

SCOMM

84:3

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SJR 16

Revision Date: 2/21/91 Department Affected: Fish and Game
 Title: Relating to the international trade in furs BRU: Wildlife Conservation
 Component: Wildlife Conservation
 Sponsor: Senator Frank
 Requestor: _____ COMPONENT SERIAL NO.

4	7	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: No FY 91 impact

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: McKie Campbell Phone: 465-4100
 Division: Commissioner's Office Date: 2/21/91
 Approved by Commissioner: *Paul Hutto for*
 Agency: Fish and Game Date: 2/22/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska State Legislature

Senator Paul Fischer, Chairman
Senator Al Adams, Vice-Chair
Senator Rick Uehling
Senator Arliss Sturgulewski
Senator Fred Zharoff



Post Office Box V
Juneau, Alaska 99811
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Senate Special Committee on International Trade and Tourism

MEMORANDUM

TO: Senator Al Adams
Senator Fred Zharoff
Senator Arliss Sturgulewski
Senator Rick Uehling

FR: Senator Paul Fischer, Chairman *PF*
Senate Special Committee on International Trade & Tourism

DATE: March 5, 1992

RE: Committee Schedule for the Week of March 9, 1992

Wednesday, March 11, 1992 2:30 pm Fahrenkamp Room

- SJR 44 - Supporting increased access near Mt. McKinley through establishment of a visitor activity area at Kantishna.
- HJR 60 - Relating to the expansion of the National Air and Space Museum.
- HJR 48 - Relating to a Pan-American energy alliance.

Alaska State Legislature

Senator Paul Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420
262



State Senate

While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3791

MEMORANDUM

TO: Nancy Quinto
Senate Secretary

FR: Senator Paul Fischer, Chairman
Senate Special Committee on International Trade & Tourism

DATE: February 21, 1991

RE: Committee Schedule for Week of February 25

PF 1-5

Wednesday, February 27 3:30 - 4:30 pm Butrovich Room

SJR 16 - Relating to the international trade in furs



Official Business

Alaska State Legislature

SENATE

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Paul Fischer
Chairman, International Trade & Tourism
Committee

FROM: Senator Steve Frank

RE: SJR 16 Relating to the International Trade
in Furs

DATE: February 20, 1991

The trapping of fur-bearing animals is both a historic part of Alaskan culture and an important economic activity, extending from interstate trade to international exports. However, the animal rights movement, unfair subsidies granted to Alaska's competitors, and the increase in farmed fur have eroded the position of the U.S. fur-trapping industry.

Now, the European Community is proposing to ban all imports of furs from countries that have not banned the leg-hold trap, which would include the United States. This ban would harm Alaska both economically and ecologically, as any significant decrease in trapping could result in animal overpopulation.

This resolution would urge the Office of the U.S. Trade Representative to consider more strongly the interests of the U.S. fur-trapping industry in its negotiations with other nations. It would appear to be both timely and necessary, and I strongly urge your support.

BACKUP FOR SENATE JOINT RESOLUTION NO. 16

THE EUROPEAN COMMUNITY

The modern-day European Community is comprised of three original organizations: the European Coal and Steel Community (founded in 1952), the European Economic Community (1958), and the European Atomic Energy Community (1958). Each of these three parent bodies was originally governed by its own treaty and its own institutions. The Single European Act of 1986 brought the treaties into conformity with one another and spelled out objectives for the three united Communities, which are now more commonly known as the "European Community" since they have been managed by common institutions since 1967. Today the treaties remain the foundation of Community law.

The goals spelled out by the Single Act were: completion of the European internal market and the creation by 1992 of a great commercial area without frontiers; technological development; progress towards economic and monetary union; strengthening of economic and social cohesion; and improvement of both the environment and the working environment.

Today, the twelve nations that belong to the European Community (EC) are the United Kingdom, Ireland, Denmark, Belgium, Netherlands, Luxembourg, France, Greece, Italy, Spain, Portugal, and Germany.

There are four main institutions that govern the EC:

1. EUROPEAN PARLIAMENT: (518 members) Since 1979, its members are elected every 5 years by universal suffrage within the 12 member states. Parliament members form political

rather than national groups. The EP does not have legislative powers like those of national parliaments. It is empowered to:

- *Dismiss the Commission by a two-thirds majority;

- *Supervise the Commission and Council through debating their programs and reports, and through (often incisive) written and oral questions;

- *Give an opinion on Commission proposals before the Council can make a decision on the text, and possibly effect a revision of the text;

2. EUROPEAN COMMISSION: (17 members) Its members are appointed for 4 years by mutual agreement of EC governments; they may not receive instructions from any national government. Decisions are usually taken by a qualified majority vote. Its tasks are:

- *To ensure that Community rules are respected;

- *To act as the sole initiator of EC legislation and propose to the Council of Ministers measures to advance the development of community policies; and

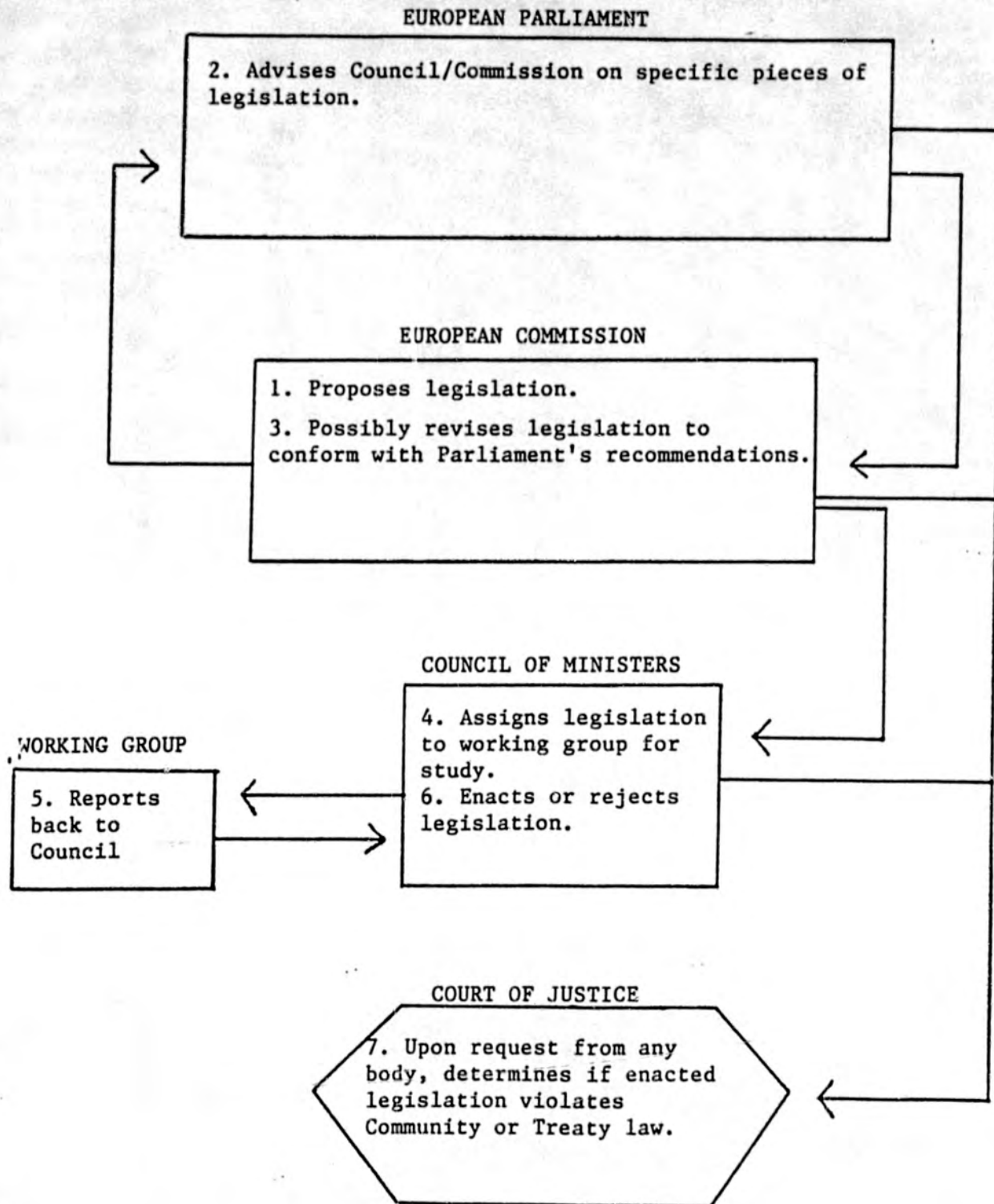
- *To implement Community policies, whether based on Council decisions or directly on treaty provision.

3. COUNCIL OF MINISTERS: (12 members) The Council makes the major policy decisions of the Community. It consists of ministers from state governments. It can deal only with proposals from the Commission and can alter them only by unanimous agreement. Once a Commission proposal is received,

it is normally referred to a "working group" for study. In practice, unanimity is often sought when voting on proposals.

4. EUROPEAN COURT OF JUSTICE: (13 judges; 6 advocates-general) The Court's independence of national influence is guaranteed. Its role is to quash, upon request, any adopted measures which are incompatible with the Treaties, and to pass judgement on the interpretation or validity of points of Community law. The judgements of the Court, in the field of Community law, overrule those of national courts.

DECISIONMAKING PROCESS IN THE EUROPEAN COMMUNITY



FACSIMILE COVER SHEET
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C. 20506

Clearance (to Geneva) _____

Section # 15

Time Sent _____

Date 2/7/91

All Originals Will Be Returned

C.D. Log Number 9

Number of Pages Excluding Cover 4

TO:	NAME:	AGENCY:	PHONE #:	FAX #:
	<u>David</u>	<u>Sen. Frank's</u>	<u>(907) 465-3709</u>	<u>(907) 465-4714</u>
	<u>Skidmore</u>	<u>office</u>		
	_____	_____	_____	_____
	_____	_____	_____	_____
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	_____	_____	_____	_____
	_____	_____	_____	_____

FROM: Bennett M. Harman

PHONE: (202) 395-3074

FAX #: (202) 395-3911

CONTACT: Computer Operations Information Service Desk: (202) 395-3417

SUBJECT: Proposed EC Fur Ban

COMMENTS: Per our conversation. As I mentioned, the draft
regulation was amended: (1) to incorporate an EC ban on the trap in
the reg, (2) to shorten the deadline by a total of 2 years,
and (3) to add 4 species, including muskrat.

