Industry & Trade Summary

Furskins

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PREFACE

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

This report on furskins covers the period 1988 through 1992 and represents one of approximately 250 to 300 individual reports to be produced in this series during the first half of the 1990s. Listed below are the individual summary reports published to date on the agricultural and forest product sectors.

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

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

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INTRODUCTION

This summary covers furskins,[1] raw and tanned or dressed, whether or not dyed. Information is provided on the structure of the U.S. industry and certain foreign industries, domestic and foreign tariffs and nontariff measures, and the competitiveness of U.S. producers in both domestic and foreign markets. The report generally covers the period 1988 through 1992.

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

Furskins are derived from animals either raised in captivity on fur farms (in this country usually mink and, to a lesser extent, other species such as fox, rabbit, and chinchilla) or obtained from the wild catch of trappers and hunters (including such species as muskrat, raccoon, beaver, bobcat, fox, and mink). Ranch mink furskins are the most significant in terms of domestic production and international trade. Climate strongly influences fur quality. Temperate and cold climates generally produce animals with higher quality fur than animals raised in warmer climates. The bulk of world ranch mink and fox production is concentrated in the former Soviet Union, (mainly the Russian Federation of the newly formed Commonwealth of Independent States), Scandinavia (primarily Denmark and Finland), the United States, the Netherlands, Canada, and China.

Raw or undressed furskins are either unprocessed skins, or processed skins that have not been subject to any processing which will preserve them indefinitely in a pliant state. Most furskins are sold undressed at public auctions under an open competitive bidding system. All furskins are tanned[3] before they are made into fur goods, and many dressed furskins are dyed to provide uniformity of color or to improve their appearance or to meet current fashion trends. The principal end use for processed furskins is the manufacture of fur wearing apparel, such as coats and jackets, and as trim or lining for cloth or leather coats.

In 1992, an estimated 45 percent of the value of U.S. furskin production consisted of ranch mink. The value of U.S. ranch mink production fell from $143.8 million to $71.6 million during 1988-91 reflecting both lower mink prices and reduced pelt production. Such production rose slightly to $71.8 million in 1992 as the average pelt marketing price rose by 13 percent to $24.80 per pelt. The bulk of domestic mink furskin production is exported, whereas imports account for a large share of U.S. consumption. In 1992 the ratio of mink furskin imports to consumption was 72 percent (by value).

U.S. exports of furskins fell steadily during 1988-92 from $314 million in 1988 to $134 million in 1992. This decline in exports resulted from a world-wide drop in demand for furskins owing to activities of animal rights groups, as well as economic conditions and warmer winters in major importing countries. U.S. imports of furskins also fell from $174 million in 1988 to $83 million in 1992. Imports of mink furskin, most of which enter duty free, accounted for approximately 50 percent of the value of U.S. average annual furskin imports during 1988-92. Other important furskin imports in terms of value include sable and fox skins. Major U.S. suppliers of all furskins include Canada, Denmark, Finland, and the former Soviet Union (FSU).

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

[2] See USITC *Industry & Trade Summary*, "Fur Goods," USITC Publication 2702, Nov. 1993.

[3] Tanned skins are often referred to as dressed skins while skins which are not tanned are often referred to as undressed or raw skins.

U.S. INDUSTRY PROFILE

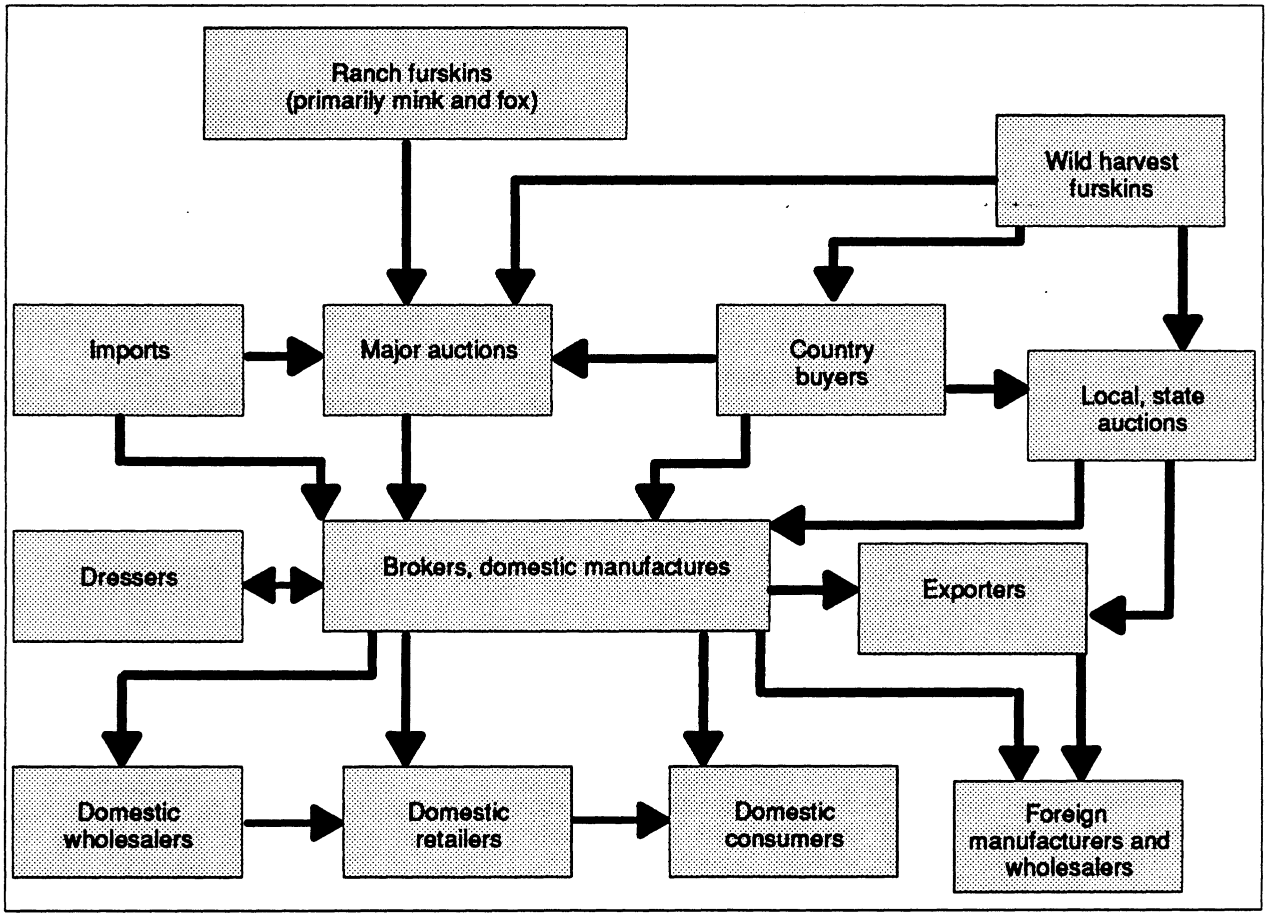
Industry Structure

The structure of the furskin industry in the United States is illustrated in figure 1. The Standard Industrial Classification (SIC) categories applicable to the products in this summary are Fur-Bearing Animals and Rabbits (0271 in part), Hunting and Trapping, and Game Propagation (0971 in part), and Manufacturing Industries, Not Elsewhere Classified (3999 in part).

U.S. furskins are produced both from animals raised in captivity on fur farms (primarily mink and fox) and from animals harvested in the wild. Ranch mink furskins account for almost half of the value of U.S. furskin production. Most furskins are sold at auctions to brokers and domestic manufacturers. Ranch mink prices are a benchmark price against which other furskin values are determined. Consequently, as the price of ranch mink declines, the prices of other furs generally also decline. Many trappers and hunters of wild furbearing animals choose alternative employment when fur prices decline to certain levels; thus, the number of furbearing animals harvested falls as prices decline. In addition, during periods of declining returns for mink pelts some ranchers respond by slaughtering[4] some of their breeding stock, which, in the short term places additional pelts on the market. However, the decline in breeding stock leads to fewer kits born and consequently to a decline in the number of animals available for slaughter and to a decline in pelt production. During 1988-92 the average pelt price for U.S. ranch mink declined irregularly from about $32 per pelt to $25 per pelt.

[4] The industry refers to this slaughter as "pelting out."

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



Source: Derived by USITC staff.

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

The number of mink farms in the United States peaked at 2,800 in 1969, and has since been in a long term decline. During 1988-92 the number of farms declined steadily from 1,027 to 571, as shown in table A-1.[6] Industry sources report that in recent years some U.S. mink ranchers have been unable to cover their production costs[7], due in part to a world-wide drop in the demand for mink which in turn depressed the prices received for mink. Consequently, many ranchers chose to exit the industry.[8]

Mink production in the United States is concentrated in Utah, Wisconsin, and Minnesota. These States collectively accounted for 59 percent of U.S. mink farm numbers in 1992, having increased steadily from 51 percent in 1988. Other leading States include Washington, Idaho, Oregon, Iowa, Pennsylvania, and Michigan. Some mink producers also raise fox; in 1992 there were 57 mink farms which raised fox, down from 155 in 1987.

U.S. mink farms or ranches are usually small-scale, family-owned businesses. Many of the ranchers and their families perform much of the day-to-day labor required in their operations, but employ seasonal workers, particularly during the breeding and the harvesting seasons. Annual employment in mink ranching is estimated to have remained fairly stable during 1988-89 at about 4,000 people; however, such employment is estimated to have declined during 1990-92 to 3,000.[9]

Trade sources report that there are a few large-scale fox farm operations with as many as 100-300 breeder foxes. In addition, there are hundreds of small-volume operations with between 50-100 breeders. Small-volume farmers generally raise fox for

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

[6] Statistical tables are in appendix A.

[7] Includes both fixed and variable costs as reported by Sandy Parker of Fur World Communications, Inc. in telephone conversation on Nov. 17, 1993.

[8] "The U.S. Mink Ranchers' Dilemma," *Fur World*, June 22, 1992, p. 1.

[9] Employment data for farms raising furbearers such as fox, rabbit, and chinchilla are not available.

additional income or as a hobby. Leading fox producing States include Idaho, Minnesota, Pennsylvania, and Wisconsin. The number of fox farms has declined in recent years as production costs[10] have generally exceeded declining pelt market prices. One industry source recently estimated that domestic production costs range from $40 to $45 per fox, compared with a market price of $36.50.[11] Consequently, in recent years, many ranchers have sold their stock or slaughtered their breeders (pelted out) and exited the industry.

