is generally of higher quality and is in vogue. Once among the largest fur manufacturers in the world, Russia now imports more than 70 percent of its fur garments and accessories.[85]

Russian furskins are marketed through the Soyuzpushnina auction house in St. Petersburg, as well as through international auction houses such as the Copenhagen Fur Center in Denmark. Some pelts that previously were sold exclusively through Soyuzpushnina are now sold directly from fur farms to brokers and or dealers. The decline in Russian fur production has resulted in Russia becoming a major competitor at international auctions.

Canada

Canada is a major world producer of wild furskins as well as a major exporter of both wild furskins and ranch mink skins. Canada's furskin industry, like the U.S. furskin industry, includes small-family owned business, as well as trappers and hunters. Canada's wild harvest and ranch furskins are generally marketed through auction facilities in Toronto, North Bay, and Vancouver. Fur dressing facilities are in Quebec and fur garment manufacturers are primarily in Montreal and Toronto.

Canadian ranch mink production rose from a low of 900,000 pelts in 1999 to a high of 1.2 million pelts in 2002 (table B-15). Ranch mink production is concentrated in the Provinces of Nova Scotia, Ontario, and British Colombia.[86] The number of mink farms as

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[83] *Fur Farming in Russia: The Current Situation and the Prospects*, prepared by NA. Balakirev and E.A. Tinaeva, original report, found at *http://www.ifasnet.org/PDF/vol_25_no-_1scientifur-vol25_1_m,* retrieved July 24, 2003.

[84] *The Russia Journal*, "Russia no longer big, furry monster," Oct. 21, 2000, found at *http://therussiajournal.com-/index.htm?obj+3708*, retrieved July 23, 2003.

[85] Ibid.

[86] Statistics Canada, "Livestock Statistics," Second Quarter 2002, Catalogue no.23-603-XIE, pp. 91-92.

of December 31, 2001 totaled 190.[87] Ranched foxskin production totaled 13,160 pelts in 2001, down from 26,510 pelts in 1998.[88] The number of farms raising foxes declined steadily from 272 in 1998 to 135 in 2002, reflecting a long-term decline in fox pelts prices. Leading fox-producing Provinces include Nova Scotia, Quebec, Newfoundland, and New Brunswick. Mink and fox standards in Canada are represented by the Canada Mink Breeders Association and Canada Fox Breeders Association.[89]

The Canadian wild fur harvest rose from CAN$16.7 million in 1998 to CAN$20.6 million in 2000, or by 23 percent.[90] Quebec, Ontario, and Manitoba were the major harvesting Provinces accounting for more than 60 percent of the value. The wild fur harvest accounted for more than 40 percent of the value of Canadian furskins harvested during the period. Major species harvested include marten and beaver (accounting for 58 percent of the wild fur harvest ($CAN 11.9 million)). Other major species harvested include coyote, fox, and otter.

[87] Ibid

[88] Statistics Canada, "Fur Statistics, 2003," Vol. 1, no. 1, pp. 86-92, found at *http://www.statcan.ca/english/-freepub/23-013-XIE/free.htm*, retrieved Aug. 25, 2003.

[89] FCUSA, "Fur Facts," found at *http://www.furcommission.com/farming/pelts.htm*, retrieved Apr. 30, 2003.

[90] Data on Canadian wild fur harvest are on a "fur year basis" which runs from July 1 to June 30; data on farmed furskin production are on a calendar year basis, with most pelting occurring in the fall. See Statistics Canada, "Fur Statistics, 2003," Vol. 1, no. 1, p. 1, found at *http://www.statcan.ca/english/freepub/23-013-XIE/free.htm*, retrieved Aug. 25, 2003.

APPENDIX A
EXPLANATION OF TARIFF AND TRADE AGREEMENT TERMS

TARIFF AND TRADE AGREEMENT TERMS

In the ***Harmonized Tariff Schedule of the United States*** (HTS), chapters 1through 97 cover all goods in trade and incorporate the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description. Subordinate U.S. 8-digit rate lines, either enacted by Congress or proclaimed by the President, allow more narrowly applicable duty rates; nonlegal 10-digit statistical reporting numbers provide data of national interest. Chapters 98 and 99 contain special U.S. classifications and temporary rate provisions, respectively. The HTS replaced the *Tariff Schedules of the United States* (TSUS) effective Jan. 1, 1989. The HTS is updated by published supplements and by electronic revisions at *http://www.usitc.gov/taffairs.htm#HTS*; see preface pages and change records in each document.

