

FAC Annual Report

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

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

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

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

Louisiana produces 12 different species of furbearers (beaver, bobcat, coyote, gray fox, mink, muskrat, nutria, opossum, skunk, raccoon, red fox, river otter). During the past 10 years, the state has averaged producing 28,651 pelts annually. The average annual production of nutria during the past 10 years has been 10,003 and raccoon 8,907. These two species alone provided approximately 66% 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.



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Washington D.C. Education

The report from Washington, D.C. at this time last year was that the 113th Congress was doomed to be among the very least productive in its history. Unfortunately, that story came true. Commenting on the results of the annual report of the Bipartisan Policy Center of which they are co-chairs, you may recall former Senate Majority Leaders Trent Lott (R-MS) and Tom Daschle (D-SD) had proclaimed “...*the Senate has degenerated into a polarized mess...*”.

This year, the Center has painted a somewhat brighter picture of the first six months of the 2-year 114th Congress in which the Republican Party has secured the majority in both the House and now in the Senate. Indeed, the Senate has worked a few more days this year than it did in the beginning of the 113th Congress in 2013, and the new Majority Leader Mitch McConnell (R-KY) appears to be using procedural maneuvers for partisan purposes to limit debate and block amendments at a lower rate than Senator Harry Reid (D-NV) did when he was Majority Leader in the last Congress. More importantly, several major national policy bills have been enacted with bipartisan support. As described by former Senator Olympia Snowe (R-ME), another co-chair of the Center, “*After years of being moribund, Congress at least has a pulse.*” So, have things improved sufficiently to improve the prospects for AAC’s and FAC’s Washington agenda? Yes and No.

The good news is that, thanks to the leadership of newly elected Senator Bill Cassidy (R-LA) working with longtime fur and alligator industries champion Senator David Vitter (R-LA), the Senate Appropriations Committee (of which Sen Cassidy is a member) has yielded a Fiscal Year 2016 funding bill that for the first time in more than a decade identified alligator disease research as a funding priority for the Animal and Plant Health Information Service (APHIS) under the US Department of Agriculture. Some years back, APHIS had long partnered with the LDWF in funding the pioneering research conducted by LSU’s Dr. Javier Navarez in close coordination with the alligator industry. Further work with Senators Vitter and Cassidy will be needed to ensure that the Appropriator’s directive to APHIS will generate a specific grant to Louisiana, but taken in the context of the past decade of Congressional dysfunction, the 2011 ban on earmarks, and the overall budget constraints of this era, this must be seen as an important breakthrough.

That said, the bad news is that a deep partisan divide has erupted in the Senate over the sequestration rules adopted in the 2011 Budget Control Act, and whether those automatic spending reductions should apply to the Defense Budget. The net result at the moment is a promise by Senate Democrats to block the full-Senate adoption of any and all FY 2016 appropriations bills until this impasse is resolved – if ever. That includes the same FY 2016 Appropriations Committee bill that contains the alligator disease research provision. It’s far too early in the process to tell if or how the FY 2016 spending process will proceed, but having the commitment and leadership of Louisi-

ana's Senators behind this initiative is, of course, crucial and greatly appreciated. While Senator Cassidy's affinity for Louisiana's fur and alligator programs and industries-- as well as his position on the Senate Appropriations Committee-- bodes well for the AAC and FAC agendas, we must recognize it comes with the loss of Senator Mary Landrieu (D-LA). Senator Landrieu held the AAC, FAC, the Department, and Louisiana's fur and alligator industries in very high regard. Her numerous initiatives and many years of support will never be forgotten. She was firmly committed to the FAC and AAC agendas and delivered results time and time again. Of course, Senator Vitter's extraordinary leadership will also be missed as he pursues his run for the Governor's office.

On a brighter note, with the guidance of LDWF Assistant Secretary Jimmy Anthony and Biologist Director Buddy Baker, the AAC and FAC have revitalized their longstanding partnerships in Washington with various wildlife management organizations including especially the Association of Fish and Wildlife Agencies (AFWA) to join forces against extremist environmental and animal rights groups to advance their anti-hunting and trapping agendas on the domestic front and internationally at CITES. For example, this partnership has worked well in Congress to prevent any forward progress on legislation re-introduced in both the House and Senate this year to prohibit trapping on National Wildlife Refuges. Internationally, this team is working with other like-minded Nations, indigenous peoples groups, and other key organizations to defend the core principles of sustainable use at CITES.

Overall, despite the partisan environment and the countless other challenges that always complicate getting anything done in Washington, DC, the picture seems brighter than it has for years – certainly as compared to the previous Congress.



