

FAC Annual Report

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

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

TABLE OF CONTENTS

Louisiana's Fur Industry	1
Washington D.C. Education	2
Fur Market Overview	4
General Education	9
2013-2014 Expenditures	11
Council Membership	12

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

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

Louisiana produces 11 different species of furbearers (beaver, bobcat, coyote, gray fox, mink, muskrat, nutria, opossum, raccoon, red fox, river otter). During the past 10 years, the state has averaged producing 31,106 pelts annually. The average annual production of nutria during the past 10 years has been 10,571 and raccoon 9,364 . These two species alone provided nearly 80% of the value of an industry worth over \$1.9 million annually to Louisiana trappers, including Coastwide Nutria Control Program (CNCP) incentive payment \$5.00 per tail to participating trapper.

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



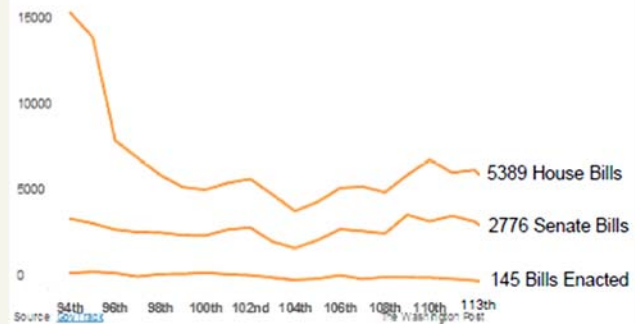
Washington D.C. Education

The 113th Congress has been widely panned as among the least productive in history. To be fair, there is a great deal at stake for both political Parties not the least of which is an intense battle for majority control of the Senate. Nevertheless, the nearly blank-screen of legislation since this Congress convened 20 months ago is unprecedented in modern history.

On one hand, the Democrat-controlled Senate went three months this spring without taking a single vote on an amendment to a pending bill. At the same time the Republican-controlled House has taken no action on more than 70 of the bills the Senate did manage to pass. As of August 6, 2014, only 145 bills passed both chambers and made it to the President to be signed into law.

Legislation introduced by Congress

The number of bills introduced in the House and Senate — and the number enacted. As of August 6, 2014.



And, who can forget the 16-day government shutdown last October due to a Party-line stalemate over the FY 2014 budget? Nobody came out of that looking good and so a repeat this year is unlikely. Nevertheless, few if any of the twelve FY 2015 appropriations bills are destined to be enacted by the September 30th end of the fiscal year.

Former Senate Majority Leaders Trent Lott (R-MS) and Tom Daschle (D-SD), co-chairs of the Bipartisan Policy Center's Commission on Political Reform, pretty much summed it up in a recent article and report on reforming Congress: "...the Senate has degenerated into a polarized mess...". Although the two former Majority Leaders put forth a roster of thoughtful recommendations for how to fix that mess, it's difficult to see how people who don't want to work together will now work together to implement recommendations for how they can work together – even if those recommendations did come from two of the most distinguished Senate Leaders in modern history. The results of the November 2014 elections will either set the stage for a fresh start in the upcoming 114th Congress – or another round of partisan battles and campaign posturing with all eyes on the 2016 Presidential election. Right now things seem destined to get worse before they get better.

You might think that this situation has limited the ability of the AAC and FAC to advance their agendas in Congress, and you would be correct. It's been a tough go. Still, the AAC and FAC remain the definitive voice of Louisiana's fur and alligator industries and sustainable-use management programs on Capitol Hill. There may not be much on Congress's legislative screen; but the AAC and FAC remain on it – maintaining an apolitical, "what's good for Louisiana" approach. Consequently, Council agendas --

including alligator disease research, feral swine and nutria damage control, CITES trade policies, and the constant need to defend against endless assaults on trapping and the fundamental principles of sustainable use-- continues to have the benefit of strong bipartisan support throughout the Louisiana Delegation.

Special recognition must be given for the bipartisan hands-on leadership provided by Senators Mary Landrieu (D-LA) and David Vitter (R-LA), and in the House from Congressmen Charles Boustany (R-LA) and Cedric Richmond (D-LA). Rising above the political fray, they have been persistent if not relentless in pursuing state and Federal agency officials, and all manner of legislation as champions of FAC and AAC funding and policy objectives.