Duty rates in the ***general*** subcolumn of HTS column 1 are normal trade relations rates; many general rates have been eliminated or are being reduced due to concessions resulting from the Uruguay Round of Multilateral Trade Negotiations. General duty rates apply to all countries except those listed in HTS general note 3(b) (Cuba, Laos, and North Korea) plus Serbia and Montenegro, which are subject to the statutory rates set forth in ***column 2***. Specified goods from designated general-rate countries may be eligible for reduced rates of duty or duty-free entry under preferential tariff programs, as set forth in the ***special*** subcolumn of HTS rate of duty column 1 or in the general notes. If eligibility for special tariff rates is not claimed or established, goods are dutiable at general rates. The HTS does not list countries covered by a total or partial embargo; it likewise does not contain antidumping or countervailing duties (consult the International Trade Administration of the Department of Commerce).

The ***Generalized System of Preferences*** (GSP) affords nonreciprocal duty-free entry to certain goods of designated beneficiary developing countries. The U.S. GSP, under title V of the Trade Act of 1974, as amended, now applies to merchandise imported on or after Jan. 1, 1976, and before the close of Dec. 31, 2006. Indicated by the symbol "A", "A*", or "A+" in the special subcolumn, The legal framework of the GSP is set forth in HTS general note 4; eligible articles must be the product of and imported directly from designated beneficiary developing countries. Eligible products of listed sub-Saharan African countries may qualify for duty-free entry under the ***African Growth and Opportunity Act*** (AGOA) (see HTS gen. note 16) through Sept. 30, 2008, as indicated by the symbol “D” in the special subcolumn; see subchapter XIX of chapter 98.

The ***Caribbean Basin Economic Recovery Act*** (CBERA) affords nonreciprocal tariff preferences to designated Caribbean Basin developing countries. The CBERA--enacted in title II of Pub. Law 98-67, implemented by Presidential Proclamation 5133 of Nov. 30, 1983, and amended by the Customs and Trade Act of 1990, applies to goods entered, or withdrawn from warehouse for consumption, on or after Jan. 1, 1984. Indicated by the symbol "E" or "E*" in the special subcolumn, CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries (see HTS gen. note 7). Other eligible products of listed beneficiary countries may qualify for duty-free or reduced-duty entry under the ***Caribbean Basin Trade Partnership Act*** (CBTPA) (see HTS gen. note 17), through Sept. 30, 2008, as

indicated by the symbol “R” in the special subcolumn; see also subchapter XX of chapter 98.

Free rates of duty in the special subcolumn followed by the symbol "IL" are applicable to products of Israel under the ***United States-Israel Free Trade Area Implementation Act*** of 1985 (IFTA), as provided in general note 8 to the HTS; see also subchapter VIII of chapter 99.

Nonreciprocal duty-free treatment in the special subcolumn followed by the symbol "J" or "J*" in parentheses is afforded to eligible articles from designated beneficiary countries under *the* ***Andean Trade Preference Act*** (ATPA), enacted as title II of Pub. Law 102-182 (effective July 22, 1992; see HTS gen. note 11) and renewed through December 31, 2006, by the ***Andean Trade Promotion and Drug Eradication Act*** of 2002. Goods eligible for new benefits under the latter act are designated by a “J+” in the special subcolumn; see also subchapter XXI of chapter 98.

Preferential free rates of duty in the special subcolumn followed by the symbol "CA" are applicable to eligible goods of Canada, and rates followed by the symbol "MX" are applicable to eligible goods of Mexico, under the ***North American Free Trade Agreement*** (NAFTA), as provided in general note 12 to the HTS and implemented effective Jan. 1, 1994, by Presidential Proclamation 6641 of Dec. 15, 1993. Goods must originate in the NAFTA region under rules set forth in general note 12(t) and meet other requirements of the note and applicable regulations.

Preferential rates of duty in the special subcolumn followed by the symbol “JO” are applicable to eligible goods of Jordan under *the* ***United States-Jordan Free Trade Area Implementation Act***, (JFTA) effective as of Dec. 17, 2001; see HTS gen. note 18 and subchapter IX of chapter 99.

Other special tariff treatment applies to particular ***products of insular possessions*** (gen. note 3(a)(iv)), ***products of the West Bank and Gaza Strip*** (gen. note 3(a)(v)), goods covered by the ***Automotive Products Trade Act*** (APTA) (gen. note 5) and the ***Agreement on Trade in Civil Aircraft*** (ATCA) (gen. note 6), ***articles imported from freely associated states*** (gen. note 10), ***pharmaceutical products*** (gen. note 13), and ***intermediate chemicals for dyes*** (gen. note 14).