2/7/91

Proposed EC Fur Import Ban

On September 24-25, 1990, a USTR-led delegation met with the relevant authorities in the Commission of the European Communities to outline U.S. government concerns regarding their proposed regulation. The Commission representatives stated that the EC would not enact the regulation unless it were in conjunction with a domestic ban on the use of the leghold trap. * They also indicated that the Commission had accepted the European Parliament's proposed amendment shortening by two years the deadline for trading partners to comply with the regulation's requirements. The new deadline would be December 31, 1994, with a possible one-year extension.

The U.S. delegation informed the Commission that both the U.S. government and representatives of the U.S. trapping community are supportive of International Organization for Standardization (ISO) efforts to develop more humane trapping methods provided they are practical and effective. However, we are quite concerned that the timetable contemplated by the draft regulation is unrealistic. To avoid a ban on our exports of certain species of fur, by December 1994 the ISO must complete its work, manufacturers must produce and distribute large quantities of new traps which meet the new standards, and the the new traps must be used throughout the United States. The regulation allows only a one year extension if good faith efforts are being made to comply.

The delegation, which included state and federal government wildlife management authorities, made the Commission authorities aware of the complexity of the U.S. system for regulation of trapping. They noted that fur trapping is regulated by all states except Hawaii, and that trapping is an important wildlife management tool to control animal damage, conserve habitats, protect endangered species from predators, etc. An EC import ban based on an unrealistic timeframe for moving to new trapping methods would not only harm U.S. exports, but would disrupt the U.S. wildlife management system.

The Commission representatives indicated that the Commissioner for Environment has already informed the Parliament which of its proposed amendments he would accept. Therefore, the measure now moves to the EC Council of Ministers for consideration. The Council consists of representatives of the twelve EC member states. U.S. government efforts will now be focussed on raising U.S. concerns with the various member states. We hope to ensure that the Council takes these concerns into account in making its decision.

*need to
Change in Resolution*

II

"repealed"

COMMISSION

Proposal for a Council Regulation (EEC) on the importation of certain furs

COM(89) 198 final

(Submitted by the Commission to the Council on 28 April 1989)

(89/C 134/04)

THE COUNCIL OF THE EUROPEAN COMMUNITY,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas Council Directive .../.../EEC of ... on the protection of natural and semi-natural habitats and of wild fauna and flora requires Member States to prohibit the manufacture, sale and use of the leghold trap;

Whereas the Convention on the Conservation of European Wildlife and Natural Habitats⁽¹⁾ concluded by the Community by Council Decision 82/72/EEC, prohibits the use of indiscriminate means of capture and killing, including traps, for certain species;

Whereas the leghold trap is a non-selective and cruel method of trapping; whereas, however, research into the development of humane trapping methods is already in progress; whereas, in addition, the Community's Fourth Environmental Action Programme⁽²⁾ lays down some general guidelines for action in the field of animal welfare;

Whereas, in view of the measures taken within the Community, it is appropriate that, from 1 January 1996, the importation for commercial purposes of certain goods consisting of or including the fur of the species listed in Annex I should be prohibited when they

originate in a country where the leghold trap is still in use in their territory or where trapping methods do not meet internationally agreed humane trapping standards;

Whereas this prohibition can be suspended for a two-year period, expiring on 31 December 1997, if the Commission has determined before 1 July 1994, as a result of a review undertaken in cooperation with the competent authorities of the countries concerned, that sufficient progress is being made in developing humane methods of trapping in their territory,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation applies to the importation of furs of the species listed in Annex I and of goods including the fur of those species.

Article 2

For the purposes of this Regulation:

- 'specified goods': means all goods listed in Annex I which consist of or include the fur of any of the animals listed in Annex I,
- 'leghold trap': means a trap designed to restrain or capture an animal by means of clamps which close tightly upon one or more of the animal's limbs thereby preventing the limb or limbs from being withdrawn from the trap.

Article 3

1. The entry for free circulation for commercial purposes of the specified goods shall be prohibited from 1 January 1996, unless the Commission has certified that, in the country where the goods originated:

- there exist adequate administrative or legislative provisions, in force, to prohibit the use of the leghold trap in its territory; or

⁽¹⁾ OJ No L 38, 10. 2. 1982, p. 1.

⁽²⁾ OJ No C 328, 7. 12. 1987, p. 1.

— The trapping methods used in its territory for the species listed in Annex I meet internationally agreed humane trapping standards.

The Commission shall publish in the *Official Journal of the European Communities* a list of countries in respect of which certificates have been granted.

2. The prohibition of the entry for free circulation for commercial purposes of the specified goods shall be suspended by the Commission for a two-year period, expiring on 31 December 1997, if the Commission has determined before 1 July 1994, as a result of a review

undertaken in cooperation with the competent authorities of the countries concerned, that sufficient progress is being made in developing humane methods of trapping in their territory.

Article 4

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

ANNEX I

List of species:

- Beaver: *Castor canadensis*
- Otter: *Lutra canadensis*
- Coyote: *Canis latrans*
- Wolf: *Canis lupus*
- Lynx: *Lynx canadensis*
- Bobcat: *Felis rufus*
- Sable: *Martes zibellina*
- Raccoon: *Procyon lotor*

ANNEX II

CN code	Description
4103	Other raw hides and skins (fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared), whether or not dehaired or split, other than those excluded by note 1 (b) or 1 (c) to this chapter:
4103 90 00	— Other
4301	Raw furskins (including heads, tails, paws and other pieces or cuttings, suitable for furriers' use), other than raw hides and skins of heading No 4101, 4102 or 4103:
4301 40 00	— Of beaver, whole, with or without head, tail or paws
4301 80	— Other furskins, whole, with or without head, tail or paws:
4301 80 50	— — Of wild felines
4301 80 90	— — Other
4301 90 00	— Heads, tails, paws and other pieces or cuttings, suitable for furriers' use
4302	Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading No 4303:
	— Whole skins, with or without head, tail or paws, not assembled:
4302 19	— — Other:
4302 19 10	— — — Of beaver
4302 19 70	— — — Of wild felines
4302 19 90	— — — Other
4302 20 00	— Heads, tails, paws and other pieces or cuttings, not assembled
4302 30	— Whole skins and pieces or cuttings thereof, assembled:
4302 30 10	— — 'Dropped' furskins
	— — Other:
4302 30 35	— — — Of beaver
4302 30 71	— — — Of wild felines
4302 30 75	— — — Other
4303	Articles of apparel, clothing accessories and other articles of furskin:
4303 10	— Articles of apparel and clothing accessories:
4303 10 90	— — Other
4303 90 00	— Other

FACSIMILE COVER SHEET

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President
Washington, D.C. 20506

Clearance (to Geneva) _____

Section # 25

Time Sent _____

Date 2/6/91C.D. Log Number 12Number of Pages Excluding Cover 12

TO: NAME:

AGENCY:

PHONE #:

FAX #:

David Skidmore Office of (907) (907)
Senator Frank 465-3709 465-4714
Alaska
State Legislature

FROM: LORRAINE TAKAHASHIPHONE: (202) 395-3077FAX #: (202)395-3911CONTACT: If There are any problems please call: (202)395-3419SUBJECT: Mink Subsidies/Support Programs

Mrs. Skidmore, as discussed attached are
various cables/articles reporting on mink
support programs elsewhere in the world.
Please call me if you require clarification
or additional information. Best regards
Lorraine Takahashi

120200TA *
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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 9789
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Canada

SECSTATE PASS DEPT OF AGRIC ELECTRONICALLY FOR
FUELL/ITP/FAS: KALLEMEYN/DL&P/FAS

USTR FOR L. TAKAHASHI

E.O. 12356: N/A

TAGS: EAGR, ETRD, CA

SUBJECT: FEDERAL ASSISTANCE TO FURSKINS INDUSTRY

REF: TELECON TAKAHASHI, KESSEL, MILES

1. AN UPDATE OF FEDERAL GOVERNMENT ASSISTANCE TO THE CANADIAN RANCH FOX AND RANCH MINK INDUSTRY FOLLOWS.
2. CITING A WORLD SURPLUS OF FURSKINS, SUBSIDIZED PRODUCTION IN SCANDINAVIA, A STRONG ANTI-FUR LOBBY, AND DEPRESSED NORTH AMERICAN PRICES OVER SEVERAL YEARS, THE CANADIAN RANCH-FUR INDUSTRY SUCCESSFULLY LOBBIED THE GOC FOR FEDERAL MONIES. AS PART OF A FEDERAL INITIATIVE IN MARCH, 1992, TO INJECT UP TO CANADIAN DOLLARS, 500 MILLION INTO THE AGRICULTURAL SECTOR (HEAD CROPS), CANADIAN DOLLARS 50 MILLION WAS EARMARKED TO ASSIST OTHER COMMODITIES. IN MAY, 1992, FOLLOWING A MEETING OF FEDERAL AND PROVINCIAL AGRICULTURAL MINISTERS, THE GOC REPORTEDLY ALLOCATED CANADIAN DOLLARS 12 MILLION TO THE RANCH-FUR INDUSTRY.
3. ACCORDING TO AGRICULTURE CANADA, THE MONEY IS TO BE APPORTIONED TO THE PROVINCES BASED ON 1989 FURSKIN MARKETINGS. ON THIS BASIS, ONTARIO AND THE MARITIME REGION WOULD RECEIVE THE MAJOR SHARE. PARTICIPATING PROVINCES WILL REPORTEDLY EITHER MATCH THE FEDERAL FUNDS WITH NEW MONEY OR APPLY THE VALUE OF EXISTING PROVINCIAL PROGRAMS. THE PROVINCES ARE RESPONSIBLE FOR DESIGNING THE PROGRAM AND DISTRIBUTING THE FUNDS. ACCORDING TO CONTACTS, THE RESPONSE AT THE PROVINCIAL LEVEL TO ACCEPT RESPONSIBILITY FOR MATCHING AND DISTRIBUTING THE MONEY HAS NOT BEEN UNANIMOUS. BASED ON ESTIMATED ELIGIBILITY REQUIREMENTS AND 1989 PRODUCTION LEVELS, THE ESTIMATED VALUE OF COMBINED ASSISTANCE, ACCORDING TO INDUSTRY SOURCES, COULD POTENTIALLY REACH ABOUT CANADIAN DOLLARS 50 PER FELT FOR FOX AND ABOUT CANADIAN DOLLARS 22 PER FELT-FOR-MINK.