Recognizing the impacts of an uncontrolled feral swine population on alligator egg predation and the destruction of essential fur and alligator habitat, for example, they even managed to squeeze some funding out of USDA APHIS for feral swine population control in Louisiana -- notwithstanding the initial meltdown on the FY 2014 budget and all the chaos that followed. In a 'normal' year, that might not have been a heavy lift; but in today's world, that's worth mentioning.

Its also well worth mentioning that Senator Landrieu and Congressman Boustany once again stood tall with the AAC and consultant Don Ashley to defend the sale in California of sustainable Louisiana alligator products by standing up to the animal rights extremists that for the past decade have been pushing for a ban. Following on their previously successful efforts in 2006 and 2009, the Senator and Congressman again made their case in a June 2014 letter to California Senate Natural Resources Committee Chairwoman Fran Pavley stating; *"we are very proud that Louisiana's alligator program continues to provide a global model for how the sustainable use of wildlife and fishery resources can most effectively conserve and restore their populations."*

The truth is, these days it takes considerable persistence and patience-- and prayer-- to get anything done in Washington, DC. It also takes an experienced and dedicated Delegation that is well educated on our issues. The Louisiana Delegation continues to have what it takes, but let's still say a prayer that the picture gets a little brighter for the FAC and AAC in the 114th Congress.



Education on the Hill

Fur Market Overview

Ranched mink remains the touchstone of the fur trade. It is the most popular fur in the industry. According to the US International Trade Commission, in 2002, 2.6 million pelts were produced in the United States at a value of \$79.6 million dollars. (*USITC Publication 3666 – Industry & Trade Summary – Furskins Jan. 2004*) Considering that the US is only the 4th largest producer of ranched mink and supplies only 8% to the global fur market, the actual numbers become staggering. This is why when ranched mink prices rise, those who can't afford to create a full fashion line in ranched mink will look to other kinds of furs to meet their needs, bringing the prices up.

These prices were heavily influenced by a falsely inflated fur market. Chinese merchants became excited with their new success and built fur centers to show their prosperity. Then the bubble burst. The merchants had grown beyond their market share, and to complicate things, their retail clients weren't interested in new garments at high prices because of the warm winter. Chinese customs began to investigate the newly successful which put a scare into the manufacturers. This included arrests of some of their top buyers and the country's crack-down on gifting and duty cheats. Add to this Russia's conflict in the Crimea and the devaluation of the ruble, and it comes as no surprise that the global fur industry has been shaken up. Any one of these things would have caused a market correction. These issues together caused the fur market to stumble.

At the beginning of auction season, tremors began to be felt through the fur industry. The first wake-up call came at the two international mink auctions which took place in December 2013. The Copenhagen Mink Auction sold approximately 50% of their mink at a drop in price by 25%. The same was true of Saga Auction's Mink sales.

January's Beijing Fur Fair demonstrated and confirmed rumors of the troubles taking place in the Chinese fur market. Over-all traffic at the fair was down by 50%, but the customers coming to the Louisiana booth had cash in hand. They were three major buy-

ers looking for big numbers of nutria. Dozens more were interested in muskrat and in beaver.

With Ranched Mink down 50% - 60% at the auctions in January, buyers and other interested parties watched wild fur very closely. People in the know were predicting that wild fur would follow ranched mink and drop between 15% - 20%, but at the auction, for the most part, wild fur held its own. Wild fur generally sold well and the prices held with some adjustments but no disasters. Each type of wild fur at the auction had its own story. For example, coyote and fox held their price because they are fluffy furs that are used in hood trims but raccoon wasn't strong because it has a flatter fur. Bobcat also held its price. Wild mink was expected to follow its ranched counterpart down, but it didn't.

In March, Helsinki Finland hosted an auction that was the first of its kind. This sale was to confirm wild furs' general direction and was to instill more confidence towards the future. The eleven day auction combined the talents of Saga Furs with Fur Harvesters and American Legend. Although each house hosted their own auction event, the one-stop-shopping had a better turn-out and all three were presented to a wider audience. This resulted in successful mink sales for both Saga and American Legend resulting in slightly higher prices.