The ***General Agreement on Tariffs and Trade 1994*** (GATT 1994), pursuant to the Agreement Establishing the World Trade Organization and based upon the earlier GATT 1947 (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786), is the primary multilateral system of discipline and principles governing international trade. The agreements mandate most-favored-nation treatment, maintenance of scheduled concession rates of duty, and national treatment for imported goods; GATT provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, dispute settlement, and other measures. Results of the Uruguay Round of multilateral tariff negotiations are set forth in separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX. Pursuant to the **Agreement on Textiles and Clothing** (ATC) of the GATT 1994, member countries are phasing out restrictions on imports under the prior "Arrangement Regarding International Trade in Textiles" (known as the **Multifiber Arrangement** (MFA)). Under the MFA, a departure from GATT 1947 provisions, importing and exporting countries negotiated bilateral agreements limiting textile and apparel shipments, and importing countries could

take unilateral action to control shipments. Quantitative limits were established on textiles and apparel of cotton, other vegetable fibers, wool, man-made fibers or silk blends in an effort to prevent or limit market disruption in the importing countries. The ATC establishes notification and safeguard procedures, along with other rules concerning the customs treatment of textile and apparel shipments, and calls for the eventual complete integration of this sector into the GATT 1994 and the phase-out of quotas over a ten-year period, or by Jan. 1, 2005.

APPENDIX B
STATISTICAL TABLES

Table B-1
Mink: Number of farms and pelts produced, by leading States, 1998-2002

State/Pelts/Farms	1998	1999	2000	2001	2002
Wisconsin:					
Pelts	800,500	731,700	680,100	672,000	685,000
Farms	94	82	70	69	69
Utah:					
Pelts	675,000	650,000	590,000	610,000	575,000
Farms	115	110	90	80	80
Minnesota:					
Pelts	268,200	262,700	284,800	286,500	267,000
Farms	44	40	37	36	33
Oregon:					
Pelts	263,000	270,000	268,000	251,000	270,200
Farms	30	30	28	26	25
Idaho:					
Pelts	192,600	228,500	222,400	151,200	228,900
Farms	22	26	24	28	25
Washington:					
Pelts	142,600	129,200	112,700	113,100	110,000
Farms	20	18	16	15	15
Iowa:					
Pelts	123,900	128,100	136,800	105,900	111,600
Farms	19	16	16	13	16
All other:					
Pelts	472,399	412,600	371,300	377,600	352,700
Farms	94	82	69	62	55
U.S. total:					
Pelts	2,938,199	2,812,800	2,666,100	2,567,300	2,600,400
Farms	438	404	350	329	318

Source: USDA, NASS, *Mink*, various issues.

Table B-2
Mink furskins[1]: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1998-2002

Year	Production[1]	Exports[2]	Imports[3]	Apparent consumption	Ratio of imports to production
	Thousand dollars				
1998	72,862	78,044	42,762	37,580	59
1999	94,798	97,750	33,739	30,787	36
2000	90,644	115,818	42,624	17,450	47
2001	85,928	120,457	46,252	11,723	54
2002	79,600	117,356	45,090	7,334	57

[1] Production includes whole, undressed farmed mink furskins, but not wild mink.
[2] Exports include whole, undressed wild and farmed mink furskins.
[3] Imports include whole, undressed wild and farmed mink furskins.

Note.—Factors that contributed to U.S. mink exports exceeding U.S. mink production during 1998-2002 are: U.S. mink production does not account for pelt inventories and does not include mink harvested from the wild; whereas U.S. export data includes inventoried pelts and mink pelts harvested from the wild as well as farmed pelt production.

Note.—Ratio of imports to consumption is exceptionally high. As the table shows U.S. exports exceed U.S. production, thus the share of consumption supplied by imports is generally high.

Source: Production data compiled from the U.S. Department of Agriculture, NASS, *Mink*, July 15, 2003; import and export data compiled from official statistics of the U.S. Department of Commerce.,

Table B-3
Ranch mink furskins: U.S. pelts produced, average market price, and value of mink pelts, 1998-2002

Year	Pelts	Average market price	Value of mink pelts
	Thousands	*Dollars*	*Million dollars*
1998	2,938	24.80	72.9
1999	2,813	33.70	94.8
2000	2,666	34.00	90.6
2001	2,567	33.50	85.9
2002	2,600	30.60	79.6

Source: USDA, National Agricultural Statistics Service (NASS), Mink, July 15, 2003.