4. POST NOTES THAT WHILE SOME OF THE CANADIAN FUR INDUSTRY'S FINANCIAL WOES RELATE TO EXTERNAL FACTORS, CANADIAN FOX FARMERS MAY BE PARTLY TO BLAME FOR SOME OF THEIR OWN TROUBLES. IN 1978, THE YEAR WHEN FOX PELT PRICES IN CANADA HIT A RECORD OF CANADIAN DOLLARS 364 PER PELT, THERE WERE 3.118 FOX PELTS PRODUCED ON 194 FARMS. SINCE THEN, THE NUMBER OF FARMS AND THE NUMBER OF PELTS PRODUCED HAS RISEN SHARPLY AND THE AVERAGE PRICE HAS FALLEN STEADILY. FOR 1988, STATISTICS CANADA REPORTS AVERAGE FOX PELT PRICES AT CANADIAN DOLLARS 52 PER PELT WITH 188,768 PELTS PRODUCED ON 978 FARMS. FOR MINK, FARM NUMBERS HAVE BEEN RELATIVELY STABLE OVER THE PAST DECADE AND NUMBERED 476 FARMS IN 1988. PRODUCTION REACHED 1.4 MILLION PELTS IN 1988. MINK PELT PRICES PEAKED AT CANADIAN DOLLARS 48 DURING 1986, BUT FELL TO CANADIAN DOLLARS 28 IN 1988. PRICES FOR 1992 REPORTEDLY REMAIN WEAK.

5. U.S./CANADA MINK FURSKIN TRADE IS IMPORTANT. OVER CANADIAN DOLLARS 62 MILLION IN 1989. ACCORDING TO OFFICIAL CANADIAN TRADE STATISTICS, U.S. RAW MINK FURSKIN EXPORTERS TO CANADA REGISTERED A CANADIAN DOLLAR 9 MILLION POSITIVE TRADE BALANCE. NEARLY TWO-THIRDS OF CANADIAN MINK FURSKIN IMPORTS OF CANADIAN DOLLARS 58 MILLION, CAME FROM THE UNITED STATES. IMPORTS FROM DENMARK, FINLAND, THE NETHERLANDS AND THE U.K ARE THE ONLY OTHERS OF SIGNIFICANCE AND CONTRIBUTED TO CANADA'S NET IMPORT POSITION. EXACTLY HALF OF TOTAL CANADIAN MINK FURSKIN EXPORTS IN 1989 OF CANADIAN DOLLARS 52 MILLION WERE EXPORTED TO THE UNITED STATES.

COMMENT: THERE IS NO HISTORY OF FEDERAL GOVERNMENT ASSISTANCE TO THE FUR INDUSTRY AND BECAUSE OF THE POLITICAL SENSIVITIES, THE GOC HAS CHOSEN TO DISTRIBUTE FUNDS INDIRECTLY THROUGH THE PROVINCES WITHOUT PUBLIC ANNOUNCEMENT. THE GOC WILL NOT UTILIZE THE AGRICULTURAL STABILIZATION BOARD OR AN AGRICULTURAL STABILIZATION ACT PROGRAM. FROM AN ACCOUNTING PERSPECTIVE, THE MONEY WILL REPORTEDLY BE GROUPED IN OVERALL EXPENDITURES UNDER THE SPECIAL AGRICULTURAL SECTOR INITIATIVE.

THE INSIDERS

By Diane Francis



Fur buyers cloak Ottawa in bad debt

Financial Post

TORONTO fur merchant Syd Sokoloff feels like the sorcerer's apprentice, unable to stop his master, Ottawa, from spewing out cash. And, like all business people, Sokoloff cannot stop the flow.

He says his industry has been wrecked by open-ended credit provided by Export Development Corp. — EDC — and another federal pork barrel known as Science & Technology grants. He's circulating a petition to stop the government largesse.

Sokoloff says Far Eastern fur buyers took advantage of the fact that the EDC gave fur buyers one year's credit. Problem is that sellers weren't fussy about creditworthiness. Then, he adds, Science & Tech grants were thrown around to fur buyers so they could fly here and stay in hotels at discounts and buy too many furs.

The result: Taxpayers have blown a bundle encouraging overbuying that has created a huge glut of furs in Canada and some huge bad debts for Ottawa. "The buyers took advantage of a situation. One small manufacturer in Hong Kong went bust, costing creditors \$22 million and there was also a huge Korean bankruptcy," Sokoloff says.

To be fair, Canada's not the only one indulging in the subsidy war that has increased fur supplies. (There's also diminishing demand caused by animal rights groups that want to stop trapping.) As Canadian government spokesman Leo Duguay wrote in a letter to Sokoloff: "There are ongoing government programs to assist foreign buyers in any industry to come to Canada to attend trade fairs and expositions to purchase Canadian-made products. These have been very successful in increasing our export sales."

'Everything in sight' sold

But Sokoloff says Canada, the U.S. and Scandinavia gave exporters credit insurance. "Here, hotels, airfare and as much as one year's credit was given to buyers from Japan, Korea and Hong Kong. Buyers bought 50,000 or more skins. Without credit they would have bought only 10,000 skins. They bought everything in sight on credit and encouraged ranchers to produce more skins."

Not surprisingly, this contributed to bankruptcies in the Far East as overly generous credit created a glut, cut-throat competition and price cuts. It also has caused the bankruptcy of half North America's 250 mink ranchers and hardship for natives who trap fur.

— For example, world mink production hit 18 million skins in 1985, ballooning to 44 million by 1989. Of this, Canada produces 1.8 million a year while the U.S. produces 3.5 million. Prices, which have been as high as US\$80 a skin, are now around US\$10 even though it costs US\$30 to raise a mink. Wild fur prices have plummeted too, hurting native trappers. Coyote, which cost US\$110 a pelt in 1985, is now US\$10, he says.

Worse yet, he adds, "One Far Eastern buyer got millions from Canadian taxpayers to buy thousands of skins in Canada and send them back to North America to be made into coats."

Sokoloff is sending a petition from fur retailers and manufacturers urging Ottawa to butt out of their business so that the glut can be mopped up in two or three years. Ottawa in this, as in other businesses, must turn off the tap.

Business

External takes up furriers' cause

\$1.8 million information program by government outrages animals rights groups

By Ian Austen
Southern News for the Citizen

Canada's fur industry is receiving \$1.8 million from External Affairs to lobby against the European and U.S. animal rights movement, documents obtained under access to information show.

The five-year information program outrages Canadian animal rights activists, but Ken Brynaert, who is in charge of the plan for the Toronto-based Fur Institute of Canada, defends it. He says External is simply fulfilling its mandate to protect Canadian exports.

"If you look at the central interest here, it's trade," says Brynaert, executive vice-president of the Canadian Wildlife Federation before joining the fur industry and trappers' group. "If (External) sees an area where a market is threatened, it's the responsible thing to protect it."

Barry MacKay, a director of the Animal Alliance of Canada, says he fully accepts that the government has "an obligation to support industries in their export markets."

However, he believes the government has gone beyond acceptable bounds with the International Fur Communications Program.

"They don't normally take a moral stance. That's the part I have difficulty with," says MacKay. "What they're trying to do is undermine our efforts, often with misinformation and propaganda."

According to documents obtained by Ottawa researcher Ken Rubin, External is committed to give \$1.8 million to the program by the end of 1992. The program has been under review for several months and an assessment about future funding is expected shortly.

The project was started to counter a British proposal to label furs obtained with leghold traps.

The lobbying apparently worked is that plan was dropped. The fur institute's attention is now focused on the European Parliament.

Legislators there are considering an amended regulation that — if fully implemented — would ban the import of furs caught with leghold traps or "methods that do not meet internationally agreed humane trapping standards" by 1995. Another version of the proposal would only ban furs not

"If (External) sees an area where a market is threatened, it's the responsible thing to protect it."

—Ken Brynaert
Fur Institute of Canada

caught within the as-yet-undefined international standard.

The leghold trap is the method most commonly used in Canada.

With External's money and funds from trappers and the industry, the fur institute has produced a series of booklets.

Two common themes run through the material.

The first is an apparent play to Europeans' romantic sense of the great Canadian wilderness.

Trappers photographed in the booklets all apparently live in log houses and eschew snowmobiles for dog teams and snow shoes.

One booklet, prepared in part by Environment Canada, offers a curious variation on the animal rights movement's frequent use of gory photos of cute animals struggling in traps.

The 15-page book, titled *In Harmony with Nature*, offers three color photos of two wildcats and a fox gnawing on rabbits.

The other theme is an emphasis on the importance of the fur trade to native Canadians.

Between pictures of a smiling native woman and a jolly child, the French version of *In Harmony* suggests that without the fur trade traditional native family values will disintegrate while the use of illegal drugs, alcohol and crime will rise.

Another campaign by the institute has involved flying European Parliament members to Canada to view trappers at work.

Despite the threat of a ban, the institute believes the program is money well spent.

A May 1989 report to its membership claimed that the mood in Europe is shifting away from a ban and that "Canada is respected for its leadership in trapper education, improved trap standards and the development of international trap standards."