The number of wild fur harvesters is unknown.[12] The U.S. Fish and Wildlife Service (FWS)[13] has estimated the number of trappers at 158,752 (based on license sales and or survey estimates) for the 1989-90 season.[14] Although there are a considerable number of individuals who trap and hunt for furskins in the United States, only a small portion of hunters and trappers derive a significant income from such activities. Most trappers and hunters handle furskins of a variety of species of animals. Raccoon, beaver, mink, muskrat, bobcat, red fox, and marten are among the major species harvested by trappers. The Midwest accounted for over 50 percent of the value of the 1989 wild fur harvest, followed by the West, Northeast, and Southeast with 22, 16, and 10 percent, respectively. Figure 2 shows the value and quantity of the U.S. wild fur harvest by regions for 1989.

Labor Skill Level and Level of Automation

The raising of furbearing animals involves good husbandry skills and good management skills. Selective breeding and good nutrition are necessary to ensure optimal growth and the production of top quality pelts. The catching of furbearing animals in the wild involves skilled trapping and hunting techniques. Knowledge of baits, lures, traps, and site location, as well as animal behavior, are fundamental skills necessary for successful trapping and hunting.

[10] Includes both fixed and variable costs as reported by Dean Olson of North American Fur Auctions (NAFA), Toronto in telephone conversation on Nov. 17, 1993.

[11] Telephone conversation with representative of NAFA, Toronto, June 22, 1993.

[12] Claude Stephens of the U.S. Fish and Wildlife Service (FWS) reported that the number of paid U.S. hunting license holders totaled 15.8 million in fiscal year 1991. However, an individual hunter often will purchase multiple licenses; thus, the number of actual hunters is considerably fewer than the number of paid license holders.

[13] The U.S. Department of the Interior's Fish and Wildlife Service (FWS) is the government agency responsible for enforcing Federal wildlife laws such as the Endangered Species Act and the Marine Mammal Protection Act. The FWS is also responsible for enforcing obligations under international treaties such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

[14] FWS's Division of Federal Aid, facsimile of "Estimated Number of Trappers, 1989-90 Season," from Jim Beers, June 29, 1993.

Some ranchers use mechanical feeders and watering systems to assist them in their daily feedings. A number of ranchers also use computer software systems to record pertinent data about their animals, such as genetic characteristics and the value of the pelts produced.

Marketing Methods and Pricing Practices

Ranched Furskins.—Ranched furskins are largely marketed through large international auction houses. Over 95 percent of U.S. ranch mink production is marketed through two auction houses—the Seattle Fur Exchange (SFX), and the North American Fur Auctions—New York and Toronto (NAFA). Approximately 90 percent of U.S. ranch fox is marketed through NAFA;[15] the remainder is marketed through SFX and by private sales of individual ranchers. The first auction sales of the marketing season usually are held in October; however, the large-volume sales generally occur in January, February, and April. The principal buyers at auctions are furskin dealers and fur garment or fur trim manufacturers. Buyers at NAFA are assessed a commission of 8.5 percent on both ranch mink and fox,[16] while the commission assessed at SFX is 6.0 percent for mink and 8.0 percent for fox.[17]

U.S. producers have traditionally sold furskins in small lots under their own names. However, in recent years, a larger share of furskins are assembled prior to sale into large uniform lots according to color, sex, fur quality, and size. Large-volume buyers find that the practice of offering furskins in small units necessitates time-consuming inspection; small-volume buyers, however, are able to purchase their requirements direct at auction rather than from a large-volume buyer.

During the mid-1980s, auction companies often extended credit to furskin buyers.[18] Such financing made it possible for under-capitalized buyers to readily purchase furskins without waiting for necessary capital. However, such financing has virtually stopped because of losses suffered by lenders. In general, fur buyers must now pay in full before the auction house will ship the furs.

Wild Furskins.—A number of channels exist for marketing wild furskins. Some trappers market their furs through country buyers. An industry source estimated that approximately 65 percent of the wild fur harvest is marketed through independent country buyers (agents who purchase furskins directly from trappers).[19] These furskins are then sold to auction houses, brokers, exporters, and/or fur manufacturers. Most trappers expect payment for their furs when they are sold, thus country buyers must have access to capital. When financing becomes more difficult, the

[15] Telephone conversation with representative of the NAFA,(Toronto), June 22, 1993.

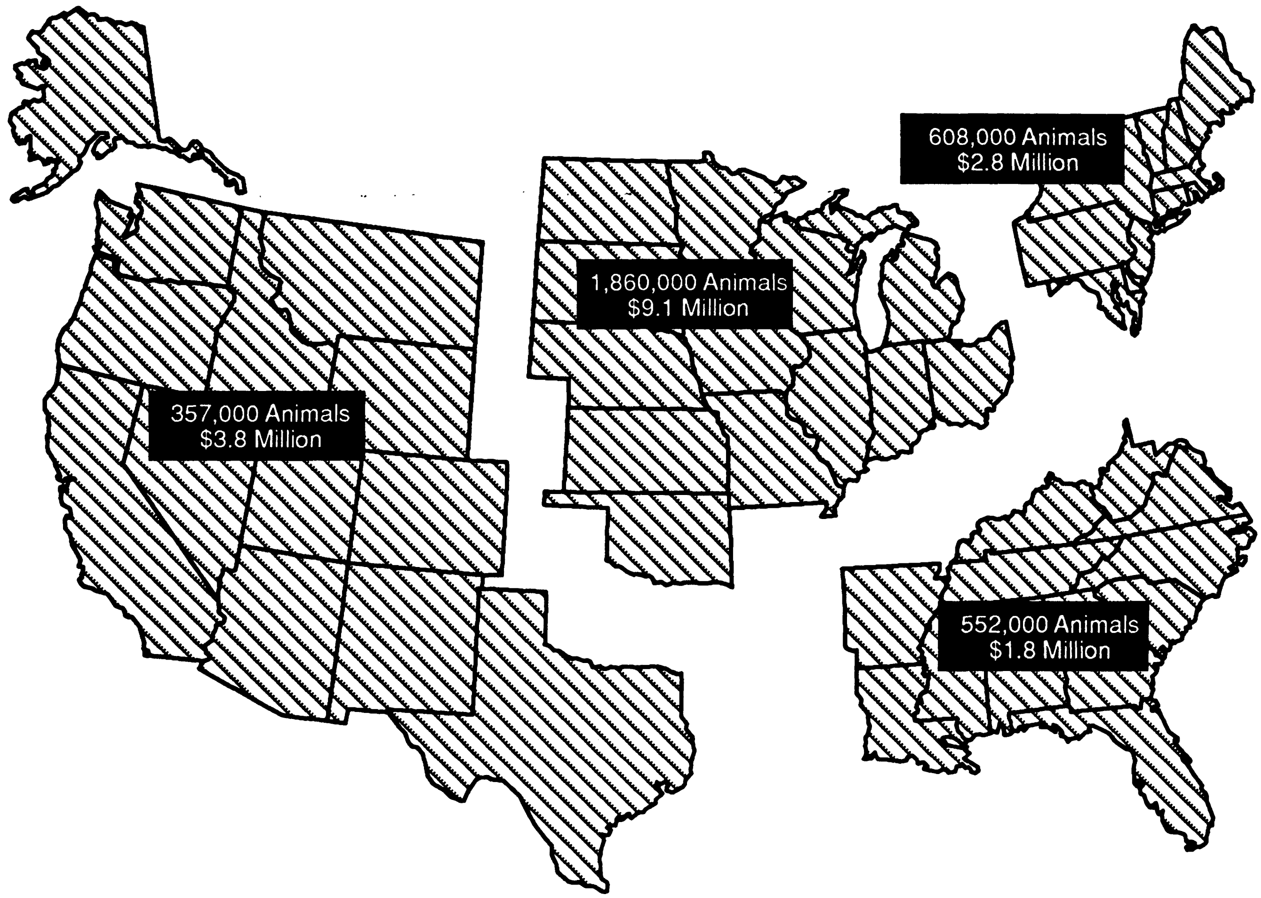
[16] Ibid.

[17] Telephone conversation with representative of SFX, June 22, 1993.

[18] Irving Tax, "Opinion: Mink Prices to Keep Rising," *Fur World*, Vol. 9, No. 39, Feb. 15, 1993, p. 14.

[19] Telephone conversation with representative of the SFX, June 22, 1993.

Figure 2
U.S. regional wild fur harvest: By number of animals and value, 1989



Source: Submission to ITC staff from State of Louisiana, Dept. of Wildlife and Fisheries—data compiled by the International Association of Fish and Wildlife Agencies, Feb. 28, 1992.

number of country buyers collecting wild furs declines. Currently, most buyers will only purchase enough furs to fill existing orders and are unwilling to speculate on future prices and demand.[20]

Some fur trappers rely on auctions organized by local and state trapping associations to market their furs. The furs are sold in trappers' bundles and bidding is based on the average quality of the fur in the bundle. While these trappers may receive higher prices for their furs than from country buyers, proceeds are generally less than if the furs are shipped to a major international auction house. Wild furs marketed through international auction houses are grouped in uniform lots and, consequently, generally command higher prices than trappers' bundles auctioned at local or state associations.[21] Some international auctions that market wild furs include NAFA (Toronto and New York), SFX, and Fur Harvesters Auction, Inc., North Bay, Ontario.

Research and Development

The Cooperative State Research Service (CSRS) of the U.S. Department of Agriculture (USDA) collects data on public research expenditures for furbearing animals. These expenditures are from all sources (Federal, State, and private) and include such areas as genetics, nutrition, reproduction, and animal health research. During 1988-91, no expenditures were reported by CSRS. In fiscal year 1992, the U.S. Congress appropriated $46,000 for mink research at Oregon State University.[22]

The FWS administers the Federal Aid in Wildlife Restoration Act.[23] This Act provides Federal grant money to support specific projects carried out by State

[20] Parker Dozhier, "The Market Report," *The Trapper and Predator Caller*, Vol. 18, No. 1, Jan. 1993, p. 17.