Table B-4
Furskins: U.S. wild fur harvest, by major species and region of catch, 1997-98 harvest

Region	Otter	Coyote	Nutria	Mink	Red Fox	Muskrat	Beaver	Raccoon	Other	Total
	1,000 (*pelts*)									
Midwest[1]	7	105	([2])	134	88	1,457	285	2,240	303	4,618
Northeast[3]	3	12	([2])	35	57	545	53	296	154	1,155
Southeast[4]	14	7	361	16	7	74	56	211	47	793
West[5]	4	36	37	5	13	108	35	149	110	497
Total	29	159	398	190	164	2,183	429	2,896	613	7,062
	1,000 (*dollars*)									
Midwest[1]	302	1,065	([2])	1,531	1,127	4,175	4,573	25,120	964	38,857
Northeast[3]	111	139	([2])	406	762	1,801	1,112	3,500	972	8,805
Southeast[4]	447	50	1,864	144	80	198	581	1,393	223	4,981
West[5]	163	269	195	51	181	227	589	1,034	1,329	4,038
Total	1,025	1,524	2,059	2,132	2,150	6,402	6,854	31,047	3,489	56,680

[1] The Midwest includes the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin.

[2] No data reported.

[3] The Northeast States include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

[4] The Southeast includes the States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

[5] The West includes the States of Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming.

Note.—Because of rounding, figures may not add to the totals shown.

Source: *U.S. Fur Harvest (1970-1998) and Fur Value (1974-1998) Statistics by State and Region*, collected annually from State Wildlife Agencies by Greg Linscombe, Chairman, Fur Resources Committee, International Association of Fish and Wildlife Agencies.

Table B-5
Fur harvest: Average pelt prices for certain wild fur bearers, by region of catch, 1997-98 harvest

Species	Southeast[3]	Midwest[1]	West[4]	Northeast[2]
	Dollar (*per pelt*)			
Beaver	10.31	16.05	16.76	21.08
Red fox	11.64	12.44	14.35	13.38
Raccoon	6.61	11.21	6.92	11.84
Muskrat	2.69	2.87	2.11	3.30

[1] The Midwest includes the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin.

[2] The Northeast States include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

[3] The Southeast includes the States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

[4] The West includes the States of Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming.

Note.—Because of rounding, figures may not add to the totals shown.

Source: *U.S. Fur Harvest (1970-1998) and Fur Value (1974-1998) Statistics by State and Region*, collected annually from State Wildlife Agencies by Greg Linscombe, Chairman, Fur Resources Committee, International Association of Fish and Wildlife Agencies.

Table B-6
Furskins: U.S. exports of domestic merchandise, imports for consumption, and merchandise trade balance, by selected countries, and country groups, 1998-2002[1]

Countries	1998	1999	2000	2001	2002
	Million (*dollars*)				
U.S. exports of domestic merchandise:					
Canada	55	51	38	48	51
Hong Kong	30	34	49	49	40
Korea	9	22	31	25	32
Turkey	10	2	5	8	13
Germany	26	9	10	6	8
Greece	28	3	5	7	6
China	3	1	5	5	5
Finland	2	2	1	1	2
Spain	1	(2)	(2)	(2)	(2)
Sweden	(2)	(2)	(2)	(2)	(2)
All other	32	17	14	24	16
Total	196	141	158	173	173
EU-15	76	20	22	27	22
Asia	44	58	87	83	80
U.S. imports for consumption:					
Canada	34	32	35	36	31
Hong Kong	(2)	(2)	1	(2)	(2)
Korea	(2)	(2)	(2)	(2)	(2)
Turkey	(2)	(2)	(2)	1	(2)
Germany	(2)	1	1	1	1
Greece	1	(2)	1	1	1
China	1	1	2	3	3
Finland	8	6	6	9	7
Spain	4	3	5	7	7
Sweden	6	6	7	8	7
All other	32	24	29	30	30
Total	86	73	87	96	87
EU-15	35	27	33	42	40
Asia	2	1	3	3	4
U.S. merchandise trade balance:					
Canada	21	19	3	12	20
Hong Kong	30	34	48	49	40
Korea	9	22	31	25	32
Turkey	10	2	5	7	13
Germany	26	8	9	5	7
Greece	27	3	4	6	5
China	2	0	3	2	2
Finland	-6	-4	-5	-8	-5
Spain	-3	-3	-5	-7	-7
Sweden	-6	-6	-7	-8	-7
All other	0	-7	-15	-6	-14
Total	110	68	71	77	86
EU-15	41	-7	-11	-15	-18
Asia	42	57	84	80	76

[1] Import values are based on Customs value; export values are based on f.a.s. values, U.S. port of export.
[2] Less than $500,000.