ACTION STD-18

INFO LOC-00 ADS-00 AIC-00 INR-05 EUR-00 SS-00 OIC-02
CIAE-00 EB-00 BINT-05 DOOE-00 N-01 10-19 EXIM-06
NSCE-00 NSAE-00 COME-00 L-03 STRE-00 LAB-04 CTME-00
TRSE-00 ITC-01 OPIC-00 CEA-01 ONB-01 INRE-00 AGRE-00
FBB-01 OES-00 USIE-00 JUSE-00 SP-00 SNP-00 E-01
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R 241400Z SEP 90
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INFO AMEMBASSY BRUSSELS
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UNMISSION GENEVA
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY STOCKHOLM

UNCLAS HELSINKI 07838

FOR USTR - L. TAKAWASHI AND USDA/FAS/ITP - C. HAMILTON
BRUSSELS FOR USEC, GENEVA FOR USTR

E.O. 12356: N/A
TAGS: ETRD, EAGR, ZEC, FI
SUBJECT: FOLLOW-UP SECTION 308 INVESTIGATION:
- MINK SUBSIDIES

REFS: A) STATE 247643 B) STATE 320730 (TOTAL)

1. INFO FROM REFTEL HAS CONVEYED TO MINISTRY OF AGRICULTURE AND FORESTRY SPECIAL RESEARCHER SEPPO HASSINEN AND ALSO TO JUHA HUTTUNEN (FINANCE) AND GUSTAV SMULTTER (FEED) FROM THE FINNISH FUR CENTER. RESPONSE FROM ALL THREE COMBINED INTO PARAS BELOW.
2. THE FINNISH GOVERNMENT IS GIVING FIM 110 MILLION (USD 27.5 MILLION) (BASED ON USD 1 FIM 4) AS A TEMPORARY SUPPORT TO GUARANTEE THE PRICES OF FUR PELTS BEING PRODUCED THIS YEAR AND SOLD DURING THE 1990-1991 SALES PERIOD. ADDITIONALLY, A FIM 40 MILLION (USD 10 MILLION) AMOUNT HAS BEEN RESERVED FOR THE YEAR 1991 BUDGET BILL TO BE GIVEN TO FUR BREEDERS AS A TEMPORARY PELT PRICE SUPPORT NEXT YEAR. DURING THE TWO-YEAR PERIOD GUARANTEE PRICE PROGRAM, THE GOVERNMENT WILL PAY A SUBSIDY OF NO MORE THAN 70 PERCENT OF THE DIFFERENCE BETWEEN CALCULATED PRODUCTION COSTS OF A FUR PELT AND ITS AVERAGE SELLING PRICE. THE PELT PRICE SUBSIDY IS APPLIED TO PELT VOLUMES WHICH ARE LESS THAN 65 PERCENT OF THE PRODUCTION VOLUME OF 1989. THE STATED PURPOSE IS TO ENCOURAGE FUR FARMERS TO REDUCE THEIR PRODUCTION AND AT THE SAME TIME UPHOLD A CERTAIN LEVEL OF FUR PRODUCTION IN FINLAND. THE FUNDS RESERVED FOR FUR PELT PRICE GUARANTEES IN THE SECOND YEAR OF THE PROGRAM ARE SMALLER DUE TO THE FACT THAT THE PREVAILING ECONOMIC DIFFICULTIES IN THE FUR BREEDING SECTOR ARE EXPECTED TO BE SETTLED SOMETIME DURING 1991-1992.
3. THE FINNISH GOVERNMENT HAS ALSO RESERVED FIM 7 MILLION (USD 1.75 MILLION) IN THE NEXT YEAR'S BUDGET BILL TO BE GIVEN TO FUR BREEDERS IN THE FORM OF INTEREST SUBSIDY LOANS. THE INTENT IS TO ALLOW A ONE YEAR DELAY ON INSTALLMENT OF INTEREST SUBSIDY LOANS THAT THE GOVERNMENT DECIDED TO PROVIDE FOR THREE YEARS AT THE END OF 1989.
4. ACCORDING TO A SURVEY MADE IN VAASA PROVINCE, WHERE APPROXIMATELY 85 PERCENT OF THE TOTAL FINNISH FUR PELT FARMING IS CONCENTRATED, THE AVERAGE DEBT OF

A FUR BREEDER IS FIM 300,000 (USD 75,000), WHILE THE CURRENT TURNOVER IN A FARM IS AROUND FIM 165,000 (USD 41,250).

5. AT THE END OF 1989, THE FINNISH GOVERNMENT DECIDED TO GIVE FIM 4 MILLION (USD 1 MILLION) VETERINARY ASSISTANCE FOR RESISTANCE TO CHRONICAL AND INFECTIOUS PLASMACYTOSIS DISEASE.

6. ACCORDING TO THE MINISTRY OF AGRICULTURE AND FORESTRY, THE MINISTRY IS NOT PLANNING ANY OTHER FORMS OF ASSISTANCE FOR FUR BREEDERS.

7. FUR FARMERS IN FINLAND MAY BUY DOMESTIC FEED GRAIN PRICED AT THE WORLD MARKET PRICE AS QUOTED IN ROTTERDAM. GRAIN FARMERS RECEIVE A SPECIFIC TARGET PRICE ON WHICH THEIR INCOME IS CALCULATED, THIS TARGET PRICE EXCEEDS THE INTERNATIONAL PRICE LEVEL. EXPORTED DOMESTIC FEED GRAIN IS PRICED ACCORDING TO THE INTERNATIONAL MARKET LEVEL. CONSEQUENTLY, IN ORDER TO MAKE FUR FARMERS BUY DOMESTIC GRAIN AND SIMULTANEOUSLY REDUCE THE AMOUNT OF EXPORTED FEED GRAIN, THE FUR BREEDING SECTOR IS ALLOWED TO BUY DOMESTIC GRAIN PRICED AT THE WORLD MARKET PRICE. BASED ON LAW AND BUDGET TECHNICAL REGULATIONS, THE SUBSIDY IN QUESTION IS TAKEN FROM FUNDS MEANT TO PROMOTE EXPORTS OF FEED GRAIN. HOWEVER, IF THERE WERE NO DOMESTIC FEED GRAIN AVAILABLE FOR FUR FARMERS' NEEDS, THEY WOULD BE ALLOWED TO IMPORT GRAIN FROM ABROAD. FURTHERMORE, ACCORDING TO THE MINISTRY OF AGRICULTURE AND FORESTRY REPRESENTATIVE, FUR FARMING AS A FIELD OF BUSINESS OPERATING IN INTERNATIONAL MARKETS, SHOULD HAVE ACCESS TO RAW MATERIAL WHICH IS PRICED AT THE INTERNATIONAL PRICE LEVEL.

8. IN 1989, THE FINNISH GOVERNMENT DECIDED THAT FUR BREEDERS WILL BE ALLOWED TO PURCHASE DOMESTIC FEED GRAIN PRICED AT THE FOB, THUS NOT HAVING TO PAY COSTS THAT WOULD ORIGINATE FROM TRANSPORTATION OF GRAIN FROM FINLAND TO ROTTERDAM. THE DIFFERENCE BETWEEN FEED GRAIN PRICED AT CIF AND FOB IS AROUND FIM 0.5 (USD 0.13) PER KG, RESULTING IN A LOWERING OF PRODUCTION COSTS BY APPROXIMATELY 1.2 PERCENT OR FIM 0.80 (USD 0.20) PER MINK PELT. ACCORDING TO THE FINNISH FUR ANIMAL BREEDERS ASSOCIATION, 1.7 MILLION MINK PELTS WILL BE PRODUCED IN FINLAND, WHILE IN THE PREVIOUS BREEDING SEASON 3.9 MILLION PELTS WERE PRODUCED. CONSEQUENTLY, THE TOTAL DOLLAR AMOUNT OF FEED SUPPORT PROVIDED THIS YEAR ON A MINK INDUSTRY-WIDE BASIS IS AROUND USD 340,000.

9. BALTIC HERRING AS MINK FEED; FUR FARMERS HAVE AGREED TO PAY FIM 0.45 (USD 0.12) PER KG FOR BALTIC HERRING THAT THEY BUY FROM FINNISH FISHERMEN, ALLOWING THE FISHERMEN TO RECEIVE A PRICE SUBSIDY FROM THE STATE. THE PRICE OF BALTIC HERRING CAUGHT IN SWEDEN, NORWAY AND DENMARK IS AROUND FIM 0.25 (USD 0.06) PER KG, ALTHOUGH COSTS SUCH AS DELIVERY, FREEZING AND OTHER EXPENSES SHOULD BE ADDED TO THIS SUM. THE FUR FARMERS' ORGANIZATIONS HAVE THEIR OWN FREEZING PLANTS WHERE THEY CAN STORE THE FISH ON A SEASONAL BASIS.

10. IN 1989, 166 MILLION KG OF ANIMAL FEED WAS GIVEN TO MINKS AND POLECATS (THE NUMBER OF PRODUCED POLECAT PELTS IS ONLY OF MARGINAL IMPORTANCE). THE ANNUAL FEED SUPPLY WAS COMPOSED OF FOLLOWING ITEMS:

- WATER 85.5 MILLION LITERS
- DOMESTIC GRAIN 70 MILLION KG
- OFFAL 65 MILLION KG
- WASTE FISH 60 MILLION KG

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11. THE TARGET PRICE OF DOMESTIC GRAIN IN 1990 IS APPROXIMATELY FIM 1.80 PER KG. (USD 0.45), WHILE THE INTERNATIONAL PRICE LEVEL IS AROUND FIM 0.30-0.40 PER KG (CA. USD 0.10). HENCE THE DIFFERENCE BETWEEN DOMESTIC AND INTERNATIONAL PRICES OF FEED GRAIN IS AROUND FIM 1.50 (USD 0.37).

12. OTHER COMPONENTS OF THE FOOD SUPPLY, SUCH AS OFFAL AND WASTE FISH, ARE PRICED ACCORDING TO SUPPLY AND DEMAND CONDITIONS BETWEEN FUR FARMERS AND THE INDUSTRY IN QUESTION.

13. IN THE SPHERE OF THE "SEASONAL" LOAN SYSTEM OF THE FINNISH FUR ANIMAL BREEDERS ASSOCIATION, THE AVERAGE AMOUNT OF LOAN PER MINK PELT IS FIM 28 (USD 7) THIS YEAR. THIS SUM IS 50 PERCENT OF THE AVERAGE SELLING PRICE OF MINK PELT IN THE 1989-1990 SALES PERIOD. FARM-RELATED MINK PELT PRICE VARIATIONS ARE TAKEN INTO ACCOUNT IN SETTING THE LOAN AMOUNT. CONSEQUENTLY, IF THE PRICE OF MINK PELT WAS HIGH DUE TO GOOD QUALITY, THE LOAN PER PELT IS HIGHER.

14. HOWEVER, THE "SEASONAL" LOAN IS NOT PROVIDED TO EVERY FUR FARMER. NATURALLY, A FUR FARMER WHO APPLIES FOR THE "SEASONAL" LOAN MUST FULFIL THE NORMAL CREDIT CONDITIONS. ALSO, THE FUR FARMER MUST SELL HIS FUR PELT PRODUCTION VIA SALES ORGANIZATION OF THE FUR ANIMAL BREEDERS ASSOCIATION AND AMORTIZE THE LOAN WITHIN ONE YEAR. THIS YEAR, THE APPLICANT MUST ALSO BE A CUSTOMER OF A SPECIFIC BANK. CONSEQUENTLY THIS YEAR, THE FUR ANIMAL BREEDERS ASSOCIATION WILL PROVIDE LOANS TO 30 - 35 PERCENT OF THE TOTAL NUMBER OF FUR FARMS, WHILE PREVIOUSLY THE SHARE HAS BEEN AROUND TWO THIRDS.