[21] "Marketing and International Fur Markets," ch. in *Wild Furbearer Management and Conservation in North America*, ed. Milan Novak and others, (Ontario: The Ontario Trappers Association, 1987), p. 863.

[22] USDA, CSRS, facsimile of publicly funded mink research, from Larry R. Miller, principal animal scientist, June 14, 1993.

[23] 16 U.S.C. 669(b).

fish and wildlife agencies. The funds derived from Federal excise taxes on hunting equipment are distributed to the States based on the number of hunting licenses issued and the area (size) of the state. In fiscal year 1991, hunters paid over $430 million in licensing fees.[24] In part, the funds are used to conduct research and manage and maintain wildlife habitats. In addition, these funds are used for education and research into wild animal population levels.

A number of private, nonprofit sources also contribute to research related to furbearing animals. FurBearers Unlimited, a non-profit organization, provides services for habitat conservation and education, and research money for various projects such as the otter project in North Carolina and research on the leghold trap. The National Trappers Association, Inc. (NTA) is also a non-profit organization involved in the fur industry. NTA is currently researching the leghold trap and its effect on certain wildlife species. In addition, most of the furs (wild and ranch) marketed through auction houses are assessed a 1 percent fee to promote knowledge about fur.[25]

U.S. Government Programs

During 1988-90 U.S. mink exports received direct benefits under USDA's Targeted Export Assistance (TEA) Program.[26] This program was authorized by the Food Security Act of 1985 and was provided to help "U.S. producers finance export promotional activities for U.S. agricultural products disadvantaged by the unfair trade practices of competitor nations." A total of $4.5 million was allocated to assist mink exports over fiscal years 1988-90.[27]

U.S. mink exports have also benefitted from USDA's Market Promotion Program (MPP), which replaced the TEA program in 1991.[28] Mandated by the 1990 Farm Bill, the MPP, was "to encourage the development, maintenance, and expansion of commercial export markets for agricultural commodities through cost-share assistance to eligible trade organizations that implement a foreign market development program."[29] The program is scheduled to run through fiscal year 1995. According to USDA, the mink industry was allocated $2.3 million for market promotion in fiscal years 1991 and 1992 and $1.1 million in fiscal year 1993.[30]

The Fur Products Labeling Act[31] was enacted to protect consumers and others against misbranding, false advertising, and false invoicing of products and furs. All furs must be labeled, naming the type of fur, its origin, and any processing applied to it. In addition, used furs must be identified as such.[32]

Special Considerations

The United States, Canada, and the former Soviet Union are the major harvesters of furskins from wild furbearers, and in 1990 together exported furs and fur products (from wild furbearers) valued at $106 million to the European Union (EU).[33] Many of these furs come from animals caught by trappers using leghold traps.

In November 1991, the EU, a major importer of wild furskins, adopted legislation to prohibit the importation of certain fur and fur products originating in countries where the leghold traps are still used or where trapping methods do not meet internationally agreed upon trapping standards.[34] The prohibition is to begin December 31, 1994. However, a 1-year grace period may be granted to countries deemed by the EU to be actively developing internationally accepted trapping measures.[35] The United States is a member of the International Standardization Organization (ISO), a group responsible for developing internationally accepted trapping standards and trapping devices. Representatives of the U.S. trapping industry support the development of internationally accepted trapping standards; however, they contend that additional time is needed to meet and implement such standards.[36]

In recent years the fur industry has come under increasing attack by animal rights activists. Animal rights groups, such as the People for the Ethical Treatment of Animals, generally oppose the taking of wild and ranch-raised animals for the production of fur wearing apparel and often hold demonstrations regarding this issue.

Consumer Characteristics and Factors Affecting Demand

The ultimate consumers of furs, both wild and ranch, are wearers of fur garments. Intermediate consumers or users include fur dressers or garment manufacturers.

Important factors influencing demand for the majority of the products covered in this summary include weather (colder weather dramatically increases fur sales), economic conditions, and fashion trends. In recent years, publicity generated by animal rights groups may have dampened demand for furs. Fur

[24] FWS's facsimile from Claude Stephens, June 24, 1993.

[25] Interview with Janice S. Henke, public relations director of NTA, Mar. 18, 1993.

[26] 7 U.S.C. 1736(s).

[27] USDA, FAS, *U.S. Trade and Prospects*, Dairy, Livestock, and Poultry, FDLP 5-90, June 1990, p. 8.

[28] 7 U.S.C. 5623.

[29] USDA, Foreign Agricultural Service (FAS), *U.S. Dairy, Livestock and Poultry Trade*, "Fiscal Year 1993 Allocations for the Market Promotion Program (MPP)," FDLP 2-93, Mar. 1993, p. 14.

[30] Ibid., p. 15.

[31] 15 U.S.C. 69.

[32] Ibid.

[33] Formerly known as European Community.

[34] Opponents of leghold traps contend that the traps are non-discriminating in that they can catch a variety of unintended species and thus consider the traps inhumane.

[35] U.S. Department of State, "Revision of 1992 National Trade Estimate Report-European Community," message reference No. 394513, prepared by U.S. Department of State, Washington, D.C., Dec. 1992.

[36] Ibid.

industry sources, however, contend that the global recession and warmer winters have contributed more to the decline in fur production and sales than any negative publicity generated by anti-fur organizations. Fur is considered a luxury item and in times of economic recession the demand for fur wearing apparel declines. Demand for individual types of furskins is determined primarily by fashion.

FOREIGN INDUSTRY PROFILE

The Russian Federation, Scandinavia (primarily Denmark), the United States, Canada, the Netherlands, and China are among the largest producers of mink furskins, as shown in the following tabulation:[37]

Country	1991	1992
	Millions of pelts	
Russian Federation	12.0	12.0
Denmark	9.5	11.0
United States	3.3	2.7
The Netherlands	1.8	1.8
Finland	1.5	1.4
Sweden	1.1	1.0
Canada	0.9	0.8
China	1.0	0.5
Other	2.6	1.9
Total	33.7	33.1

World mink production has declined steadily from an estimated 52 million pelts in 1989 to 33 million pelts in 1992.

Producers in the United States, Canada, and certain Scandinavian countries are usually represented by marketing organizations that provide education, promote sales, and establish quality standards. Furskins which meet the established standards qualify for trademarks. "Blackglama" used by SFX and "American Ultra" used by NAFA are examples of U.S. trademarks promoting U.S. dark ranch mink furskins. The trademark "Majestic" is used by the Canada Mink Breeders Association and the Canada Fox Breeders Association, while the "Saga" trademark represents quality mink furskins from Scandinavian countries.

Table A-2 shows world exports of all undressed furskins by principal sources and markets for 1991. Denmark was the world's largest exporter of undressed furskins in 1991, followed by Finland, the United States, and Canada.

Russian Federation

In recent years, the raising of furbearing animals on Russian farms (ranches) has increased while the hunting and trapping of furbearing animals has declined. Important furbearing animals raised on farms include sable, mink, fox, and fitch.[38] Major fur producing regions include Lake Baikal and areas of East Siberia and Yakutia. There are 97 state fur enterprises and 122 fur cooperatives operating in Russia, the bulk of which are located east of the Ural Mountains.[39]

Sable are found almost exclusively in Russia. Sable furskins are far more expensive than mink, and are derived from wild sable protected in preserves as well as from sable successfully ranched. The former Soviet Union (FSU) banned export sales of sable breeding stock; thus, the government controlled the resource and ultimately the number of furskins available on the world market. The ban on export sales of live sables is expected to remain despite Russia's move toward a free market economy.[40] The United States, Japan, Italy, and Germany are among the largest buyers of Russian sable furskins.[41]

Russia is believed to be the world's largest mink producer. Annual Russian production is estimated at about 12.0 million mink pelts.[42] The bulk of production is consumed domestically, with exports accounting for approximately 3 million skins annually in recent years. Ranch mink pelts produced in Russia are generally considered inferior to U.S. produced furskins and are generally used to produce hats and trimmings.[43]

All Soviet furskins were marketed through the Sojuzpushnina auction located in St. Petersburg (Leningrad) prior to the breakup of the USSR. Because of this monopolistic control over the furskin trade, auction prices were set arbitrarily and did not necessarily reflect world market conditions.[44] Russian furskins are currently being marketed through international auction houses, such as the SFX and the Frankfurt auction in Germany as well as through the Sojuzpushnina auction. In addition, some furs are marketed utilizing counter-trade and barter transactions for industrial equipment, pharmaceuticals, and food.[45]

Denmark

Denmark is the second leading producer of ranch mink after the Russian Federation and the largest exporter of mink furskins. In 1991, Denmark accounted for over 40 percent of the value of world

[37] "1992 Mink Supply Declined in Most Nations," *Fur World*, Vol. 9, No. 28, Nov. 30, 1992, p. 5. Quantities for all countries except the Russian Federation are based on estimates of auction houses and marketing organizations. The quantity for the Russian Federation is estimated from information supplied by an official of Fur World Communications, Inc., Sept. 10, 1993.

[38] A European carnivorous mammal, of which the ferret is considered a domesticated variety.

[39] U.S. Department of Commerce, International Trade Administration facsimile from Trevor Gunn, Apr. 1, 1993.

[40] "Russia Continues Export Ban on Sable Breeding Stock Despite Free Market System," *Fur World*, Vol. 8, No. 35, Jan. 13, 1992, pp. 1 and 4.

[41] "Sable Prices Jump at Russian Auction," *Fur World*, Vol. 10, No. 4, May 31, 1993, pp. 1 and 8.

[42] Telephone conversation with official from Fur World Communications, Inc., Sept. 10, 1993.

[43] Ibid.

[44] USDA, FAS, "Market Promotion/Competition," Voluntary Report, Outcome of Russian Fur Auction, Report Code UR9330V, AGR No. UR3122, Mar. 5, 1993, p. 1.

[45] "Russian Auction: News Vacuum Surrounds Sable, Mink Results," *Fur World*, Vol. 9, No. 37, Feb. 1, 1993, p. 6.

undressed furskin exports.[46] Most Danish fur farms are small, family-run businesses although Denmark has some of the largest farms in the world. Danish furs are generally marketed through the Copenhagen Fur Center.