Note.—The countries shown are those with the largest total U.S. trade (U.S. imports plus exports) in these products.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-7
Furskins[1]: U.S. imports for consumption, by principal types, 1998-2002

Type	1998	1999	2000	2001	2002
	Quantity (*1,000 pelts*)				
Mink	1,592	1,509	1,731	1,755	1,645
Fox	161	188	158	133	106
Sable	51	54	64	54	26
All other	(2)	(2)	(2)	(2)	(2)
Total	(2)	(2)	(2)	(2)	(2)
	Value (*1,000 dollars*)				
Mink	44,575	37,026	45,535	48,737	46,567
Fox	7,175	5,559	7,591	8,954	7,144
Sable	4,133	2,536	3,793	3,451	2,335
All other	30,525	28,149	30,528	34,415	31,129
Total	86,408	73,270	87,447	95,557	87,175
	Unit value (*dollar per pelt*)				
Mink	28.01	24.53	26.31	27.76	28.30
Fox	44.62	29.61	47.89	67.12	67.64
Sable	80.49	47.23	59.52	63.50	89.08
All other	(2)	(2)	(2)	(2)	(2)
Average	(2)	(2)	(2)	(2)	(2)

[1] Includes ranch and wild furskins, raw and/or dressed, whether or not dyed.
[2] Not meaningful.

Source: Compiled from tariff and trade data from the U.S. Department of Commerce, U.S. Department of the Treasury, and the USITC.

Table B-8
Furskins: U.S. imports for consumption, by principal sources, 1998-2002

Source	1998	1999	2000	2001	2002
	Thousand dollars				
Canada	33,725	31,556	35,390	35,539	30,653
EU:					
Netherlands	4,656	1,916	2,195	5,297	7,812
Finland	8,314	6,298	6,429	8,717	7,024
Spain	3,653	3,276	5,390	7,139	6,751
Sweden	5,753	5,802	6,503	7,579	6,561
Denmark	7,068	3,493	4,970	5,345	5,008
Other EU	5,313	6,073	8,002	8,421	6,878
Total EU	34,756	26,858	33,489	42,498	40,034
Russia	4,217	2,310	3,643	2,795	2,300
Subtotal	72,708	60,724	72,522	80,832	72,987
All other	13,700	12,546	14,925	14,725	14,188
Grand total	86,408	73,270	87,447	95,557	87,175

Note.—Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce, U.S. Department of the Treasury, and the USITC.

Table B-9
Mink furskins: U.S. imports for consumption, by principal sources, 1998-2002

Countries	1998	1999	2000	2001	2002
	Thousand dollars				
Canada	22,625	21,139	27,795	27,562	23,388
EU:					
Netherlands	4,645	1,920	2,193	5,288	7,812
Sweden	5,558	5,757	6,472	7,471	6,516
Denmark	6,454	3,238	4,831	4,690	4,551
Other EU	4,742	4,239	3,286	2,924	3,400
Total EU	21,399	15,154	16,782	20,373	22,279
Other	551	733	958	802	900
Grand total	44,575	37,026	45,535	48,737	46,567

Note.—Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce, U.S. Department of the Treasury, and the USITC.

Table B-10
Fox furskins: U.S. imports for consumption, by principal sources, 1998-2002

Countries	1998	1999	2000	2001	2002
	Thousand dollars				
EU:					
Finland	4,666	3,874	5,183	6,507	5,179
Other EU	706	290	185	714	453
Total EU	5,372	4,164	5,368	7,221	5,632
Canada	1,153	1,215	1,059	979	749
All other	762	547	1,407	885	876
Grand total	7,287	5,926	7,834	9,085	7,257

Note.—Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce, U.S. Department of the Treasury, and the USITC.

Table B-11
Furskins: Harmonized Tariff Schedule subheadings; description; U.S. col. 1 rate of duty as of Jan. 1, 2003; U.S. exports, 2002; and U.S. imports, 2002