15. IN JULY (THE END OF THE 1989-1990 SEASON) THE FUR ANIMAL BREEDERS ASSOCIATION HAD RESERVED FIM 50,000 (USD 12,500) FOR THE "SEASONAL" LOANS. HOWEVER, THE TOTAL VALUE OF LOAN APPLICATIONS SENT BY FUR BREEDERS ACCOUNTS FOR APPROXIMATELY FIM 35,000-45,000 (USD 8,750-11,250). THE NUMBER OF FUR FARMS THAT HAVE SPECIALIZED IN MINK PRODUCTION IS APPROXIMATELY 1070, WHILE THE NUMBER OF FOX FARMS IS AROUND 2400. 350-400 FARMS HAVE CONCENTRATED ON POLECAT AND DRAGON DOG BREEDING. ACCORDING TO A ROUGH ESTIMATE, THE TOTAL DOLLAR AMOUNT OF "SEASONAL" LOANS TO MINK FARMERS WILL BE FIM 10,000-20,000 (USD 2,500-5,000) THIS YEAR.

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Community*

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FROM USEC

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HAMILTON/ITP

STATE PASS USTR

E.O. 12356: N/A
TAGS: EAGR, ETRD, SEC
SUBJECT: FOLLOW-UP SECTION 308 INVESTIGATION: MINK
SUBSIDIES

REFS (A) STATE 247643 (B) BRUSSELS 10642

1. AS REQUESTED REF A, USEC AGOFFICER CONTACTED RELEVANT EC COMMISSION OFFICIALS IN DG VI (AGRICULTURE) TO DISCUSS THE STATUS OF EC EFFORTS TO ENCOURAGE FARMERS TO ADJUST THEIR ENTERPRISE MIX AWAY FROM SURPLUS TO NON-SURPLUS PRODUCTS, POSSIBLY INCLUDING FUR-BEARING ANIMALS SUCH AS MINK. REF B REPORTS ON EC LEGISLATION (COUNCIL REGULATION 1094/88) ADOPTED IN APRIL 1988 THAT CALLS FOR THE INTRODUCTION OF AN AID SCHEME BY MEMBER STATES TO ENCOURAGE THE CONVERSION OF PRODUCTION TO NON-SURPLUS PRODUCTS. THE REGULATION REQUIRES THE COUNCIL TO ADOPT A LIST OF ELIGIBLE PRODUCTS FOR CONVERSION AID AND TO ESTABLISH THE CONDITIONS AND PROCEDURES FOR GRANTING AID.

2. AS OF THIS DATE, NO LIST OF TARGETED PRODUCTS HAS BEEN ADOPTED, AND COMMISSION CONTACTS EXPRESSED THE OPINION THAT IT IS EXTREMELY UNLIKELY THAT SUCH A LIST WILL BE ADOPTED ANYTIME IN THE FORESEEABLE FUTURE. FAILURE TO ADOPT A LIST IS DUE PRIMARILY TO THE WIDE DIVERGENCE IN VIEWS AMONG THE MEMBER STATES ABOUT WHICH PRODUCTS SHOULD BE INCLUDED ON THE LIST.

3. IT IS POSSIBLE FOR MEMBER STATES TO RECEIVE FUNDING FROM THE COMMISSION UNDER SEPARATE LEGISLATION (COUNCIL REGULATION 4253/88) FOR REGIONAL RURAL DEVELOPMENT PROJECTS THAT FOCUS ON NON-SURPLUS, NON-TRADITIONAL PRODUCTS. COMMISSION CONTACTS SAID THAT THEY KNEW OF NO PENDING APPLICATIONS FOR REGIONAL PROGRAMS TO AID MINK PRODUCTION UNDER THIS REGULATION.

4. USEC AGOFFICE DOES NOT HAVE THE DATA NECESSARY TO REPORT ON THE SUPPLY IMBALANCE IN MINK FURSKINS IN THE COMMUNITY. FOR THE MOST CURRENT AVAILABLE PRODUCTION AND CONSUMPTION DATA, SUGGEST YOU CONTACT THE MEMBER STATES DIRECTLY. RELATIVELY UP-TO-DATE TRADE STATISTICS ARE KEPT BY EUROSTAT, THE EC COMMISSION'S DATA COLLECTION AGENCY. THESE DATA ARE AVAILABLE FROM THE COMMERCE DEPARTMENT IN WASHINGTON. NILES

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ACTION STR-13

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INFO LOG-00 ADS-00 AID-00 INR-05 EUR-00 SS-00 OIC-02
CIAE-00 EB-00 DINT-05 DODE-03 N-01 10-19 NSCE-00
ARA-00 NSAE-00 L-03 STRE-00 LAB-04 CIME-00 TRSE-00
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AMCONSUL GUANGZHOU
AMCONSUL HONG KONG
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AMEMBASSY MOSCOW
AMEMBASSY BUENOS AIRES
USMISSION GENEVA
AIT TAIPEI 1895
AMCONSUL CHENGDU POUCH

UNCLAS BEIJING 25439

USDA FOR FAS/ITP HAMILTON

USTR FOR TAKAHASHI

GENEVA FOR USTR

E.O. 12356: N/A
TAGS: ETPD, EAGS, CH
SUBJECT: MINK SUBSIDIES

REFTEL: STATE 247644

1. THIS CABLE RESPONDS TO REQUEST FOR INFORMATION CONTAINED IN REFTEL. CHINA FUR AND LEATHER IMPORT/EXPORT CORPORATION OFFICIAL WANG JUN TOLD ECONOFF THAT MORE THAN 90 PERCENT OF CHINA'S MINK PELTS ARE AUCTIONED IN HONG KONG. SHE SAID THAT THE REMAINDER ARE SOLD AT AUCTION IN DENMARK. SHE DID NOT KNOW WHERE THE PELTS WERE SHIPPED AFTER THEY WERE AUCTIONED. SHE SAID THAT 1987 WAS CHINA'S BEST YEAR FOR MINK SALES. IN THAT YEAR PELTS SOLD FOR AN AVERAGE OF US\$35 EACH. SINCE THEN, PRICES HAVE DECLINED STEADILY AND REACHED WHAT SHE BELIEVES WAS A ROCK BOTTOM US\$15 EACH IN APRIL 1998. SHE SAID THAT PELT PRICES HAVE RECOVERED SLIGHTLY SINCE THEN. SHE SAID MOST CHINESE PRODUCERS ARE LOSING MONEY BUT SHE WOULD NOT PROVIDE FURTHER DETAILS.

2. ACCORDING TO CHINESE CUSTOMS STATISTICS, IN 1988 CHINA EXPORTED 1.74 MILLION MINK PELTS WORTH US\$32.96 MILLION. IN 1989, EXPORTS TOTALLED 2.65 MILLION PELTS WORTH US\$32.99 MILLION. WANG SAID THAT CHINA'S FELT SALES AT THE FEBRUARY AND APRIL HONG KONG AUCTION (WHICH INCLUDES ALMOST ALL OF CHINA'S ANNUAL FELT EXPORTS) WERE UP SUBSTANTIALLY FROM A YEAR EARLIER BUT COULD NOT SUPPLY EXACT NUMBERS. SHE ADDED THAT CHINA'S MINK FELT EXPORTS NEXT YEAR AND THE YEAR AFTER WILL DECLINE SUBSTANTIALLY AS MONEY LOSING PRODUCERS CUT BACK PRODUCTION.

3. ACCORDING TO WANG, PROVINCIAL ENTERPRISES PRODUCE ALMOST ALL OF CHINA'S MINK PELTS. VERY FEW COLLECTIVE OR PRIVATELY OWNED COMPANIES ARE INVOLVED IN THIS SECTOR. SHE SAID A NUMBER OF PROVINCES HAVE ADOPTED POLICIES ENCOURAGING MINK PRODUCTION BUT THE CENTRAL GOVERNMENT HAS NOTHING TO DO WITH THAT. SHE SAID SHE COULD NOT SUPPLY ANY FURTHER DETAILS. HER IMPORT/EXPORT COMPANY HAS A NATIONAL MONOPOLY ON MINK FELT AND MINK GARMENTS.

EXPORTS. THIS MEANS THAT PRODUCING ENTERPRISES MUST SELL THEIR PELTS TO HER BEIJING-BASED IMPORT/EXPORT COMPANY WHICH IN TURN MARKETS THEM ABROAD. SHE SAID PRICES PAID TO PRODUCERS ARE BASED ON THE PREVAILING INTERNATIONAL QUOTE. HER COMPANY SOMETIMES SUBSIDIZES A PRODUCER IF IT IS IN FINANCIAL DIFFICULTIES. SHE WOULD NOT GIVE ANY FURTHER DETAILS. SHE ALSO REFUSED TO PROVIDE INFORMATION ABOUT CHINA'S MINK PELT PRODUCTION COSTS. SHE SAID ALMOST ALL OF CHINA'S PRODUCTION IS EXPORTED.

4. WANG SAID THAT CHINA HOPES TO INCREASE ITS MINK COAT EXPORTS. SHE SAID CHINA HAS IMPORTED EQUIPMENT IN RECENT YEARS THAT WILL ALLOW IT TO EXPAND EXPORTS. SHE SAID EXPORTS IN 1989 WERE 20,000-30,000 PIECES. SHE WOULD NOT SUPPLY VALUE FIGURES.