Education on the Hill

Fur Market Overview

The 2014/2015 season was a year of opposing forces. Fur sales were inconsistent throughout the year, but Louisiana dealers sold out on all types of furs except Nutria. North American manufacturers working on hood strips for winter jackets and coats were never busier but international fur dealers kept waiting for the phone to ring. Auction sales were spotty but more designers showed fur in their lines as the next luxury trend.

International politics had a big influence on fur sales as both China and Russia suffered internal political issues and financial losses. In 2012, Xi Jinping became the new head of the Chinese government and began to track down and prosecute corrupt government officials and tax cheats. By April of 2015, hundreds of thousands of government officials were facing prosecution. Leaders of established fur companies were being arrested. This sent shockwaves through their industry.

The Chinese government's next target was to crack-down on illegal imports. Up until the end of last year, companies in the West could send in raw furs for dressing to be exported back to the furs' owner without the Chinese company having to pay tax or duty on the fur. The same was true for garment makers who would supply their own furs and clothing patterns to have coats or jackets manufactured from their own skins. The practice was known as CMT. On January 1st, 2015 this practice came to an end. All furs coming into the country will have duty and taxes levied on them. This means manufacturers will have to pay taxes on furs coming into their country, whether for export again or not.

But the Chinese government hasn't finished yet. In May 2015, the government began to address environmental issues. China is one of the most heavily polluted countries in the world. Companies have been found falsifying reports about their pollutants sent into the air and the water, and they have since been banned from business. Close examination and enforcement of these laws have led to the closing of 8,000 companies. The government is being very watchful as China wishes to bid on the 2022 Winter Olympics. This has affected dressing and dying companies who have been forced to either bear the costs of retrofitting their companies or shutting down completely. Many companies have begun to move their processing and sewing plants out of China and into Vietnam / Southern Asia to get around the new taxes on fur imports and these environmental restrictions.

North America and Europe both had record fur sales because of their cold 2013 / 2014 winters. Furs were very popular among fashion designers. Imports of fur garments into the U.S. rose with Italy being the largest supplier with total imports at \$11.6 million while Chinese fur imports was \$10.2 million. By November 2014 cold weather had begun to settle in China. Chinese domestic sales went up. This used up a lot of their existing inventory and Chinese buyers began to slowly appear at the international auctions again, causing the price of ranched mink to begin a slow rise.

The U.S. and the U.K. began imposing sanctions on Russia in the summer of 2014 because of Russia's involvement in the Ukraine. By December 2014, the Russian ruble had fallen as much as 60% since its 2013 value in relation to the U.S. dollar. The Russian economy is tied closely to oil production, and with the price of crude oil at a four-year low and no sign of the OPEC nations cutting production, the ruble continues to remain low against the strengthening US dollar. This will make basic necessities more expensive and leave little for luxuries.

While furs have not been caught up in the embargo / sanction of goods exchanged between Russia and the U.S. or Europe, both Turkey and Greece are feeling the effects of the restrictions faced by their largest trading partner. This meant there was a less than favorable turn-out at The Fur & Leather Fair in Istanbul, Turkey in November. Russia shares a visa-free relationship with Turkey, but the Russian buyers weren't there. The market is especially difficult for them at this time, because the furriers buy pelts in U.S. dollars but sell to the consumer in rubles.

Greece's financial problems as well as the restrictions placed on Russian tourists affected their buying habits at the auctions. The towns of Kastoria and Siatista employ upwards of 25,000 furriers. 60% of their population is involved in the sale and manufacture of furs, either directly or indirectly. 95% of their revenue comes from exports. These places were built on the fur trade.

Since Russia is one of the biggest consumers of wild furs, it begs the question, "How will this affect the price of bobcat and the fur market in general?" We will have to see how this plays out once the auctions are back in the fall.

AUCTIONS

Ranched mink continues to set the price point for all other furs, both ranched and wild. As the price of ranched mink rises, other furs become more in demand which brings their prices up and the same holds true when the price of ranched mink falls. This has been shown in the international market's current rollercoaster ride.

At the end of last year's auction, ranched mink began its slow recovery. Copenhagen Auctions helped their September 2014 sales by breaking with precedent and offering terms of sale to encourage buyers to spend their money. Things like interest-free deals and free temporary warehousing increased market confidence enough to raise prices slightly above those reached June 2014.

At the Copenhagen Fur Auction held in the middle of April, Chinese buyers were there but the Russian buyers and those who usually supply them with finished product were noticeably absent. Segments of the trade like the Russians and their Greek suppliers, who usually bought certain types of mink were not in attendance at the April auctions. This led to a reduced competition for the Chinese buyers. They took advantage of

Fur Market Overview Continued

the lower price resulting in 100% sales. Chinese customers are still looking for fur.

The Russian market has always been one of the top buyers of wild furs, offering strong prices and clearances. With the devaluing of their currency, their purchasing power outside their country has been limited and this has drastically affected the sales of wild furs. But Fur Harvesters didn't feel their absence as badly as NAFA.