HTS subheading	Suffix[1]	Brief description	Col. 1 rate of duty as of Jan. 1, 2003		U.S. exports 2002 (000 dollars)	U.S. imports 2002 (000 dollars)
			General	Special[2]		
4301		Raw furskins (including heads, tails, paws and other pieces or cuttings):				
		Of mink, whole, with or without head, tail or paws	Free			
4301.10.00	10	Wild			([3])	37
4301.10.00	20	Other			117,356	45,052
4301.30.00	00	Lamb (Astrakhan, Broadtail, Caracul, Persian and similar lamb, Indian, Chinese, Mongolian or Tibetan lamb), whole, with or without head, tail or paws	Free		13,978	106
4301.60		Fox, whole with or without head, tail or paws:				
4301.60.30	00	Silver, black or platinum fox, including mutations of these	5.1%	Free (A,CA,E,IL,J,MX) 1.2% (JO)	([4])	389
4301.60.60	00	Other	Free		([4])	6,445
4301.70.00	00	Seal	Free		567	0
4301.80.01		Other furskins, whole, with or without head, tail or paws:	Free			
4301.80.01	01	Hare			([5])	2
4301.80.01	02	Rabbit			([5])	225
4301.80.01	03	Beaver			([5])	664
4301.80.01	04	Muskrat			([5])	159
4301.80.01	10	Nutria			954	332
4301.80.01	20	Lynx			([5])	91
4301.80.01	40	Marten			([5])	426
4301.80.01	60	Sable			([5])	2,335
4301.80.01	70	Fisher			([5])	92
4301.80.01	75	Racoon			([5])	929
4301.80.01	90	Other			21,093	837
4301.90.00	00	Heads, tails, paws and other pieces or cuttings, suitable for furriers' use	Free		332	156
4302		Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), whether or not assembled:				
		Whole skins, with or without head, tail or paws, not assembled:				
		Of mink	2.1%	Free (A,CA,E,IL,J,JO,MX)		
4302.11.00	10	Kolinsky			([6])	2
4302.11.00	20	Other			4,825	1,476
4302.13.00	00	Lamb, (Astrakhan, Broadtail, Caracul, Persian and similar lamb, Indian, Chinese, Mongolian or Tibetan lamb)	2.2%	Free (A,CA,E,IL,J,JO,MX)	401	1,688

See footnotes at end of table.

Table B-11–*Continued*
Furskins: Harmonized Tariff Schedule subheadings; description; U.S. col. 1 rate of duty as of Jan. 1, 2003; U.S. exports, 2002; and U.S. imports, 2002

HTS subheading	Suffix[1]	Brief description	Col. 1 rate of duty as of Jan. 1, 2003 General	Col. 1 rate of duty as of Jan. 1, 2003 Special[2]	U.S. exports 2002 (000 dollars)	U.S. imports 2002 (000 dollars)
4302		Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings)—*Continued*				
4302.19		Other:				
		Beaver, chinchilla, ermine, fisher, fitch, fox, leopard, lynx, marten, nutria, ocelot, otter, pony, racoon, sable or wolf:				
4302.19.15	00	Silver, black, or platinum fox, including mutations of these	5.6%	Free (A,CA,E,IL,J,,MX) 1.4% (JO)	(7)	54
4302.19.30		Other:				
		Not dyed	1.5%	Free (A,CA,E,IL,J,JO,MX)		
4302.19.30	30	Fox			(7)	256
4302.19.30	40	Racoon			(7)	337
4302.19.30	70	Other			(7)	2,558
4302.19.45		Dyed	2.2%	Free (A,CA,E,IL,J,JO,MX)		
4302.19.45	30	Fox			(7)	113
4302.19.45	40	Racoon			(7)	36
4302.19.45	70	Other			(7)	618
4302.19.55	00	Rabbit or hare	2.7%	Free (A,CA,E,IL,J,JO,MX)	(7)	1,291
		Other:				
4302.19.60	00	Not dyed	3.5%	Free (A,CA,E,IL,J,JO,MX)	(7)	3,854
4302.19.75	00	Dyed	1.7%	Free (A,CA,E,IL,J,JO,MX)	(7)	12,122
4302.20		Heads, tails, paws and other pieces or cuttings, not assembled:				
4302.20.30	00	Beaver, Caracul or Persian lamb, chinchilla, ermine, fisher, fitch, fox, Kolinsky, leopard, lynx, marten, mink, nutria, ocelot, otter, pony, racoon, sable or wolf	2.1%	Free (A,CA,E,IL,J,JO,MX)	(8)	712
		Other:				
4302.20.60	00	Not dyed	3.5%	Free (A,CA,E,IL,J,JO,MX)	(8)	457
4302.20.90	00	Dyed	1.7%	Free (A,CA,E,IL,J,JO,MX)	(8)	1,500
4302.30.00	00	Whole skins and pieces or cuttings thereof, assembled	5.3%	Free (A,CA,E,IL,J,MX) 1.3% (JO)	625	1,824

See footnotes at end of table.