5. COMMENT: WANG'S COMMENTS INDICATE THAT CHINA'S MINK INDUSTRY IS DEEPLY IN THE RED. IT IS LIKELY THAT THIS DEFICIT IS MADE UP BY A COMBINATION OF CENTRAL GOVERNMENT SUBSIDIES, PROVINCIAL GOVERNMENT SUBSIDIES AND INDIVIDUAL ENTERPRISES SWALLOWING PART OF THE LOSS. MOST OF CHINA'S EXPORTS ENJOY VARIOUS FORMS OF GOVERNMENT SUPPORT AND THE MINK INDUSTRY PROBABLY IS NOT AN EXCEPTION. GOVERNMENT OFFICIALS WILL NOT BE WILLING TO GIVE US DETAILED INFORMATION ABOUT THESE SUBSIDIES. LILLEY

China

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Department of State

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Argentina

PLEASE PASS ELECTRONICALLY TO USTR L TAKAHASHI
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E.O. 12356: N/A
TAGS: ETRD, EAGR, AR
SUBJECT: REQUEST FOR INFORMATION: MINK SUBSIDIES

REF: STATE 247644

1. SUMMARY: THE MINK INDUSTRY IN ARGENTINE IS RELATIVELY SMALL AND SHRINKING. EXPORTS HAVE FALLEN OFF DRAMATICALLY AND DOMESTIC CONSUMPTION IS DOWN. WE HAVE BEEN UNABLE TO FIND ANY EVIDENCE OF GOA SUBSIDIES FOR MINK PRODUCTION. GIVEN THE FALL IN EXPORTS WE ARE INCLINED TO BELIEVE LOCAL BREEDERS' CLAIMS THAT THE GOA HAS NOT SUBSIDIZED THE INDUSTRY. END SUMMARY

2. THERE ARE 20 BREEDERS OF MINK IN ARGENTINA BUT TWO DOMINATE PRODUCTION (GARCIA MATA AND SPERBER). THE GOA DOES NOT KEEP DATA ON MINK PRODUCTION. IN CONVERSATION WITH THE HEAD OF THE ARGENTINE FUR BREEDERS' ASSOCIATION, GARCIA MATA, HE ESTIMATED PRODUCTION IN 1990 AT 150,000 SKINS FOR THE YEAR. THE PRODUCTION CYCLE FOR MINK IN ARGENTINA BEGINS IN OCTOBER WHEN THE ANIMALS ARE BORN AND ENDS IN JUNE WHEN THEY ARE KILLED, SO THAT THE TOLD PRODUCTION OF SKINS FOR THE YEAR ACTUALLY TAKES PLACE IN ONE MONTH.

3. THE THREE YEAR LONG RECESSION IN THE ARGENTINE ECONOMY AND THE OVERSUPPLY OF MINK IN THE WORLD MARKET HAVE HAD A SIGNIFICANT IMPACT ON THE MINK INDUSTRY HERE. DURING THE LAST TWO YEARS, DOMESTIC CONSUMPTION DECLINED AND EXPORTS HAVE ALMOST STOPPED DUE TO A COMBINATION OF LOW INTERNATIONAL PRICES FOR MINK AND THE IMPOSITION BY THE GOA OF HIGH EXPORT TAXES. IN RECENT YEARS MINK PRICES IN ARGENTINE MARKETS DECLINED FROM USD 50 PER SKIN THREE YEARS AGO TO USD 23 TO 25 PER SKIN NOWADAYS.

4. THE GOA HAS SUSPENDED INDUSTRIAL PROMOTION PAYMENTS UNDER THE EMERGENCY ECONOMIC LAW SINCE SEPTEMBER 1989. MATA SAID THAT THE GOA HAS NEVER PROVIDED INCENTIVES TO PROMOTE MINK PRODUCTION. THE INDUSTRY IS JUST TOO SMALL, HE EXPLAINED, AND OFF THE GOVERNMENT'S SCOPE. MATA SAID THAT HE STARTED THE ARGENTINE INDUSTRY 50 YEARS AGO AS A HOBBY WITH THREE IMPORTED ANIMALS. BREEDERS NOW IMPORT NEW STOCK FROM TIME TO TIME TO KEEP THE BLOOD LINE FROM DETERIORATING.

5. EXPORT TAXES FOR MINK SKINS WERE REDUCED IN AUGUST 1990 FROM 25 PERCENT TO 5 PERCENT. MINK SKINS EXPORTS STILL BEAR, LIKE ANY OTHER PRIMARY PRODUCT EXPORTED, A 3 PERCENT STATISTICAL FEE AND A 1.5 PERCENT TAX TO FUND THE INTA (NATIONAL INSTITUTE FOR AGRICULTURAL TECHNOLOGY). EXPORTS OF MINK APPAREL ONLY BEAR THE 3 PERCENT STATISTICAL FEE. MINK IMPORTS FOR LOCAL CONSUMPTION ARE SUBJECT TO A 16 PERCENT IMPORT DUTY

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FOR RAW SKINS AND 24 PERCENT FOR TANNED SKINS AND MINK APPAREL.

6. THE ARGENTINE CHAMBER OF SKIN EXPORTERS AND IMPORTERS AS WELL AS THE NATIONAL DIRECTOR FOR WILDLIFE TOLD US THAT SOME TANNERS IMPORT MINK SKINS WHICH ARE TANNED, MANUFACTURED INTO MINK APPAREL AND REEXPORTED TO OTHER COUNTRIES. THIS SYSTEM IS CALLED "TEMPORARY ADMISSION". UNDER THIS REGIME IMPORTS OF RAW MATERIALS ARE BROUGHT IN DUTY FREE. NO DATA IS AVAILABLE ON THE EXPORT OF MINK APPAREL. MATA EXPLAINED THAT THERE IS A RELATIVELY LARGE DOMESTIC CONSUMER MARKET FOR FUR APPAREL, WITH A SUBSTANTIAL PROPORTION OF THIS BEING SOLD TO TOURISTS.

ARGENTINE EXPORTS OF MINK

	RAW		TANNED	
	KILOGRAMS	USDOL	KILOGRAMS	USDOL
1986 TOTAL	2,000	223,500	2,515	286,288
- U.S.	431	71,500	237	65,320
1987 TOTAL	5,064	534,860	592	186,826
- U.S.	355	42,000	88	25,326
1988 TOTAL	230	28,438	105	26,848
- U.S.	0	0	0	0
1989 TOTAL	0	0	405	13,656
- U.S.	0	0	0	0

NOTE: IN 1986 AND 1987 WEST GERMANY WAS THE LARGER BUYER OF ARGENTINE MINK

THE AVERAGE PELT WEIGHS 450 GRAMS.

SOURCE: NATIONAL INSTITUTE OF STATISTICS AND CENSUS,
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	COME-00	L-03	STRE-00	LAB-04	CTME-00	TRSE-00	ITC-01
	PA-02	CEA-01	OMB-01	INRE-00	AGRE-00	FRB-01	USIE-0
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FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC PRIORITY 1249
INFO AMEMBASSY BRUSSELS
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY STOCKHOLM
USMISSION GENEVA

UNCLAS COPENHAGEN 06090

BRUSSELS FOR USEC; GENEVA FOR USTR

E.O. 12356: N/A
TAGS: ETRD, EAGR, DA, FI, EEC
SUBJECT: FOLLOW-UP SECTION 308 INVESTIGATION: MINK
SUBSIDIES

REF: A) STATE 247643, B) 89 COPENHAGEN 6108

1. THE MFA HAS PROVIDED US WITH A FORMAL RESPONSE TO OUR EXPRESSION OF U.S.G. AND US MINK INDUSTRY CONCERN OVER THE CURRENT OVERSUPPLY OF MINK PELTS AND HAVE PROVIDED DETAILS OF DANISH PRACTICES REQUESTED REFTTEL A. ACCORDING TO THE MFA, THE DANISH FUR BREEDERS ASSOCIATION AND THE MINISTRY OF AGRICULTURE DO NOT SHARE U.S. MINK INDUSTRY CONCERN OVER THE OVERSUPPLY OF MINK. ACCORDING TO THEIR STATISTICS, WHICH INCLUDE MINK

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PAGE 02

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PRODUCTION AND EXPORT FROM EASTERN EUROPE, PRODUCTION IN 1988 REACHED 40 MILLION FELTS COMPARED WITH 39 MILLION IN 1989 AND THEY ANTICIPATE A DROP OF 33 PERCENT IN 1990 DOWN TO 26 MILLION. THIS WILL BE ROUGHLY MIRRORED IN DENMARK WHERE THE 1989 PRODUCTION OF 13.5 MILLION FELTS WILL BE REDUCED BY 25 PERCENT IN 1990 TO 10 MILLION FELTS.

2. IN RESPONSE TO THE QUESTION OF HOW DENMARK INTENDS TO ADDRESS THE CURRENT OVERSUPPLY SITUATION, THE MFA REITERATED THE POINTS THAT WE HAVE MADE IN PREVIOUS YEARS (REF B) THAT THERE ARE NO DANISH GOVERNMENT SUPPORT PROGRAMS FOR THE MINK INDUSTRY. ALSO, THERE ARE NO SUBSIDIES PROVIDED WHICH WOULD ENCOURAGE DOMESTIC FELT DOWN, OR ASSIST PRODUCTION MAINTENANCE.

3. THE MFA ALSO STRESSED THAT THE DANISH GOVERNMENT HAS NOT REPEAT NOT AGREED TO SUBSIDIZE THE STORAGE OF MINK FELTS. ACCORDING TO THE MFA, THE MINISTRY OF AGRICULTURE CAN NOT UNDERSTAND HOW SUCH A "SCURRILOUS SUGGESTION" COULD BE GIVEN CREDENCE BY THE U.S.G. IN ADDITION, THE DANISH FUR BREEDERS ASSOCIATION INFORMED THE MFA THAT THEY WERE TOTALLY UNAWARE OF ANY SUCH SCHEME, BUT THAT, OF COURSE, THEY WOULD BE HAPPY TO PARTICIPATE IF ONE WERE INSTITUTED. OUR MFA SOURCE NOTED GIVEN THE CURRENT OVER-SUPPLY OF FELTS, IT IS LIKELY THAT SOME PRIVATE COMPANIES ARE STORING THEIR SURPLUS FELTS IN ORDER TO WAIT FOR MORE FAVORABLE MARKET CONDITIONS. HE STRESSED, HOWEVER, THAT ANY COST INVOLVED IN SUCH PRIVATE STORAGE IS BEING BORNE BY THE PRIVATE COMPANY AND IS IN NO WAY BEING SUBSIDIZED BY THE DANISH GOVERNMENT.

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4. THE MFA ASSUMES, AS DO WE, THAT THE EC DAIRY CONVERSION PROGRAM CITED REFTEL IS THAT WHICH PROVIDES SUBSIDIZED NONFAT DRY MILK AS FEED. ACCORDING TO THE MFA, MINK PRODUCERS ONLY TOOK ADVANTAGE OF THIS IN 1984 WHEN THERE WAS SOME SLIGHT FINANCIAL ADVANTAGE TO DO SO. OTHERWISE, THIS PROGRAM HAS NOT BEEN USED BY THE MINK PRODUCERS.