At NAFA, the last auction in June, coyote remained strong. Muskrat sold but at an average of US \$4.00 – a much lower price than in previous years. Wild mink sold at an average price of \$9.84US. Otter was also down, selling at an average price of \$35.00US.

While Chinese buyers are coming back into the auctions, people seemed to be buying only what was necessary to fill orders. Thankfully, the Louisiana dealers protected themselves this year and exercised caution.

FASHION

The Haute Couture shows all over Europe and the U.S. had fur on their catwalks. Fur was on all of the runways at the Milan Fashion week in September 2014, at London Fashion Week, and New York Fashion Week in February 2015. The designers all over the world continue to look at fur's texture and sensuality. It's being disguised to look like other materials, using its luxurious texture in pullovers and cardigans.

The August 5th edition of the Wall Street Journal even said that the fur bag was the 'must have' accessory of Fall 2014. Designers, such as Donna Karan are showing fur as part of their sportswear lines and demonstrating its comfortable versatility as something a woman can wear as casual wear or evening-wear.

Fur trim and small accessories continue to hold up the international fur market. The trend crosses all demographics from the very young to the very old, from the well-to-do to the middle class. The trimming trade is especially active. In July 2014, Michael Consiglio spoke with a Montreal manufacturer, and he said he was busier now than he has ever been. He has been commissioned by three leather retailers / manufactures to supply them with well over 3,000 fur collars.

LOUISIANA RAW SKIN MARKET:

The 2013 season was marred by difficulties in shipping furs internationally. But these problems are now a thing of the past.

Finding a shipping company with experience in alligator and fur was a major issue this past year. Pilot Freight, in Kenner, successfully shipped 2,000 nutria to one of

Louisiana's most loyal customers in China. In August a second shipment of 2,500 was received and the buyer commented on the success and ease of the shipment

JW Allen in New Orleans also has experience with both fur and alligator. This means the Louisiana dealers have two shipping companies to choose from, and they will no longer be dependent on any one shipping company.

Hatem Yavuz our client from Turkey, was very complimentary towards the nutria grading system presented at the Istanbul Fur & Leather Fair in November. The new grading system, reinvented by Tony Howard and Archie Domangue, was presented in Turkey and in China. Hatem feels that this will give trappers, dealers, and buyers a common vocabulary and will ensure a standard level of quality.

Overall, this season has been quiet. In December 2014, the international market was not moving. The Louisiana dealers had not yet received any requests for offers or any new orders. By the end of the season, some dealers had small sales to long-time international clients which allowed them to clear up their inventory in everything except nutria.

INTERNATIONAL FUR FAIRS

This year, Louisiana took part in two international fur fairs, the Istanbul Fur Fair which took place in November 2014 and the Beijing Fur Fair which took place in January 2015. Michael Consiglio and his administrative assistant, Judie Troyansky, designed both booths. The plan and approach was to make them as welcoming as possible. Louisiana Bayou Furs usually shares a booth with American Legend, Fur Harvesters and NewMil. The joint venture, usually referred to as the North American Group, allows the participants to take advantage of a larger space in a prime location.

In mid-November, Louisiana took part in the Istanbul Fur & Leather Fair. The fair itself covered 35,000 square meters (11,483 square feet or a little over 38 football fields). 368 exhibitors showed their wares in five halls: two of which were devoted exclusively to fur and leather garments. Louisiana Bayou Furs displayed their samples. There were few people exhibiting fur pelts. This gave the Council the opportunity to connect with Turkish manufacturers. They received interest from some local Turkish furriers as well as two buyers from Lithuania.

In January 2015, Council representatives arrived in China to participate in the

Istanbul Fur Fair



Fur Market Overview Continued

Beijing Fur Fair. The fair was about one-third smaller than in previous years and there was about two-thirds less traffic. The over-all mood was caution and guarded optimism as most buyers were feeling the sting or sympathizing with those caught up in government actions. But the buyers, who were walking around, were serious. The council contracted with Nick Shao to provide translation at the fair. Nick has many years of experience working at the fair and is well liked in the industry. His presence drew many people into the Council booth.

The main interest at the fair was in furs used for trimmings. It is remarkable to see the number of fur-trimmed garments worn on the streets of Beijing and Harbin. The older Chinese people maintain their habits of hiding displays of wealth so their fur purchases aren't as visible. Teenagers wear firm trimmings on their garments and have fur accessories, while their parents wear fur vests, jackets, and coats.

Peter Li, Louisiana's long-time Chinese customer, was on hand to assist at the booth and he invited those manning the booth to see his factory and his new office. There he showed his samples of dressed nutria, and he was very enthusiastic about future programs. Laopan Furs does a big business in ranched mink and in wild furs. His store was reminiscent of Frankfurt Germany during its high-times in the 1970s.