Danish mink production has increased greatly since the mid-1970s, and peaked at 14.5 million pelts in 1989 before declining to an estimated 11.0 million pelts in 1992. Trade sources report that the increase in production was largely the consequence of an EU dairy termination program. This program provided millions of dollars to convert European dairy farms to mink farms.[47] The high production levels of the late 1980s and a general decline in demand for furskins over the same period resulted in an oversupply of pelts and low pelt prices. The Danish Fur Breeders, a ranchers' association, dissatisfied with their net returns and concerned over the oversupply of mink pelts, froze approximately 6 million pelts during 1989-90. As of February 1992 there were approximately 4.5 million ranch mink pelts in frozen storage awaiting increased prices.[48]

Finland

Finland is the world's leading producer of foxskins, with the Province of Vaasa accounting for approximately 85 percent of Finland's total. There are approximately 2,400 fox farms and about 1,020 mink farms in Finland. Such farms are generally small, family-run businesses, although Finland also has some large operations. Fox production declined from approximately 3.0 million pelts in 1988 to 1.5 million in 1992. Mink production also declined from 3.8 million pelts in 1988 to 1.4 million in 1992. Finnish Fur Sales is the marketing arm for Finnish furs. Finland is the second largest exporter of undressed furskins and accounted for 14 percent of world exports in 1991.[49]

Canada

Canada is a major world producer of wild furskins as well as a major exporter of both wild furskins and ranch mink skins. It accounted for 9 percent of world undressed furskin exports in 1991.[50] Canadian ranch furskins are generally marketed through NAFA, Toronto and New York, whereas wild furs are marketed through country buyers and local and international auction houses. Approximately 80 percent of Canadian ranch mink production is exported.[51] During 1987-91 (latest data available), the value of fur production in Canada declined from CAN $153.9 million to CAN $41.8 million, or by 73 percent (table A-3). The decline in Canadian production was primarily owing to the erosion in furskin prices which occurred during 1987-91.

Table A-4 shows Canadian ranch mink and fox production for 1987-91. The quantity of mink and fox produced increased during 1987-89 as many ranchers unable to meet production costs decided to pelt out (slaughter their breeding stock), which placed more pelts on the market. However, the decline in breeding stock eventually leads to a decline in the number of animals available for slaughter and to a decline in pelt production. Indeed, mink production fell from 1.5 million pelts in 1989 to 0.9 million pelts in 1990 and 1991. Industry sources report that production fell further to 0.8 million pelts in 1992.[52] Fox production fell from 113,000 pelts in 1989 to 41,000 in 1991. The value of production, however, declined steadily throughout 1987-91, with the average mink pelt price dropping by 42 percent and the average fox skin price by 57 percent.

The Canadian wild fur harvest accounted for 36 percent of the value of Canadian furskins harvested during the 1990-91 season. The harvest of marten and beaver alone, accounted for 67 percent of the wild fur harvest (CAN $10.2 million). Other major species harvested include mink, lynx, muskrat, fisher, fox, coyote, and raccoon. The principal harvesting Provinces of wild furbearers include Ontario, Quebec, Northwest Territories, and British Columbia, accounting for 36, 14, 13, and 10 percent of the value, respectively in 1990-91. There are an estimated 80,000 trappers in Canada.[53]

The share of production accounted for by ranch furskins (primarily mink and fox) increased from 47 percent in 1988 to 64 percent in 1991. Figures 3 and 4 and tables A-5 and A-6 show the production of ranch mink and fox in the major Canadian Provinces. Ontario, Nova Scotia, and British Columbia accounted for 80 percent of mink pelt production by quantity in 1991. Leading fox skin producing regions include the Atlantic Provinces (primarily Nova Scotia and New Brunswick), Quebec, and the Western Provinces. Foxskin production in Prince Edward Island, once a major fox producing Province, declined from a high of 23,700 skins in 1988 to 1,900 skins in 1991.

The Canadian furskin industry, like the U.S. industry, includes small, family-owned businesses (farms), as well as trappers and hunters. The number of mink farms fell from 498 in 1987 to 302 in 1991 (table A-7). The number of mink farms by major Canadian Provinces for 1987-91 is also shown in table A-7. The number of Canadian fox farms declined steadily from 1,040 in 1987 to 664 in 1991 (table A-8).

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46 Based on 1991 United Nations trade data.

47 See U.S. Mink Export Development Council's prehearing brief in opposition to the modification of U.S. tariffs on imported mink items, Mar. 27, 1989, p. 14.

48 "Improved Demand Eases Fear of Mink Price Slide," *Fur World*, Vol. 8, No. 39, Feb. 10, 1992, pp. 1 and 9.

49 Based on 1991 United Nations trade data.

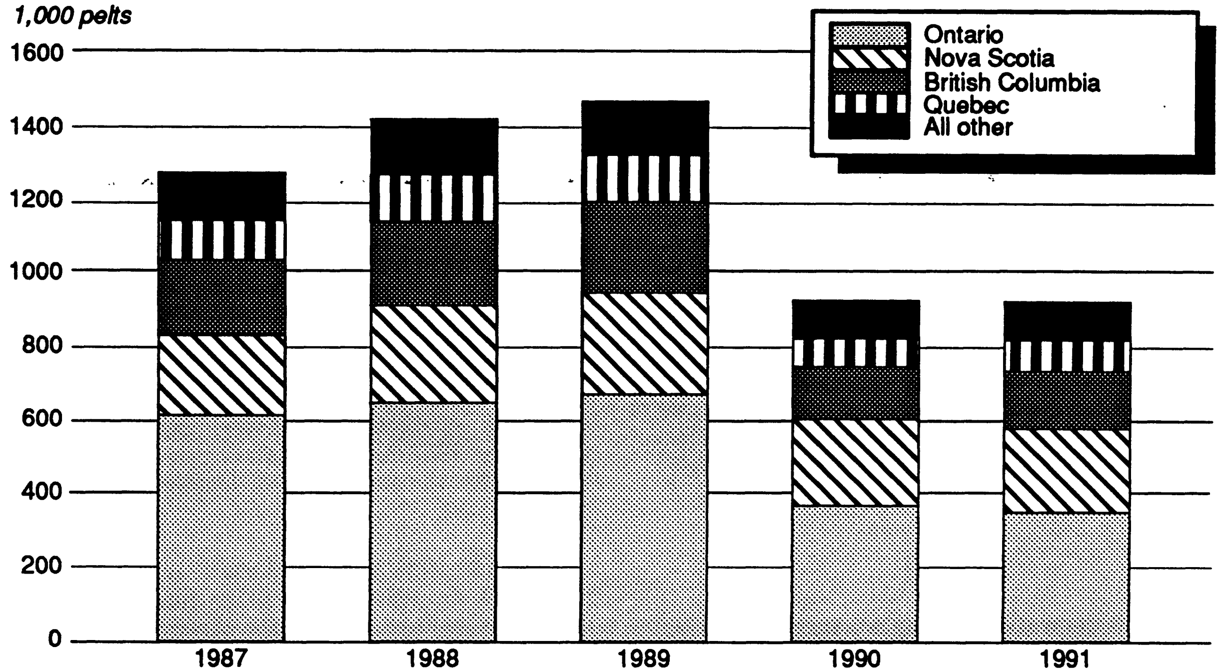
50 Ibid.

51 Telephone conversation with an official of Statistics Canada, Sept. 8, 1993.

52 "1992 Mink Supply Declined in Most Nations," *Fur World*, Vol. 9, No. 28, Nov. 30, 1992, p. 5.

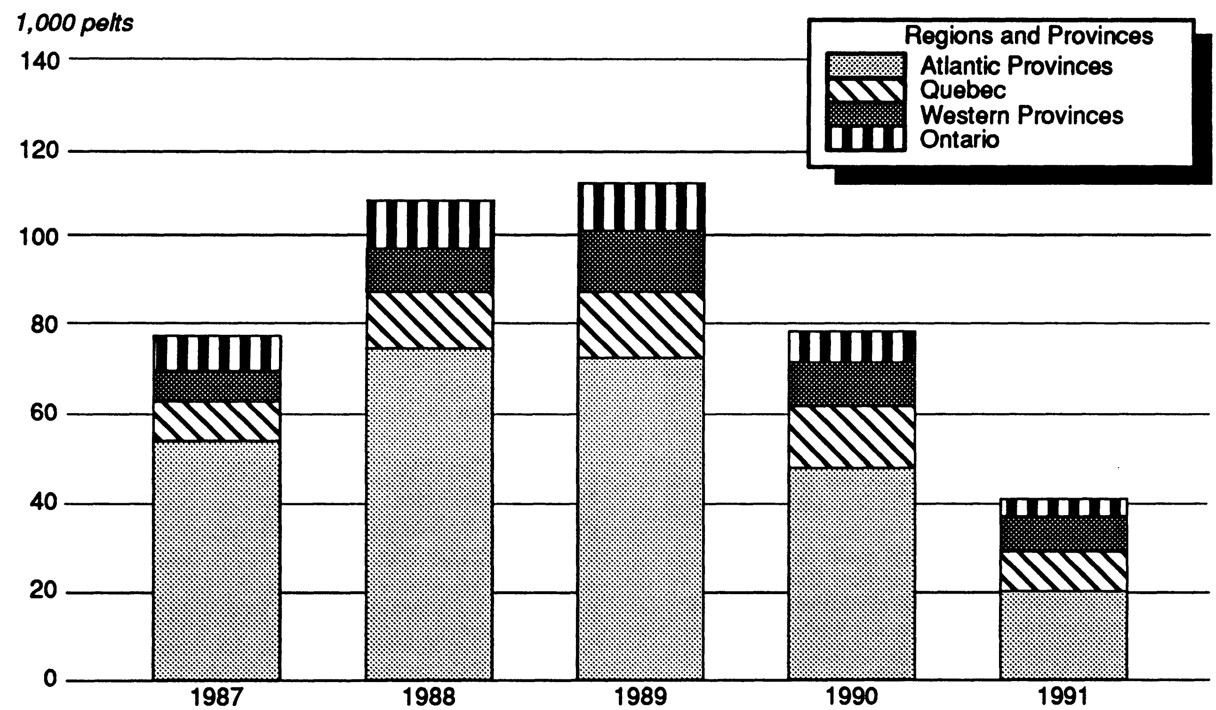
53 "Face-Off: The Trapping Debate," *Fur Age Weekly*, June 7, 1993, p. 1.