5. FINALLY, AND AGAIN AS WE HAVE REPORTED PREVIOUSLY, INVESTMENT IN BUSINESS MACHINERY AND EQUIPMENT WITH A LIFE TIME NOT EXCEEDING THREE YEARS OR WHICH DOES NOT EXCEED A VALUE OF 5,000 KRONER EACH (FOR INCOME YEAR 1990) MAY BE FULLY DEPRECIATED FOR TAX PURPOSES IN THE YEAR OF PURCHASE. THIS RULE APPLIES TO ALL BUSINESSES AND INDUSTRIES AND IS NOT SPECIFICALLY AIMED AT THE MINK RANCHES. INVESTMENT OF OVER 5,000 KRONER MAY BE DEPRECIATED ON A DECLINING VALUE BASIS ADJUSTED FOR INFLATION AND MAY NOT EXCEED 30 PERCENT PER YEAR FOR EQUIPMENT AND GENERALLY SIX PERCENT PER YEAR FOR BUILDINGS. THE MFA HAS ASKED THE MINISTRY OF AGRICULTURE AND THE DANISH FUR BREEDERS ASSOCIATION FOR AN ESTIMATE OF THE NUMBER OF MINK CAGES WITH THE VALUE OF UNDER 5,000 KRONER WHICH ARE DEDUCTED FROM THE TAX BILL EACH YEAR IN ORDER TO PROVIDE A RESPONSE TO THE QUESTION CONTAINED REFTEL CONCERNING TOTAL DOLLAR BENEFITS TO THE LOCAL INDUSTRY FROM THIS TAX ADVANTAGE. WE WILL PROVIDE THIS INFORMATION AND ANY OTHER DETAILS WHICH COME AVAILABLE ON THE MINK SUPPLY SITUATION ASAP.
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URUGUAY ROUND
AGRICULTURAL NEGOTIATIONS
FOREIGN TRADE PRACTICES - COUNTRY LISTS
SUBMITTED ON BEHALF OF
U.S. MINK EXPORT DEVELOPMENT COUNCIL

COUNTRY	PRODUCT(S)	MARKET ACCESS BARRIER/SUPPORT POLICY	ESTIMATED ANNUAL GAIN FROM CHANGE IN POLICY (BILL.\$)
<u>HIGHEST PRIORITY</u>			
Denmark		Internal Subsidies: The government of Denmark provides preferential financing of start-up costs, subsidized transportation of feed, technical feed assistance, and, most recently, preferential financing of operating costs and storage subsidies.	\$15-25
Finland		Internal Subsidies: These include \$27.5 million in guaranteed price supports for 1990 and \$10 million in guaranteed price supports for 1991; \$1.75 million in 1991 for annual interest subsidy loans; \$1 million in veterinary assistance for resistance to "chronical and infectious plasmacytosis disease"; an annual subsidy for feed grain of approximately \$340,000/yr, price supports for Baltic herring, and 166 million kg. of free feed; accelerated tax depreciation; and outright grants to cover operating costs (which could amount to up to \$14.00/pelt, or 50 percent of local production costs.)	\$5-10
European Community		Internal Subsidies: Two EC subsidies have boosted Danish and Dutch milk production in the past. One is the EEC Conversion Program (EEC Reg. No. 797-85), under which preferential financing of capital conversion costs was provided to Danish ranchers to convert dairy farms to mink production. The other is the EEC's Nonfat Dry Milk Program, which in the past authorized subsidized nonfat dry milk to be supplied to Danish Mink food kitchens.	\$15-25
Korea		Discriminatory Tax System: Korea's internal tax system for mink is structured to limit sharply domestic mink garments at retail. A special excess tax for luxury items is assessed at a rate of 60%. When combined with the import duty and other generic national taxes, the total assessed charge comes to more than 100%. An exemption from the luxury tax has been created for garments valued at or below \$1500. This exemption is designed to capture Korean-skin garments and low-grade skins from other sources, but exclude the premium U.S.-skin garments. As such, it is discriminatory in violation of GATT Article III.	\$100

COUNTRY	PRODUCT(S)	MARKET ACCESS BARRIER/SUPPORT POLICY	ESTIMATED ANNUAL GAIN FROM CHANGE IN POLICY (MILL.\$)
<u>PRIORITY</u>			
Italy.		Trade Restrictive Luxury Taxes: Italy subjects mink imports to a luxury tax of 18% for raw skins, 38% for tanned skins.	\$10-20
Canada		National and Subnational Internal Subsidies: At the national level, Canadian ranchers have benefitted in the past from export credits. In May 1990, the Canadian government allocated C\$12 million of federal assistance to the ranch-fur industry. Participating Provinces are required to match the C\$12 million of federal funds with new money or apply the value of existing provincial programs. The combined federal-provincial assistance has the potential of providing C\$22 subsidy per mink pelt. In addition, Canadian mink production benefits from subsidized production credit in Quebec and operating grants in Nova Scotia.	\$10
Argentina		Preferential Export Taxes: Mink apparel exports are taxed at a lower rate than raw mink skins to stimulate processing and export.	Up to \$5

FUR TRAPPERS FEEL THE PINCH

Depressed market, glut of farmed pelts squeeze out Alaska traders

By BEAU BARTON

TIMED BUSINESS WRITER

Fairbanks fur buyer Dean Wilson used to load down his turboprop once a month for a trip to the Seward Peninsula, where he bought furs from villagers in the Nome area.

Business was so good that in the early 1980s Wilson employed five traveling fur buyers to help him fan the state.

Those were the good old days.

Klondike Furs is still considered one of the largest of Alaska's 100 or so fur-buying companies, but Wilson no longer flies into the bush looking for pelts. And he long ago laid off all his fur buyers.

Says Wilson: "The bottom line is you have to buy the product and make a profit."

Both requirements have become increasingly tricky for fur buyers in recent years.

After five years of low fur prices, trapping has fallen out of style in many parts of the state. The reason: Many furs are worth less now than they were 40 years ago, largely because ranches have glutted the market. The problem is so bad that some fur buyers have stopped buying foxes because there is no market for wild pelts.

"It's a difficult time," says Joe Posser, chairman of the Fur Merchants Association, pointing out that wild swings in fashions have exacerbated the problem. "If Alaska fur, which is largely long hair fur, is out of fashion, then you can't be a trapper anymore."

Retail businesses have been hurt as well, slashing prices and profit margins to stay afloat during the glut. Both the Nordstrom department store chain and the Hudson's Bay Co., a Canadian department store chain, have stopped selling furs in the last year because they no longer consider the business profitable.

Nowhere is the depressed state of affairs more evident than in far Western Alaska, in the villages along the Bering and Chukchi seas which are primarily fox and marten country.

In Kotzebue, where Natives have trapped for centuries, community leaders say they know no one currently running a trap line full time.

One Kotzebue man who used to do so is Ross Schaeffer, a quiet Inupiaq who is president of NANA Regional Corp., one of the regional Native corporations formed

See Fur, page C4

Fur

Continued from page C1

by the federal government.

Sitting behind his desk in an open-collared shirt, Schaeffer reminisced about his father teaching him to hunt and trap, just as he had been taught by his father.

Schaeffer said he ran a trap line back in the early 1980s, when the price of fur was high and before he was entrenched in the business world. "Now you can't do that anymore," he said.

Fur is still important to the people in Kotzebue, of course. In the spring they hunt bearded seal as their ancestors have for thousands of years. Caribou, muskrat, otter, wolverine and fox are hunted and trapped to provide mukluks, hats and parkas. Schaeffer himself took to the pack ice last year to kill a polar bear, an animal much prized for

its thick fur and rich meat.

But these animals, for the most part, never make it beyond subsistence uses.

In Kotzebue, the Alaska Commercial Co. has stopped buying fur. There is a pelt outlet on the north end of town, in the downstairs living room of Marc Bird. But all of the furs come from out of state, ranches fur bought on the international market.

"The prices are so low for foxes, it's not even worth (trappers') time to trap them," Marc Bird said.

Gus Gillespie, 550 miles away in Anchorage, runs a somewhat larger operation, buying and selling pelts in rural Alaska from his base in the city.

To get those pelts, Gillespie, a big man who earned his living until three years ago as an electrical engineer, flies to fur auctions in Vancouver and Toronto, looking for high-quality pelts.

"I can get all of the fur I need from buying at the auctions," he says.

Many of those furs, like the in-

digo fox hybrids that sell for most four times the price of wild fox, do not come from fitter trappers but from corporate farms where the animals raised in cages.

In the warehouse behind Gillespie's store, a line of fresh skinned wolves hangs from wire. In another room, a fresh killed wolverine swings from left hind leg, its teeth bared.

While trappers still show up his shop to unload game for their pickups, this is a rapidly dying scene. Wild furs now represent less than 15 percent of furs on the market, according to industry figures. The number farmed fox has doubled in the last 10 years, while the number of mink has increased almost fourfold, to 40 million pelts in 1989.

These pelts, which come from farms, flood the huge international auctions that set the prices. Furs from such places as China — a country that did not even produce mink five years ago but sold 5 million pelts la-

year — have torpedoed prices.

"The whole fur industry is down," says Herb Melchior, an industry specialist for the Alaska Department of Fish and Game. "There's still a lot of coats sold, but they're sold for less and less. It's going to take a long time to get rid of the raw materials."

Many local retail stores insist they have not been hurt by the growing recession in the fur industry. Jerry Green, a manager at David Green Master Furnier, says "many people have been hurt" but his store is growing.

"It's easier for people to afford garments," he said, noting that a mink coat cost more to buy in 1950 than today.

There is no doubt, however, that the industry as a whole is feeling pain. At its heyday in 1981, more than \$6 million in raw furs were taken in Alaska; that figure is likely to be less than \$2 million this year, according to figures compiled by the Department of Fish and Game.

No one knows for sure how plummeting fur prices has af-

fected rural Alaska, but Native leaders are worried it is eroding the subsistence way of life and driving young people into the cities to find jobs.

In Fort Yukon, which is still home base for 250 trappers in the Yukon Flats, the Council of Athabaskan Tribal Governments has attempted to stem the damage by forming a marketing cooperative to drive up prices and save trappers money by mailing furs in bulk to fur auctions.

"The trapping industry touched the lives of all the people. If people are not trapping, that is affecting their lives," said Patricia Stanley, manager of the Fort Yukon Fur Co-op. She is hoping to develop a network so that villages will sell furs to each other, like they did for centuries before telephone lines and fax machines connected them to Western markets.