Table B-11–*Continued*
Furskins: Harmonized Tariff Schedule subheadings; description; U.S. col. 1 rate of duty as of Jan. 1, 2003; U.S. exports, 2002; and U.S. imports, 2002

HTS subheading	Suffix[1]	Brief description	Col. 1 rate of duty as of Jan. 1, 2003 General	Col. 1 rate of duty as of Jan. 1, 2003 Special[2]	U.S. exports 2002 (000 dollars)	U.S. imports 2002 (000 dollars)

[1] The suffix is not pat of the legal HTS text.
[2] Programs under which special tariff treatment may be provided and the corresponding symbols for such programs as they are indicated in the "Special" subcolumn are as follows: Generalized System of Preferences (A); NAFTA of Canada (CA); Mexico (MX); Caribbean Basin Economic Recovery Act (E); United States-Israel Free-Trade Area (IL); the Andean Trade Preference Act (J); and the United States-Jordan Free Trade Implementation Act (JO). See general notes to the HTS for more details on these programs.
[3] Export data included in HTS heading 4301.10.00.20.
[4] Export data are not available for HTS heading and suffix 4301.60.30.00 and HTS 4301.60.60.00. Collectively, the value of these exports was $2,923,000 in 2002.
[5] Export data included in HTS subheading 4301.80.01"Other" and correspond to imports entered under HTS subheading 4301.80.01 (except nutria).
[6] Export data included in HTS subheading 4302.11.00.20
[7] Export data are not available for HTS headings 4302.19.15, 4302.19.30, 4302.19.45, 4302.19.55, 4302.19.60, and 4302.19.75. Collectively, the value of these exports was $8,150,000 in 2002.
[8] Export data are not available for HTS headings 4302.20.30, 4302.20.60,and 4302.20.90. Collectively, the value of these exports was $1,107,000 in 2002.

Source: Compiled from official statistics of the U.S. Department of Commerce and from USITC, Harmonized Tariff Schedule of the United States (2003), USITC publication 3565, 2003.

Table B-12
Furskins: U.S. exports of domestic merchandise, by principal types, 1998-2002

Type	1998	1999	2000	2001	2002
	Quantity (*1,000 pelts*)				
Mink	3,480	4,413	4,591	4,452	4,265
Fox	100	69	120	236	202
Beaver	316	239	250	226	([1])
Muskrat	678	721	667	1,076	([1])
Nutria	382	40	29	70	371
All other	4,871	2,348	1,949	2,825	3,965
Total	9,828	7,831	7,606	8,885	8,804
	Value (*1,000 dollars*)				
Mink	108,688	104,017	121,562	126,262	122,181
Fox	1,759	1,192	3,482	4,893	2,923
Beaver	6,639	3,596	3,430	2,933	([1])
Muskrat	2,520	1,917	2,267	3,629	([1])
Nutria	2,314	799	177	379	954
All other	73,674	29,006	26,664	34,775	46,517
Total	195,594	140,526	157,581	172,872	172,575
	Unit value (*dollar per pelt*)				
Mink	31.23	23.57	26.48	28.36	28.65
Fox	17.61	17.25	28.97	20.75	14.45
Beaver	21.01	15.02	13.75	12.96	([1])
Muskrat	3.72	2.66	3.40	3.37	([1])
Nutria	6.05	19.80	6.01	5.40	2.57
All other	15.12	12.35	13.68	12.31	11.73
Total	19.90	17.95	20.72	19.46	19.60

[1] Included in "all other" category.

Source: Compiled from tariff and trade data from the U.S. Department of Commerce, the U.S. Department of the Treasury, and the USITC.

Table B-13
Furskins: U.S. exports of domestic merchandise, by selected countries and regions, 1998-2002

Countries	1998	1999	2000	2001	2002
	Thousand dollars				
Asia:					
Hong Kong	30,029	33,910	48,815	49,219	40,158
Korea	9,033	22,455	31,113	25,482	32,287
China	3,024	1,139	4,900	5,066	5,453
Japan	1,119	667	1,266	1,800	1,268
All other	488	182	1,086	1,108	1,243
Asia total	43,693	58,353	87,180	82,674	80,409
Canada	54,785	51,491	38,092	47,798	50,756
EU:					
Germany	25,807	9,344	9,556	6,332	7,565
Greece	28,432	3,127	4,696	6,968	5,848
Italy	7,532	1,903	2,853	3,929	3,586
Finland	2,107	1,720	977	1,361	1,907
United Kingdom	7,345	654	2,330	6,857	1,410
France	1,719	1,611	617	696	651
All other	3,029	1,341	1,012	1,043	1,040
EU total	75,970	19,701	22,042	27,186	22,006
All other markets	21,146	10,982	10,267	15,214	19,403
Total	195,594	140,526	157,581	172,872	172,575

Source: Compiled from tariff and trade data from the U.S. Department of Commerce, the U.S. Department of the Treasury, and the USITC.