Figure 3
Ranch mink: Canadian pelt production by major producing Provinces, 1987-91



Note.—All other includes New Brunswick, Prince Edward Island, Newfoundland, Alberta, Saskatchewan, and Manitoba.
Source: Report on Fur Farms, Statistics Canada.

Figure 4
Ranch fox: Canadian pelt production by major producing regions and Provinces, 1987-91



Note.—Atlantic Provinces (Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland). Western Provinces (Alberta, Saskatchewan, Manitoba, and British Columbia).
Source: Report on Fur Farms, Statistics Canada.

Other Producing Countries

Sweden

Mink production in Sweden declined from 2.2 million pelts in 1987 to 1.0 million pelts in 1992. Sweden ranked fifth in world exports of undressed furskins during 1991.[54] Mink accounts for the bulk of domestic production and is marketed through the Copenhagen Fur Center.[55]

The Netherlands

Approximately 1.8 million mink furskins are produced annually in the Netherlands. Such skins are sold through Scandinavian, NAFA, and SFX auction houses. Mink production in the Netherlands is export-oriented; the major markets are Denmark, Finland, and Germany.

China

The furskin industry in China is government regulated; provincial enterprises produce almost all of China's mink pelts. The bulk of the pelts which are auctioned through Hong Kong, are purchased and marketed by the China Fur and Leather Import/Export Corporation.[56] Mink production in China increased from 0.8 million pelts in the 1981/82 season to 5.0 million pelts in the 1987/88 season[57] before declining to 0.5 million pelts in 1991/92 as producers cut back production primarily because of insufficient feed supplies,[58] but also owing to depressed mink prices. The Chinese Government reportedly purchased millions of dollars of breeding stock during 1985-89, which led to increased furskin production during this period.

U.S. TRADE MEASURES

Tariff Measures

The column 1 general and special rates of duty as of January 1, 1993, for the articles included in this summary are shown in table A-9, along with U.S. exports and imports for 1992. The aggregate trade-weighted average rate of duty for all products included in this summary was 0.54 percent ad valorem in 1992 and the aggregate trade-weighted average rate of duty for dutiable products was 2.0 percent ad valorem. Appendix B contains an explanation of tariff and trade agreement terms. The recently completed (December 1993) GATT Uruguay Round of trade negotiations may result in further reductions in U.S. and foreign duties on the articles covered by this summary. The Uruguay Round schedule of U.S. concessions was not available when this summary was prepared.

The North American Free Trade Agreement (NAFTA), as implemented by the North American Free Trade Agreement Implementation Act (Public Law 103-182, approved December 8, 1993), provided for the elimination of U.S. duties, effective January 1, 1994 on furskins imported from Mexico. Mexico eliminated its duties on imports of such goods from the United States effective January 1, 1994. The NAFTA became effective for both the United States and Mexico on January 1, 1994.

Nontariff Measures

The importation of furskins of threatened and endangered species is prohibited under authority of the Endangered Species Act (ESA)[59] of 1973 (Public Law 93-205). The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was established to govern the importation and exportation of endangered species (and their products) and was codified as part of the ESA on December 28, 1973. The United States and over 114 other countries ascribe to CITES, virtually eliminating international trade in endangered species.

The Marine Mammal Protection Act prohibits almost all commerce in seal, whale, and other marine mammal products, including furskins. Alaskan natives, however, are exempted for "cottage industry" handicrafts.

The entry into the United States of seven furskins (ermine, fox, kolinsky, marten, mink, muskrat, and weasel) from the former Soviet Union was prohibited during January 5, 1952, to August 23, 1988. The prohibition was repealed with the enactment of the Omnibus Trade and Competitiveness Act of 1988 (PL 100-418).[60]

U.S. Government Trade-Related Investigations

In 1990, the U.S. Mink Export Development Council (USMEDC), an industry trade association which was concerned about foreign government assistance to mink farmers, sought action under authority of section 308 (formerly section 305) of the Trade Act of 1974 to obtain information from foreign governments whose practices appear to include financial assistance for their respective mink industries.[61] The USMEDC contended that such assistance has exacerbated the oversupply of mink in the world marketplace. Section 308 of the Trade Act

[54] Based on 1991 United Nations trade data.

[55] Telephone conversation with official from Fur World Communications, Inc., Sept. 13, 1993.

[56] U.S. Dept. of State telegram from American Embassy Beijing, P070926Z, Aug. 1990.

[57] Prehearing submission to the USITC from the U.S. Mink Export Development Council (USMEDC), Mar. 27, 1989, p. 9.

[58] USITC staff telephone conversation with an official of Fur World Communications, Inc., Sept. 10, 1993.

[59] 16 U.S.C. 1531.

[60] The prohibition had been in effect since Aug. 31, 1951, on such furskins produced in the People's Republic of China, but was lifted on Jan. 12, 1983, when the Omnibus Tariff Bill (Public Law 97-446) became effective.

[61] U.S. Dept. of State telegram 247643, dated July 28, 1990.

requires the Office of the United States Trade Representative and other federal agencies to provide, upon request, whatever non-confidential, non-proprietary information is available on the particular trade policies and practices in question. The requesting parties may use the information to prepare a petition for an investigation under other authority, such as the countervailing duty law or section 301 of the Trade Act of 1974. To date, no such investigation has resulted.[62]

FOREIGN TRADE MEASURES

Tariff Measures

Raw furskin imports into the EU enter duty free; tariffs on imports of tanned or dressed furskins and pieces or cuttings of furskins, tanned or dressed, range from 2.9 percent to 6.0 percent ad valorem. Imports of furskins into Canada from the United States enter duty free, while imports of furskins from other countries that qualify for most favorable nation (MFN) treatment enter free for raw furskins and from free to 12.3 percent ad valorem for dressed furskins. The rate applicable for the British Preferential Tariff ranges from free to 8 percent ad valorem.

Nontariff Measures

Like the United States, most countries are members of CITES, and as such prohibit the importation and exportation of furskins from endangered species. The EU recently approved a Council Regulation[63] that will ban imports of certain wild furskins (and fur products) from countries which use leghold traps, effective December 31, 1994. Such a ban could affect U.S. exports of fur to the EU as such traps are widely used by trappers in the United States.[64]

Trade Assistance

Under section 308 of the Trade Act of 1974 the State Department reported in 1990 that the Finnish Government provided FIM $110 million (US $27.5 million) as a temporary support to guarantee the prices of fur pelts produced in 1990 and sold during the 1990-91 sales period. In addition, FIM $40 million (US $10 million) was reserved for the 1991 budget bill to be given to fur breeders as a temporary pelt price support in 1991.[65] The two-year guarantee price program stipulated that payments of up to 70 percent of the difference between calculated production costs of a fur pelt, and its average selling price would be provided. The Finnish Government hoped that such assistance would encourage fur farmers to reduce production and at the same time uphold a certain level of fur production in Finland.[66]

[62] See "Trade Assistance" section of this report for additional data.

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

[64] Office of the United States Trade Representative, *1993 National Trade Estimate Report on Foreign Trade Barriers*, "Ban on Fur from Animals Caught in Leghold Traps," pp. 82-83.

[65] U.S. Dept. of State telegram 07038, Sept. 24, 1990.

[66] Ibid.

The State Department also reports that the 1991 Finnish budget provided for a reserve of FIM $7 million (US $1.75 million) for low interest loans to fur breeders and provided FIM $4 million (US $1 million) for veterinarian assistance. Funds provided for feed support to the mink industry are estimated at US $340,000.[67]

Financial assistance to eligible Canadian farmers, including mink and fox farmers, was provided under Canada's Farm Support and Adjustment Measures (FSAM II) program. On October 10, 1991, CAN $800 million was provided under the FSAM II program with CAN $6.5 million allocated for mink and fox producers, with each producer group receiving about CAN $3.2 million. Mink producers were to receive CAN $3.49 per pelt on a volume of 930,000 pelts and fox producers were to receive CAN $32.58 per pelt on a volume of about 100,000 pelts.[68]

U.S. MARKET

Consumption

During 1988-92, the value of annual U.S. apparent consumption of mink furskins declined irregularly to $56 million in 1992 and ranged from $139 million in 1988 to $36 million in 1991 (figure 5 and table A-10).[69] This decline in value reflected falling unit values for furskins as well as a decline in demand for fur apparel, largely owing to recession and warmer winters. Imports supply a large share of the value of U.S. consumption. During 1988-92, imports ranged from the equivalent of 61 percent to 148 percent of the value of U.S. consumption.

Industry sources report that Canadian ranch mink furskins are generally comparable in quality to U.S. ranch mink furskins. However, industry sources report that many mink furskins, especially those from the former Soviet Union and China, are inferior in color and quality compared with North American mink.[70] Trade sources report that the quality of the fur is dependent in part upon the animal's food source. Mink in the United States are fed a high-protein feed consisting of meat and poultry byproducts (and to a lesser extent, fishery byproducts), which contributes to a dense, healthy fur pelt. Ranch mink in many other producing countries are fed a higher ratio of fishery byproducts. Selective breeding and favorable climate also contribute to the high quality of North American mink.