"If we can buy from one another, it means we can circulate our dollars here," she said. So far, the cooperative seems

to have had some success. Cooperative officials say local fur buyers have raised their prices because of the added competition. The co-op has set up operations in 10 villages.

One of the villages is Nikolai, which sits on the wooded banks of the Kuskokwim River, 50 miles upstream from McGrath.

It has been a bad winter in Nikolai. Temperatures have been high, melting the ice and forcing trappers to not venture out of town on their snow machines.

Ignati Petruska, a mechanic and beaver trapper and fur buyer for the Fort Yukon Fur Co-op, said he expects to make less than \$1,000 this year.

Yet the disastrous winter may not hurt Nikolai's economy as much as one would expect. "Nobody traps full time anymore," Petruska said. "Quite a few trappers, almost everybody, traps part time. It's not like the old days."

Draft

Besides being encumbersome for an American trapper to need a variety of different trap types for different animals, this requirement ignores the fact that trappers often make a single trap set for a variety of species. The attempt is to try to catch a red fox, gray fox, raccoon, opossum, badger, coyote, bobcat, mink, skunk, weasel, badger, or other furbearer with a single trap set.

Even if the attempt were made to single out only one target species, the animals simply will not cooperate and all will be vulnerable to the baits and lures used at the trap set.

America is blessed with an abundance and variety of wild furbearers and predators which share the same habitats and are in need of population controls.

Leghold traps are important in the American trapping experience because they are effective on a wide variety of species and ensure balanced harvests of both profitable and unprofitable species in need of controls.

Legislation Unenforceable

Proposed legislation in the EC to disallow trade in pelts from countries which have not banned leghold traps would lead to mischief, discrimination, unfair restrictions, illegal trade and black markets.

Proposed restriction is unenforceable because many wild furs are produced in many nations, and look alike. Raw furs are commonly mixed during dressing processing, and a finished garment may have pelts from several different nations included.

Because fur markets are world-wide, document forgeries or other mischief is sure to occur to advantage sales.

Artificial markets will create artificial values, and that will encourage excessive values, black markets, and increased pressures on wild resources.

NTA
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(NAT'L TRAPPERS
ASSOC.)

BANNING WILD FURS

FROM COUNTRIES NEEDING AND USING LEGHOLD TRAPS IS...

- A TRADE ISSUE
- DESTRUCTIVE
- HARMFUL
- UNFAIR
- UNREASONABLE
- UNENFORCEABLE

AND WOULD GREATLY INCREASE
SUFFERING AND DISEASE IN
WILDLIFE, LIVESTOCK, AND PETS.

“Presented as a moral issue, the proposal to ban fur imports into EC nations would have a significant and negative impact upon wildlife conservation. More than 12 billion dollars have been invested in wildlife management in the United States alone since 1937, and that huge ongoing investment continually underscores the needs of wildlife to be controlled.

“Methods used to control wildlife should not be an international political issue. Each nation has its own uniqueness, needs, species, and responsibilities to wildlife. Each nation also has a political process to monitor scientific development, and effect changes for betterment. Within the United States, each state has the authority and responsibility to manage resident wildlife species in harmony with man.

“It is unfortunate leghold traps have been made a political issue by some who believe animals are equal or superior to mankind. Leghold traps still offer the most research and development potentials, and it is a fact some models consistently take some species without any identifiable or serious physical injury.

“An injustice is done when some nations enforce their views on other nations. That is particularly true of EC nations voting to ban fur imports when those same nations either have no need for leghold traps or in fact still use the devices to control animals.

“A market for better products has always existed and will always exist for trapping devices. Further development should be orderly, and driven by a methodical, analytical, scientific process free from encumbrances of political persuasion, bias and prejudice. Political solutions to scientific questions are improper and unwise.

“Attempts to punish nations who need and use leghold traps to manage wildlife populations is negative, counter-productive, unreasonable, unfair, silly and harmful to highly successful wildlife management programs. Leghold traps are needed, and suitable replacements simply do not exist.”

Statement by Tom Krause
Advisor, American National Standards Institute
Member, Technical Committee 191, International Standards Organization

THE FACTS:

Trap Standards Will Include Leghold Traps

Proposed legislation in the EEC to “exempt” countries who have adopted ISO “trap standards” assumes that trap standards will exist.

Since the International Standards Organization has recognized that standards may be appropriate for both “killing” traps and “restraining” mammal traps, it is important to recognize that “restraining” or “live-holding” traps are recognized as necessary to meet international furbearer, predator, and wildlife management programs.

Since ISO Technical Committee 191 has established a Working Group of experts to investigate scientific data related to restraining traps, that group has prioritized its research efforts as follows:

- 1) red fox and other canids - foothold (leghold) traps
- 2) raccoon - foothold traps
- 3) mink/fisher - foothold traps
- 4) bobcat/lynx - foothold traps
- 5) muskrat/nutria - foothold traps
- 6) beaver/otter - foothold traps
- 7) red fox and other canids - holding snares
- 8) raccoon - holding snares
- 9) beaver/otter - holding snares
- 10) bobcat/lynx - holding snares

These determinations were based in part upon needs, and information that is already available for interpretive research.

Because the highest research priorities (1-6) concern leghold traps, it is reasonable to expect recommendations to identify certain types of leghold traps as a “trap standard” for those species first.

Limited research on several important furbearing species coupled with bias against certain types of effective traps ensures a difficult and lengthy process to secure world acceptance of trap devices.

In fact, unfounded bias and political pressures may deny acceptance of the best trap types as measured by scientific processes.

Significant Negative Impact Upon Conservation

Proposed legislation to disallow trade in fur pelts from countries which have not banned leghold traps would have a serious and negative impact upon wildlife management within the United States and other countries.

Virtually all American states require harvest of prolific furbearing and predatory species to control wildlife populations within the supportive level of the habitat. These actions are called for and have been financed with over 12 billion dollars of research/management funds spent since 1937 in the U.S.

Creating market havoc and reducing marketing activities will have a negative impact on furbearers, predators, other wildlife species and man. Agriculture will suffer, and wildlife and human health risks will increase with furbearer and predator populations out-of-control without proper economic incentives for wise harvests.

If markets are allowed to be destroyed, animal welfare concerns will dictate the needs for governmental agencies to spend hundreds of millions annually to replace the wildlife population controls that were traditionally done without costs by trappers and other sportsmen.

Species Targeted For Trade Benefits

Proposed legislation in the EEC to restrict trade in furs from countries which have not outlawed use of leghold traps is a trade issue, and not an "animal welfare" issue.

This is evidenced by the fact that seven of the twelve EC nations still allow use of leghold traps, and it is

further underscored by a listing of species that are produced only in other nations.

European countries produce millions of mink and fox pelts annually, and these very significant species are "missing" from the legislative species listings.

Legislation Would Multiply Animal Suffering

Proposed legislation in the EEC to disallow trade in fur pelts from countries which have not banned leghold traps will drastically increase animal suffering.

As a higher being, man assumes a stewardship role in the management of wild species. It is well-documented that wild furbearers and predators are prolific, and potential exists annually for out-of-balance populations which culminate in excessive suffering as the overpopulated species compete with others of its own kind for space, food, mates, and denning sites. Excessive populations of most species also cause negative impacts and additional suffering to other competitive species, prey species, and man.

Over-populations of furbearers and predators cause a variety of stresses which weaken animals and increase their vulnerability to diseases. As a result, many animal diseases drastically increase and spread rapidly when there are excessive animals for the habitat to support. Frequently these diseases take months to kill the weakened animals, and many of these diseases are also transmitted to livestock and man.

Without practical alternatives to leghold trap use, animal suffering increases significantly in numbers of effected animals, cumulative suffering times, and increased stress and pain.

Majority of Countries Not Impacted

Proposed legislation in the EEC to disallow trade in fur pelts from countries which have not banned leghold traps ignores the fact that a great many countries, in addition to the large wild fur producing countries of Russia, Canada, and the U.S.A., also

need and use leghold traps to control animal populations.

Many animals without fur value, such as dingos, hyenas, and others, are controlled by land and game managers with the advantage of efficient and practical leghold traps.

Science has yet to discover alternative restraining traps that are as cost-effective, practical, or as efficient as leghold traps. Many of the shy wild species simply cannot be taken with regularity in other existing types of restraining traps.

Legislation Impossible Under U.S.A. Law

Proposed legislation in the EEC to disallow trade in fur pelts from countries which have not banned leghold traps is a significant trade issue camouflaged as an animal welfare issue.

Evidence of this is the fact that the United States has no jurisdiction over the wildlife management programs in the states. The U.S. federal government is only empowered to act on behalf of migratory wildlife and endangered species.

All American states have jurisdiction and responsibility to manage resident wildlife species. All states recognize and regulate trapping as a necessary and beneficial management tool.

Even if several states would bow to EC directives on trapping tools, their fur productions would still be denied trade status within EC member countries because the U.S.A. will not (cannot) "ban" leghold traps.

All American states have methods to determine and regulate trapping tools according to the needs of wildlife and people. Leghold traps are widely used to control excessive wildlife populations and damage to crops, lands and livestock.

Research Funding Lacking

The proposal to "exempt" countries who have adopted ISO trap standards by 1996 (or other date) is redundant because it reflects a political solution to scientific questions.

The pursuit of science requires methodical developments that require appropriate data. Setting arbitrary dates to complete a scientific objective ensures inadequate research, especially when funds to finance the scientific objectives are not allocated with the political directives.

A political solution to a scientific question is not appropriate.

If a true desire to speed trap research is fact, then it should be recognized that progress is dependent upon available information. Since available information is inadequate to recommend trap standards at this time, progress can best be speeded with funding needed for additional research.

Harmful to European Craftsmen, Business

Proposed legislation in the EC to disallow trade in fur pelts from countries which have not banned leghold traps will have a long-range and negative impact upon thousands of skilled European craftsmen who have led the world in quality fur garment productions.

Since luxurious wild furs such as sable, lynx, lynx-cat, and others would be prevented trade status in EC countries, the manufacturing of garments from these high quality furs will likely be taken over entirely by Japan, Korea, and other far-eastern countries.

Current EC legislation will deny trade status to pelts of numerous species. In turn, these pelts will simply be processed and manufactured elsewhere and Europe will no longer enjoy this favorable balance of trade opportunity.

Species Selective Traps Do Not Exist

In the event world standards are developed for restraining devices, those standards would have only a limited practical value in the United States due to its abundance of wild species.