This auction was to help see the market's current price trends. Muskrat prices held and wild mink stayed strong. It was predicted that the 'fluffy furs' used by the trimmings market would be the top sellers, but coyote was down and heavy raccoon was up. This was a complete reversal to what was seen in Toronto. Bobcat was up considerably. The only option was to expect the unexpected. There was more interest in wild fur, but the market was unpredictable. One of the most interesting observations made at the Helsinki auctions was that none of the top-lots were bought by the Chinese. Their buyers may not have been very active because of their heavy investment in mink and because of what had been happening in China since last June, 2013.

Current predictions say the prices will continue to stabilize around the current levels.

Fur Market Overview Continued

Niche markets, such as bobcat and muskrat, which can be processed to look like mink; and the 'fluffy furs' that are used as trimmings such as coyote and fox are able to hold their own.

Fur Fashion

There seems to be a new attitude towards fur. Garments and accessories have become prominent in everything from designer boutiques to sporting goods stores to department stores. It is even beginning to make an appearance in the children's wear department.

Designers are mining styles of the past. Young celebrities and fashion trendsetters are photographed wearing fur coats, accessories and vintage pieces in very different ways; stoles repurposed into tops, jewel tone hats and handbags and short jackets worn with jeans. 70% of all top-named designers included fur in their Fall / Winter collections.

Louisiana Raw Skin Market:

All of the nutria skins that were harvested in the 2013/2014 season were sold, but, as of July 2014, the skins are still being consolidated for delivery to Turkey.

Earlier in the fiscal year, there had been a proposal for an increase in the selling price of nutria from \$5.00 to \$6.50 per skin. But the wild fur market took a downward turn and everything changed. It would be difficult to sell a nutria for \$6.50 when a beaver can be purchased for \$9.00. There was also the problem of fulfilling current orders and the unreliability of the shipping network. This means the increase will have to wait for at least one more season.

At the November 2013 Turkish Fair, Hatem Yavuz displayed special dyed and stenciled and sheared nutria that would be an ideal entrance for nutria into the trimmings

market. Hatem's one concern is in the quality of the nutria he has been receiving. He knows that he can get better and would like a higher standard set so that he will be able to compete in the world market.

Peter Li, from China, purchased 5,000 nutria, but there was a delay in the shipment out of Louisiana. Delays in shipping are causing problems and affecting our reputation. This affects our ability to get repeat orders. Louisiana dealers are addressing this problem by working with Pilot Freight Forwarding, a company that has been reliable for Louisiana alligator dealers.

Beijing Fur Fair

Louisiana Bayou Furs was again part of the North American Booth at the Beijing Fur Fair. The diversity of companies and fur products brought a steady stream of traffic. It took a lot of work, but the



Beijing Booth, January, 2014

booth for the Beijing Fair was one of the nicest looking booths we have ever had. There was a notable decline in overall traffic but this was one of Louisiana's most successful fairs. The people coming into the booth were serious buyers. Louisiana left the fair with orders from China, Italy and Russia.

Istanbul Fur Fair

In November, Michael Consiglio, the Fur Advisory Council contractor, travelled to Turkey to represent Louisiana Bayou Furs at Hatem Yavuz's booth at the Istanbul Fur Fair. The object was to see the fair, gather contacts, and see if opening a booth there was beneficial to Louisiana's marketing strategies.

Turkey sits at the crossroads of Europe and Asia and has acted as the gateway to Eastern



Yavuz Group Booth, Istanbul Fair, 2013

Europe for the last 10,000 years. It was once the starting point of the historic system of caravan trails known as the Silk Road; which ran through Turkey, Persia, India and China.

Louisiana has a firm footing in China. Louisiana Furs started showing at the Beijing Fair when it was

still in its infancy. Now Turkey is growing at 5% and the country's growth is second only to China in purchasing power. Louisiana would then be in a position to nurture the relationship in this fledgling market.