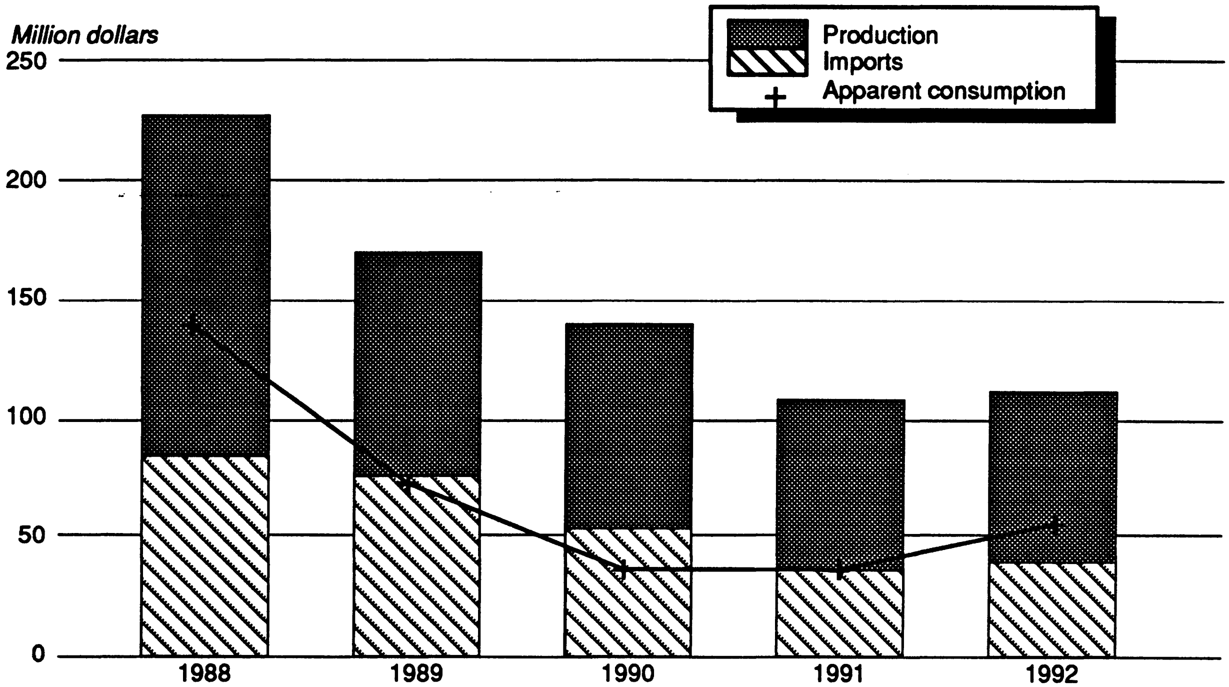
[67] Ibid.

[68] "Detail of Aid for Canadian Farmers Announced," Agriculture Canada News Release, Ottawa, Nov. 21, 1991.

[69] U.S. consumption does not account for inventories (which tend to be especially high when prices are low).

[70] Telephone conversation with an official at Fur World Communications, Inc., Sept. 10, 1993, and submission to the USITC, by Heron, Burchette, Ruckert and Rothwell on behalf of the USMEDC, Mar. 27, 1989, pp. 5-6.

Figure 5
Mink furskins: U.S. production, imports, and apparent consumption, 1988-92



Note.—Inventories are not available.

Source: Production data compiled from official statistics of the U.S. Department of Agriculture; import data compiled from official statistics of the U.S. Department of Commerce.

Production

U.S. production (wild fur harvest and ranch raised) of furskins has trended downward for many years. Total U.S. furskin production is estimated at $164 million for 1992.[71] The production of ranch mink accounted for over 40 percent of the value of U.S. furskin production, or approximately $72 million in 1992. The number of mink pelts produced, the average marketing price, and the value of production for 1982-92 are shown in table A-11.

Ranch Fur Production

The quantity of U.S. mink furskin production averaged about 4.1 million pelts during 1982-87. Production increased to 4.5 million in 1988 and 4.6 million in 1989. Thereafter, production declined steadily, reaching a low of 2.9 million furskins in 1992. The value of mink furskin production generally increased during 1982-87, but declined, often sharply, during 1988-91, reflecting lower production levels and unit values. A slight increase in the value was registered in 1992.

A sharp decline (37 percent) in the average mink pelt price received by U.S. ranchers in 1989 contributed to the decline in U.S. mink production in 1990 and afterwards. Reduced profitability prompted many ranchers to increase slaughter by including breeding stock, thus limiting replacement stock. Subsequently, many ranchers reduced or "pelted out" their mink operations. Many in the industry contend that oversupply of world mink production, especially by Denmark and Finland, put a downward pressure on prices. In 1992, the mink crop for Denmark alone totaled 11 million pelts. Such production peaked at 14.5 million pelts in 1989.[72]

The number of mink available for furskin production in a given year is dependent upon ranchers' decisions to retain animals for breeding stock. The mink breeder population constitutes the inventories of live mink as all mink not kept for breeding purposes are slaughtered. As the inventory of breeding stock declines, the number of kits (baby mink) produced decreases, and thus mink furskin production also decreases. The number of females bred to produce kits during 1984-92 is shown in table A-12. The reduction in the mink breeding population is attributable to low furskin prices received by U.S. ranchers. Unable to meet operating costs, many ranchers slaughter part or

[71] Estimated by USITC from limited data on U.S. wild fur production and published data on ranch mink. However, the bulk of U.S. furskin production and international trade consists of ranch mink.

[72] Sandy Parker, "See U.S. Sales Upturn Buoying Mink Prices," *Fur World*, Vol. 9, No. 36, Jan. 25, 1993, p. 6.

all of their breeding stock, increasing furskin production in the short term.

USDA does not collect data on ranch-raised furbearing animals other than mink. Data on ranch fox production is estimated based on the number marketed through NAFA and SFX (the bulk of foxskins are marketed through these auction houses). For the latest season (pups born in 1992 and sold in early 1993) an estimated 25,000 foxskins were produced, valued at $900,000.

Wild Fur Production

U.S. catch (production) of wild furbearing animals peaked in 1979 and yielded 20 million pelts, valued at $260 million. Production since 1979 has declined sharply, from 20 million pelts to 3 million pelts, and from a value of $260 million in 1979 to a value of $18 million in 1989, as shown in the following tabulation (compiled by the International Association of Fish and Wildlife Agencies (IAFW), in millions of pelts and million dollars):

Year	Pelts	Value
1979	20	260
1980	19	218
1981	16	195
1982	14	128
1983	12	103
1984	13	123
1985	10	95
1986	14	158
1987	13	120
1988	6	42
1989	3	18

The number of wild furbearers taken in a given season is dependent upon such factors as: animal populations, weather, Federal and state trapping and hunting regulations, and fur prices. The sharp decline in harvest after 1987 was owing in part to large supplies of ranch mink furskins throughout the world which depressed pelt prices of most species of furbearing animals, thus discouraging trapping. In addition, the anti-trapping movement in Europe during the 1980s contributed to the decline in demand for wild fur in Europe,[73] traditionally the largest U.S. market for wild fur production.[74]

Table A-13 shows the U.S. wild fur harvest by major species for 1979 and 1989. Raccoon, beaver, mink, muskrat, bobcat, red fox, marten, and nutria were the leading species harvested, accounting for about 90 percent of the value of the wild fur harvest in 1989. Table A-14 shows the wild fur harvest by major species and region of catch for 1989. Although furbearing animals are harvested in all states, the Midwest accounted for over 50 percent of the value of the total fur harvest in 1989, and was the leading region for all species, except marten, nutria, and bobcat. The West was most important for marten and bobcat, while Louisiana harvested the bulk of nutria.

In 1979, the average price for a beaver pelt taken in the Midwest was $24.55 compared with $11.96 in 1989.[75] The average price of a raccoon pelt declined from $24.18 in 1979 to $4.01 in 1989.[76] Even if a high price is offered for a particular species such as raccoon, fox, or bobcat, a severe early winter can limit the ability of trappers to increase supply. Also, incidental harvest for some species moves up or down in relation to the movement of the primary catch. For example, trappers in Louisiana pursuing nutria also catch a certain amount of river otter as this species shares the same habitat as the nutria.

Imports

U.S. imports of furskins in 1988-92 consisted mostly of mink, fox, and sable (table A-15). Mink, primarily undressed furskins, accounted for about 50 percent of the value of U.S. furskin imports annually during 1988-92. U.S. furskin imports and exports, by principal types, for 1992 are shown in figure 6.

The principal importers of furskins are U.S. fur brokers and wearing apparel manufacturers. These manufacturers are concentrated in New York City and number approximately 200 firms.

Import Levels and Trends

U.S. imports of furskins decreased substantially during 1988-92 from $174 million to $83 million, or by 52 percent (table A-15). Declines occurred in most major species, with mink imports declining by 53 percent, fox by 74 percent, and sable by 70 percent. The decline in imports was a reflection of generally decreasing demand for fur apparel and declining unit values for furskin. The bulk of U.S. imports enter duty free.

Principal Import Suppliers

Canada, Denmark, Finland, and the FSU[77] are the major U.S. furskin suppliers, accounting for 70 percent of U.S. furskin imports in 1992 (table A-16). Denmark traditionally had been the largest supplier of mink pelts; however, Canada became the leading supplier of such pelts during 1990. Imports from the FSU consist primarily of undressed sable skins. Finland is the largest supplier of fox furskins, accounting for over 50 percent of the value in 1992.

[73] "Marketing and International Fur Markets," ch. in *Wild Furbearer Management and Conservation in North America*, ed. Milan Novak and others, (Ontario: The Ontario Trappers Association, 1987), p. 876.

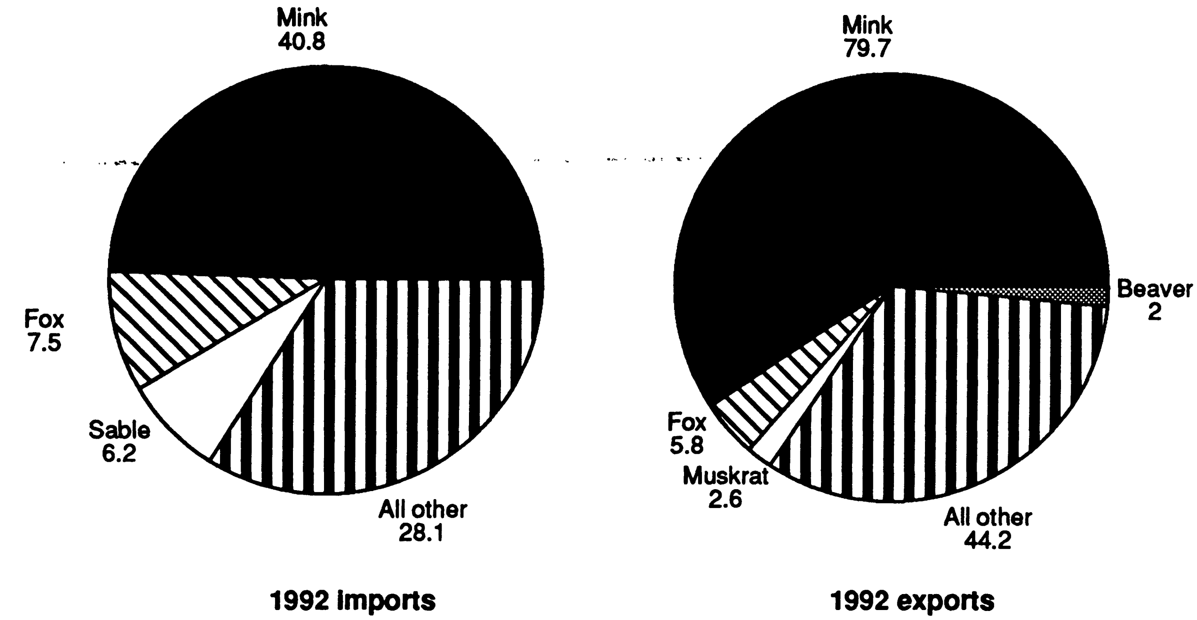
[74] Parker L. Dozhier, "The Market Our Guess," *The Trapper and Predator Caller*, June 1987, p. 44.