Table B-14
Mink furskins: U.S. exports of domestic merchandise, by selected countries and regions, 1998-2002

Market	1998	1999	2000	2001	2002
	Thousand dollars				
Asia:					
Hong Kong	26,138	30,421	44,032	45,279	37,216
Korea	8,178	21,549	30,454	23,978	31,456
China	1,189	605	3,583	1,992	3,092
Japan	851	384	390	839	629
All other	93	0	4	142	338
Total Asia	36,449	52,959	78,463	72,231	72,730
Canada	14,359	34,982	26,399	33,111	33,756
EU:					
Germany	19,495	6,384	7,042	3,704	6,496
Greece	21,043	1,845	3,561	5,225	4,003
Finland	1,986	1,549	736	1,306	1,784
Italy	2,704	826	1,414	1,481	1,109
All other EU	10,264	1,878	2,717	6,738	1,521
Total EU	55,492	12,482	15,470	18,455	14,913
All other	2,388	3,594	1,230	2,465	782
World	108,688	104,017	121,562	126,262	122,181

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-15
Mink furskins: World production by principal producing countries, 1998-2002

Country	1998	1999	2000	2001	2002
			Thousand pelts		
Denmark	11,900	10,500	10,900	12,200	12,200
Netherlands	2,700	2,700	2,750	3,000	3,000
Russia	3,330	2,670	2,250	2,500	2,700
United States	2,900	2,800	2,650	2,570	2,550
Finland	2,100	1,900	2,000	2,000	2,000
China	1,200	1,500	1,700	2,000	1,700
Sweden	1,300	1,300	1,200	1,325	1,400
Canada	950	900	1,000	1,150	1,200
All other	3,709	3,470	3,663	3,805	4,115
World	30,089	27,740	28,113	30,550	30,865

Note.—Because of rounding, figures may not add to the totals shown.

Source: Facsimile from Sandy Parker, Farm Produced Minkskins, Oslo Fur Auctions, Ltd., July 16, 2003.

Table B-16
Farmed fox: Number of pelts offered on the world market, 1998–2002

Region/country	1998	1999	2000	2001	2002
			Thousand pelts		
Scandinavia:					
Finland	2,700	2,100	1,900	2,115	2,125
Other Scandinavian	655	499	430	431	432
Scandinavia total	3,355	2,599	2,330	2,546	2,557
China	400	800	900	1,000	1,200
Russia	680	400	350	350	400
All other	324	376	403	436	380
Grand total	4,759	4,175	3,983	4,332	4,537

Note.—Because of rounding, figures may not add to the totals shown.

Source: Facsimile from Sandy Parker, Farm Produced Foxskins, Oslo Fur Auctions, Ltd., July 16, 2003.

Table B-17
Furskins: World imports, by major markets, 1998- 2001

Markets	1998	1999	2000	2001
		Millions (*dollars*)		
Hong Kong	321	283	371	394
EU[1]	190	89	103	103
South Korea	41	72	90	67
China	49	45	63	66
United States	61	47	58	62
All other	140	118	121	151
World	802	654	806	843

[1] Excludes intra EU trade.

Source: Food and Agriculture Organization of the United Nations, statistical database, found at *http://www.fao.org,* retrieved Aug. 1, 2003.

Table B-18
Fur farming: Actions taken to abolish fur farms, by selected countries

Austria	Austria was the first EU member state to ban fur farming. Each of the 9 regions in Austria voted to ban fur farming during the 1990s. In June 1998, the last remaining mink farm closed.
Netherlands	Fox and chinchilla farming were banned since 1995 and 1997 respectively. Both bans allow for phase out period extending to April 2008. A proposal to ban mink farming has been dropped pending new legislation from the EU.
Great Britain and Wales	The Fur Farming Prohibition Act of 2000 effectively shut down all fur farms January 1, 2003.
Scotland	Scotland passed the Fur Farming (Prohibition) Bill in March 2002. Since there are no fur farms in Scotland, the main objective of the bill is to prevent fur farmers from Great Britain and Wales relocating to Scotland by prohibiting the establishment of fur farms north of the border.
Sweden	In November 2001, Sweden's Social Democratic Party voted to ban fur farming. The Swedish Government is investigating the affects of possible ban on fur farming, but results have not been finalized.

Source: World Animal Net, *Anti-Fur Legislation*, found at Internet address; *http://worldanimal.net/fur-egislation.html,* retrieved Aug. 25, 2003.