Conclusion

This year turned into a conservatively slow year for us. Unfortunately Louisiana's trapping season coincided with the mink market's drastic drop of 50%; eventually falling to 75% at the end of this reporting period. As in past years, when the ranched mink market is in a state of flux, buyers turn to wild furs. The hesitation might seem like a bad thing but it allows the market to readjust and raises interest in mink at the consumer level again. This pause however caused the Louisiana raw skin dealers to delay on their purchases.

The Louisiana market has survived worse than this. Every time a new market opens it experiences the same type of growing pains. Manufacturers get successful. Everyone gets excited. Then reality sets in. It has happened many times and each time the international market comes back more stable and stronger than before.

E d u c a t i o n P r o g r a m

The Fur Advisory Council coordinated with teachers, librarians and other relevant personnel around the state. An educator under contract with the Council, Quentin Morris, presented at schools, libraries and events. This year 20 school presentations were given including Career Day at Red River Elementary School as well as two presentations for agricultural department classes, 15 library presentations, Jakes Day 2014 (a Boy Scout event), and the Louisiana Science Teachers Association Conference in Shreveport. Traditional events included Winn Parish Forestry Awareness Day, the State Fair, and Camp Roughin' It.

The presentations varied in length from 30 minutes to an hour and focus on four points of emphasis. All presentations contained the same general content. First, a brief history of fur trapping in North America is discussed. Discussions included how fur trapping has been practiced on our continent for thousands of years by native peoples. Subsequently, in the 1600s European Colonists began to export American Furs back to their homeland. People such as Pierre LaCledé and LaSalle established trading posts along the Mississippi River from which to gather pelts from the Native Americans for export back to Europe in exchange for metal goods such as guns. Beavers were often talked about in great detail as they are a major nuisance concern. Beavers are capable of flooding property including croplands as well as destroying some crops directly such as corn and sugarcane. Next, the benefits of trapping in regards to wildlife and habitat are enumerated. Mr. Morris, the education contractor, emphasizes that fur trapping will help to cull populations so that there is more space between any two animals thereby reducing disease spread. Finally, the uses of live trapping and ecological trapping were discussed.

Next, the practice of trapping is discussed. The most commonly used trap, the live catch leg hold is displayed to audiences. Mr. Morris explains that this device is buried in the ground and that scent lures are used in order to attract animals to the area where the trap is located. Other lures are mentioned such as food-based ones, as well as the use of stool and urine. Audiences are informed of the importance of understanding the habits of the animals that they wish to trap, such as when the species is active, its dietary habits, where it lives,

what its trails look like, and even what its scat and tracks look like. It is also important to have a working knowledge of trapping law.

Finally, it is mentioned that fur trapping is regulated, just as hunting and fishing are, by the state. There is a license necessary to fur trap, and it is only \$5.00 for individuals under 15 years of age. After that the fee increases to \$25.00. An additional license is required to sell the harvested pelts. Mr. Morris also says that the LDW&F regulates trapping and that this agency is staffed with biologists and conservation officers. A lot of scientific research has been put into developing humane traps and outlining humane trapping methods.



Camp Roughin' It

2013 - 2014 Expenditures

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

Rockefeller Trust Funds	
Budgeted	\$120,638
Salaries	\$0
Related Benefits	\$0
Travel	\$0
Operating Services- <i>i.e. cell phone, newspaper ads</i>	\$0
Supplies- <i>i.e. sample furs, sample products</i>	\$49
Professional Services- <i>i.e. fur promotion contract, D.C. education</i>	\$140,128
Capital Outlay	\$0
Rockefeller Trust Funds Expended	\$140,177
The overage was covered by the Conservation Fund.	(\$19,538)
Education and Marketing Fund	
Budgeted	\$100,000
Salaries	\$29,756
Related Benefits	\$12,497
Travel	\$9,510
Operating Services- <i>i.e. cell phone, internet service</i>	\$4,703
Supplies- <i>i.e. printing supplies, office supplies, sample furs</i>	\$772
Acquisitions	\$0
Education and Marketing Funds Expended	\$57,238
Total FAC Funds Budgeted	\$220,638
Total Expended	\$197,366

F A C M e m b e r s

Landowner Representatives

Judge Edwards
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