[75] Submission to ITC staff from Greg Linscombe, State of Louisiana, Department of Wildlife and Fisheries, Feb. 28, 1992.

[76] Ibid.

[77] The 1989-91 data on U.S. trade with the former Soviet Union also include trade with the Baltic nations (Estonia, Latvia, and Lithuania). The 1992 data do not include the Baltic nations but do include, in addition to the reported trade with each of the 12 successor states to the former Soviet Union, "unallocated" trade; i.e., trade designated as exports to or imports from the former Soviet Union rather than a specific successor state.

Figure 6
Furskins: U.S. imports and exports by principal types, 1992 (million dollars)



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

FOREIGN MARKETS

Foreign Market Profile

The major world markets for furskins include Japan, the Republic of Korea (South Korea), Hong Kong, China, the EU, Canada, the FSU, and the United States. Prior to the early 1970s, China, Hong Kong, South Korea, and Spain were not large consumers of fur. However, subsequently, demand for furskins in those countries, primarily for use in the manufacture of fur garments for both domestic and world markets, has grown rapidly.[78]

Furskins are marketed at international auctions and purchased by buyers from many countries. At the Danish 1992-93 auctions, buying was dominated by the Far East companies (especially those from South Korea, Hong Kong, China, and Japan). Buyers from Germany and the United States were also present. Purchases by Italy and Spain, traditionally large volume buyers of Danish furs, declined in 1992 owing to recessions in those countries, and to currency devaluations.[79] Sales in Germany, once the world's largest consumer of furs, fell during the 1980s owing to a weak economy, milder winters, and pressures from animal rights groups. During 1990-91, Germany's improved economy, colder winters, and the weakening influence of the animal rights movement resulted in increased fur sales in Germany.

Mink, indigenous to North America, were first ranch-raised in the United States. Subsequent breeder sales resulted in commercial production in many other countries. However, trade and industry sources report that U.S. and Canadian mink skins are generally considered superior to those of other producers, especially the FSU and China, and, consequently, usually command higher prices in the world market.[80]

Factors affecting the demand for U.S. exports of furskins include: economic conditions, the availability of skins, fashion, weather, currency exchange rates, and the impact of the animal rights movement in foreign markets. U.S. industry sources indicate that the opening of Eastern Europe is expected to increase U.S. exports to that region in the long run. The climate in Eastern Europe is conducive to the wearing of fur apparel and demand for fur garments in these countries has historically been high.[81]

[78] "New Rise in Mink, Fox Prices Fueled By Strong World Buying in Copenhagen," *Fur World*, Vol. 9, No. 50, p. 1, May 3, 1993.
[79] "Danish Mink Open Season With Prices Down 10%-25%," *Fur World*, Vol. 9, No. 31, Dec. 21, 1992, pp. 1 and 6.
[80] Telephone conversation with officials at Fur World Communications, Inc., Sept. 10, 1993, and submission to the USITC by Heron, Burchette, Ruckert & Rothwell on behalf of the USMEDC, Mar. 27, 1989, p. 5.
[81] Richard Tax, "Fur Report," *Fur Age Weekly*, Mar. 25, 1991, p. 2.

U.S. Exports

The United States is a major exporter of both wild and ranch furskins, the bulk of which are exported raw (over 65 percent during the period). Mink furskins accounted for between 49 percent and 69 percent of the value of exports during 1988-92; muskrat, fox, and beaver accounted for most of the remainder (table A-17). Figure 6 shows U.S. furskin imports and exports by principal types for 1992. Most U.S. furskin production is marketed through two auction houses. The leading U.S. exporters of furskins include the NAFA, New York, NY and the SFX, Seattle, WA.

Export Markets

Major export markets for U.S. furskins include Canada, Asia, and the EU (table A-18). Canada has been the largest single-country U.S. export market for furskins. However, such exports fell from $74 million in 1990 to $36 million in 1992. Asia, the largest U.S. export market (in terms of country groups), is a relatively new market for U.S. furskin exports, and reflects a trend of fur garment manufacturers taking advantage of Asia's lower labor costs. Many of such furskin exports to Asia reenter the United States in the form of, or as accessories to, garments (e.g., coats, coat collars, etc.). Major Asian markets include South Korea, Hong Kong, and Japan. The second largest U.S. export market is the EU. During 1989-92, Greece, Germany, Italy, and Spain, collectively, accounted for about 85 percent of U.S. furskin exports to the EU. Major export markets for mink furskins were Canada and Asia. Fox furskin exports were destined for Canada and Western Europe. The major markets for muskrat were Germany and Canada, and the major market for beaver was Canada.

Export Levels and Trends

The value of U.S. furskin exports dropped to $134 million in 1992, down sharply from $314 million in 1988 (table A-17). The decline reflects the recessionary economies of major importing countries as well as depressed unit prices of most furskins. For example, U.S. exports of mink furskins declined in value from $36.61 per pelt in 1988 to $18.92 per pelt in 1992, or by 48 percent. Fox skins declined from $35.48 per skin to $13.88, or by 61 percent. A drop in ranch mink prices generally results in lower unit prices of most other furskins, both ranch and wild types.

U.S. Trade Balance

The United States had a positive trade balance for furskins in every year during 1988-92 (table A-19). However, the balance declined from $140 million in 1988 to $52 million in 1992. Although both imports and exports dropped during the period, the change in exports was more significant—from $314 million to $134 million.

APPENDIX A
STATISTICAL TABLES

Table A-1
Number of mink farms, by leading States, 1988-92

State	1988	1989	1990	1991	1992[1]
Utah	175	175	180	160	150
Wisconsin	209	204	152	143	114
Minnesota	142	119	93	89	72
All other	501	442	346	291	235
Total	1,027	940	771	683	571

[1] Preliminary.

Source: USDA, National Agricultural Statistics Service, *Mink*, various issues.

Table A-2
Furskins undressed: World exports, by principal sources and markets, 1991

Country	Value	Major markets	Share of total exports
	Million dollars		*Percent*
Denmark	354	Germany	23
		Switzerland	20
		Hong Kong	18
Finland	116	Italy	18
		Republic of Korea	16
		Japan	15
		Switzerland	14
		Germany	12
United States	107	Canada	25
		Hong Kong	17
		Republic of Korea	17
		Switzerland	11
Canada	75	United States	39
		Switzerland	21
Sweden	47	Denmark	81
		Finland	9
Netherlands	42	Denmark	52
		Finland	20
		Germany	12
Former Soviet Union[1]	40	Germany	24
		Republic of Korea	15
		Italy	14
China	15	Hong Kong	78
All Other	57	([2])	([2])
Total[3]	853	([2])	([2])

[1] The former Soviet Union's exports are based on world imports from the Soviet Union as reported to the United Nations (UN), since the Soviet Union was not a reporting country to the UN.
[2] Not applicable.
[3] Value includes imports from the former Soviet Union.

Source: Data compiled from the United Nations Trade Data System, for SITC 212 (furskins undressed).

Table A-3
Furskins: Canadian production, by types, and fur farms' share of total production, harvesting seasons 1986/87 to 1990/91

Harvesting season[1]	Wild fur production	Ranch fur production	Total fur production	Share from fur farms
	(1,000 Canadian dollars)			Percent
1986/87	75,307	78,633	153,940	51
1987/88	65,020	57,478	122,498	47
1988/89	34,046	41,477	75,524	55
1989/90	22,177	30,008	52,184	58
1990/91	15,184	26,704	41,806	64

[1] Data on wild fur pelt production are based on a harvesting year ending June 30th; data on fur farms are for calendar year. Calendar year data (1990) for ranch fur production corresponds to wild fur production for fur year 1990/91.

Source: Compiled from Statistics Canada "*Fur Production 1990-91*," Catalogue 23-207 Annual (Apr. 1992).

Table A-4
Ranch mink and fox: Canadian pelt production, 1987-91

Type	1987	1988	1989	1990	1991
	Quantity (*1,000 pelts*)				
Mink	1,281	1,428	1,477	931	927
Fox	77	110	113	79	41
Total	1,358	1,538	1,590	1,010	968
	Value (*1,000 Canadian dollars*)				
Mink	49,295	35,202	25,774	24,004	20,577
Fox	8,183	6,275	4,233	2,700	1,875
Total	57,478	41,477	30,007	26,704	22,452
	Unit Value (*Canadian dollars per pelt*)				
Mink	38.48	24.65	17.45	25.78	22.20
Fox	106.27	57.05	37.46	34.18	45.73
Average	([1])	([1])	([1])	([1])	([1])

[1] Not meaningful.

Source: "Report on Fur Farms," Statistics Canada, Catalogue 23-208 Annual, Nov. 1992, p. 16.

Table A-5
Ranch mink: Canadian pelt production, by major producing Provinces, 1987-91

(1,000 pelts)

Province	1987	1988	1989	1990	1991
Ontario	617	651	674	370	352
Nova Scotia	218	265	278	236	228
British Columbia	205	232	250	144	158
Quebec	110	127	128	75	84
All other[1]	131	153	147	105	105
Total	1,281	1,428	1,477	931	927

[1] New Brunswick, Prince Edward Island, Newfoundland, Alberta, Saskatchewan, and Manitoba.

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

Source: "Report on Fur Farms," Statistics Canada, Catalogue 23-208 Annual issues, Oct. 1988-90, pp. 9-11, and Nov. 1992, pp. 7-8.

Table A-6
Ranch fox: Canadian pelt production, by major producing regions and Provinces, 1987-91

(1,000 pelts)

Province	1987	1988	1989	1990	1991
Atlantic Provinces[1]	54	75	73	48	20
Quebec	9	13	15	14	9
Western Provinces[2]	7	10	14	10	8
Ontario	8	11	11	7	4
Total	77	110	113	79	41

[1] Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland.
[2] Alberta, Saskatchewan, Manitoba, and British Columbia.