The trip to Harbin made those at the booth curious about other provinces of China that may have strong fur manufacturing histories. Research into other fur centers pointed towards Zhejiang province. Chongfu, a city of 100,000 people in Zhejiang, is home to China's largest fur market. As of the end of June, discussions were underway to extend the trip in 2016 to include a visit to the manufacturers in Zhejiang, China.

Xiao Xiao Li, the Canadian-based translator, contacted companies on the list of names collected at the 2015 Beijing Fair and company names collected at previous fairs. With all of the changes that took place in the Chinese market over the last couple of years, it is important to get updated information on old contacts and refine customers' requirements for new contacts. Michael Consiglio and his staff will continue to find new sources of information to add to this list. This will not only be supplied to Louisiana's dealers, but it will provide a way to contact the companies, introduce ourselves and invite these manufacturers to visit our booth in Beijing.

CONCLUSION:

The fur industry is still alive and functioning. It may be down, but it isn't out. With fur's reintroduction into high fashion, the industry may get the boost it needs.

The fur industry is being rewritten. It's being reflected in the retail shops and at the auctions. Back when in 1970s and 1980s, manufacturers and manufacturer / retailers would contact fur dealers or go to auctions, buy skins, and make full-length coats and jackets for their clients; either other retailers or sometimes individual consumers. Then it became too expensive to make garments in North America, so the manufacturers became wholesalers and importers and had the garments made over-seas. They would then sell the garments to fur retailers who would sell them on to individuals.

With fur's reintroduction into high fashion, the industry may get the boost it needs. But in order to be long-lasting, the foundation must be solid. Louisiana must look to its slow growth.

Education Program

This fiscal year the Louisiana Fur Advisory Council education program did 11 school presentations, 12 library presentations, and seven events including Step Outside Day at the Sherburne National Wildlife Refuge, National Hunting and Fishing Day at Woodworth, and the JAKES Day scouting event at Camp Garland Ranch. In addition, two fur trapping workshops were piloted and successfully completed. In all, an estimated 1,500 people were talked to about fur trapping through these efforts.

The Fur Advisory Council has changed its educational focus from school presentations to workshops. Events are still part of the educational plan. However, the emphasis is now on using this venue for the advertising of upcoming workshops as well as the education of the general public about fur trapping.

The first trapping workshop took place on December 6th of 2014 at the Cypress Black Bayou Preserve near Shreveport. There were 33 students ranging in age from 12 to 65 years old in attendance, as well as six instructors provided by the LFAC and one Law Enforcement Officer provided by Region 1. Trap preparation and setting methods, as well as skinning and hide care were among the topics that were covered at the workshop. The law as it pertains to trapping was also discussed and relevant brochures were handed out. The attendees enjoyed the workshop and felt that the experience gained will benefit their future trapping efforts as both novice and seasoned trappers were present. At the end, trapping starter kits were provided to the attendees.

The second workshop took place on January 31 of 2015 at Lake Fausse Point State Park near New Iberia. It consisted of 30 students and three instructors and had much the same content. Like the last workshop, this one was very successful with attendees who were very appreciative of the experience. Again, the event was free of charge for the public.

The Fur Advisory Council intends on continuing the workshops in order to promote the practice of trapping directly to the public. The intention is to provide fur trapping workshops throughout the state. There is a strong desire on the part of the Fur Council to make sure that the art of fur trapping continues as an active custom in the future, as it is an integral part of Louisiana's heritage.

Trapping Workshop



2014 - 2015 Expenditures

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

Rockefeller Trust Funds	
Budgeted	\$120,638.00
Salaries	\$0
Related Benefits	\$0
Travel	\$0
Operating Services- <i>i.e. cell phone, newspaper ads</i>	\$0
Supplies- <i>i.e. sample furs, sample products</i>	\$49
Professional Services- <i>i.e. fur promotion contract, D.C. education</i>	\$130,080.50
Capital Outlay	\$0
Rockefeller Trust Funds Expended	\$130,080.50
The overage was covered by the Conservation Fund.	(\$9,442.50)
Education and Marketing Fund	
Budgeted	\$490,250.00
Salaries	\$27,136.16
Related Benefits	\$12,527.95
Travel	\$17,250.91
Operating Services- <i>i.e. cell phone, internet service</i>	\$394.09
Supplies- <i>i.e. printing supplies, office supplies, sample furs</i>	\$4,673.35
Professional Services	\$20,275.00
Education and Marketing Funds Expended	\$82,257.46
Total FAC Funds Budgeted	\$610,888.00
Total Expended	\$212,337.96

F A C M e m b e r s

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