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

Source: "Report on Fur Farms," Statistics Canada, Catalogue 23-208 Annual issues, Oct. 1988-90, pp. 11-16, and Nov. 1992, pp. 9-10.

Table A-7
Number of mink farms, by major Canadian Provinces, 1987-91

Province	1987	1988	1989	1990	1991
Ontario	202	208	153	126	110
Nova Scotia	110	113	102	88	81
Quebec	61	42	45	30	33
British Columbia	52	44	41	34	29
All other	73	70	63	58	49
Total	498	477	404	336	302

Source: "Report on Fur Farms," 1989 and 1991 Statistics Canada, Catalogues 23-208 annual, Oct. 1990 and Nov. 1992, p. 13 and p. 11, respectively.

Table A-8
Number of fox farms, by major Canadian Provinces, 1987-91

Province	1987	1988	1989	1990	1991
New Brunswick	210	184	142	129	117
Nova Scotia	200	180	161	128	103
Quebec	122	106	126	102	99
Newfoundland	80	95	111	106	94
Prince Edward Island	180	150	147	107	84
Ontario	141	151	119	87	74
All other	107	114	123	105	93
Total	1,040	980	929	764	664

Source: "Report on Fur Farms," 1989 and 1991 Statistics Canada, Catalogues 23-208 annual, Oct. 1990 and Nov. 1992, p. 13 and p. 11, respectively.

Table A-9
Furskins: Harmonized Tariff Schedule subheading; description; U.S. col. 1 rate of duty as of Jan. 1, 1993; U.S. exports, 1992; and U.S. imports, 1992

HTS subheading	Description	Col. 1 rate of duty As of Jan. 1, 1993 General	Special[1]	U.S. exports, 1992	U.S. imports, 1992
				— Thousand dollars —	
	Raw furskins (including heads, tails, paws and other pieces or cuttings):				
	Whole, with or without head, tail or paws:				
4301.10.00	Mink	Free		55,972	39,730
4301.20.00	Rabbit or hare	Free		163	2,543
4301.30.00	Lamb (Astrakhan, Broadtail, Caracul, Persian and similar lamb, Indian, Chinese, Mongolian or Tibetan lamb)	Free		4,700	138
4301.40.00	Beaver	Free		2,026	819
4301.50.00	Muskrat	Free		2,588	419
	Fox:				
4301.60.30	Silver, black or platinum fox, including mutations of these	8.0%	Free (A,CA,E,IL,J)	(2)	1,229
4301.60.60	Other than of silver, black or platinum	Free		(2)	5,927
4301.70.00	Seal	Free		16	1
4301.80.00	Other furskins, nesi	Free		22,569	9,549
4301.90.00	Heads, tails, paws and other pieces or cuttings, suitable for furriers' use	Free		1,404	1,103
	Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings):				
	Whole skins, with or without head, tail or paws, not assembled:				
4302.11.00	Mink	2.1%	Free (A,CA,E,IL,J)	23,725	1,080
4302.12.00	Rabbit or hare	3.7%	Free (A,CA,E,IL,J)	331	696
4302.13.00	Lamb (Astrakhan, Broadtail, Caracul, Persian and similar lamb, Indian, Chinese, Mongolian or Tibetan lamb)	3.1%	Free (A,CA,E,IL,J)	655	629
4302.19.15	Silver, black, or platinum fox, including mutations of these	8.0%	Free (A,CA,E,IL,J)	(3)	27
	Beaver, chinchilla, ermine, fisher, fitch, fox, leopard, lynx, marten, nutria, ocelot, otter, pony, racoon, sable or wolf:				
4302.19.30	Not dyed	2.1%	Free (A,CA,E,IL,J)	(3)	1,952
4302.19.45	Dyed	3.1%	Free (A,CA,E,IL,J)	(3)	1,031
4302.19.60	Other, not dyed, nesi	5.0%	Free (A,CA,E,IL,J)	(3)	1,160
4302.19.75	Other, dyed, nesi	2.4%	Free (A,CA,E,IL,J)	(3)	12,502

See footnotes at end of table.

Table A-9—Continued
Furskins: Harmonized Tariff Schedule subheading; description; U.S. col. 1 rate of duty as of Jan. 1, 1993; U.S. exports, 1992; and U.S. imports, 1992

HTS subheading	Description	Col. 1 rate of duty As of Jan. 1, 1993 General	Special[1]	U.S. exports, 1992	U.S. imports, 1992
				— Thousand dollars —	
	Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings)—continued:				
	Heads, tails, paws and other pieces or cuttings, not assembled:				
4302.20.30	Of beaver, Caracul or Persian lamb, chinchilla, ermine, fisher, fitch, fox, Kolinsky, leopard, lynx, marten, mink, nutria, ocelot, otter, pony, racoon, sable or wolf	2.1%	Free (A,CA,E,IL,J)	([4])	679
	Other:				
4302.20.60	Not dyed	5.0%	Free (A,CA,E,IL,J)	([4])	71
4302.20.90	Dyed	2.4%	Free (A,CA,E,IL,J)	([4])	237
4302.30.00	Whole skins and pieces or cuttings thereof, assembled	5.3%	Free (A,CA,E,IL,J)	467	1,207

[1] Programs under which special tariff treatment may be provided, and the corresponding symbols for such programs as they are indicated in the "Special" subcolumn, are as follows: Generalized System of Preferences (A); Automotive Products Trade Act (B); Agreement on Trade in Civil Aircraft (C); United States-Canada Free-Trade Agreement (CA); Caribbean Basin Economic Recovery Act (E); United States-Israel Free-Trade Agreement (IL); and Andean Trade Preference Act (J).

[2] Export data are not available for HTS subheadings 4301.60.30 and 4301.60.60. Collectively, the value of these exports was $6 million in 1992.

[3] Export data are not available for HTS subheadings 4302.19.15, 4302.19.30, 4302.19.45, 4302.19.60, and 4302.19.75. Collectively, the value of these exports was $10 million in 1992.

[4] Export data are not available for HTS subheadings 4302.20.30, 4302.20.60, and 4302.20.90. Collectively, the value of these exports was $4 million in 1992.

Source: U.S. exports and imports compiled from official statistics of the U.S. Department of Commerce.

Table A-10
Mink furskins[1]: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1988-92

Year	Production	Exports	Imports	Apparent consumption	Ratio of imports to consumption
	Thousands of dollars				Percent
1988	143,800	89,028	84,442	139,214	61
1989	93,900	97,203	76,055	72,752	105
1990	85,800	103,242	53,841	36,399	148
1991	71,600	72,816	37,478	36,262	103
1992	71,800	55,972	39,730	55,558	72

[1] Whole, undressed mink furskins. Production includes ranch mink, but not wild mink; exports and imports include wild and ranch mink.

Source: Production data compiled from official statistics of the U.S. Department of Agriculture; import and export data compiled from official statistics of the U.S. Department of Commerce.

Table A-11
Ranch mink furskins: U.S. pelts produced, average marketing price, and value of mink pelts, 1982-92

Year	Pelts produced	Average marketing price	Value of mink pelts
	Thousands	*Dollars*	*Million dollars*
1982	4,085	$28.90	118.1
1983	4,137	29.90	123.7
1984	4,220	30.80	130.0
1985	4,171	28.00	116.8
1986	4,096	41.30	170.0
1987	4,122	43.00	177.2
1988	4,453	32.30	143.8
1989	4,604	20.40	93.9
1990	3,366	25.50	85.8
1991	3,268	21.90	71.6
1992[1]	2,894	24.80	71.8

[1] Preliminary.

Source: USDA, National Agricultural Statistics Service, various issues of *Mink*.

Table A-12
Ranch mink: Number of U.S. females bred to produce kits and pelts produced, 1984-92

(In thousands)

Year	Females bred to produce kits	Pelts produced
1984	1,115	4,220
1985	1,115	4,171
1986	1,073	4,096
1987	1,077	4,122
1988	1,198	4,453
1989	1,202	4,604
1990	922	3,366
1991	874	3,268
1992	782	2,894

Source: USDA, National Agricultural Statistics Service, various issues of *Mink*.

Table A-13
U.S. wild fur harvest, by major species, 1979 and 1989

Species	1979 Quantity	1979 Value	1989 Quantity	1989 Value
	1,000 pelts	*1,000 dollars*	*1,000 pelts*	*1,000 dollars*
Raccoon	5,157	111,928	1,029	4,000
Beaver	469	11,507	250	3,101
Mink	412	9,813	132	2,877
Muskrat	8,331	51,206	1,116	1,270
Bobcat	86	7,763	23	1,189
Red fox	401	19,164	131	1,145
Marten	44	835	34	1,041
Nutria	1,345	6,163	303	907
Subtotal	16,245	218,381	3,016	15,529
All other	3,270	41,853	361	1,980
Total	19,515	260,234	3,377	17,509

Source: Compiled by the International Association of Fish and Wildlife Agencies, Feb. 28, 1992.

Table A-14

Furskins: U.S. wild fur harvest, by major species and region of catch, 1989

Region	Nutria	Marten	Red Fox	Bobcat	Muskrat	Mink	Beaver	Rac-coon	All other	Grand total
					(1,000 pelts)					
Midwest[1]	0	2	92	5	651	81	152	663	214	1,860
West[2]	9	27	11	15	92	17	45	65	76	357
Northeast[3]	0	5	23	([4])	311	14	35	184	36	608
Southeast[5]	295	0	5	3	61	20	19	114	35	552
Total	303	34	131	23	1,116	132	251	1,027	361	3,377
					(1,000 dollars)					
Midwest[1]	0	102	784	132	741	2,052	1,818	2,663	820	9,112
West[2]	30	793	88	997	83	219	598	244	754	3,806
Northeast[3]	0	147	228	10	397	339	597	797	278	2,793
Southeast[5]	877	0	45	49	49	267	88	297	128	1,800
Total	907	1,041	1,145	1,189	1,270	2,877	3,101	4,000	1,980	17,509

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

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

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

[4] Less than 500 pelts.

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

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

Source: Submission to ITC staff from Greg Linscombe, State of Louisiana, Department of Wildlife and Fisheries—data compiled by the International Association of Fish and Wildlife Agencies, Feb. 28, 1992.

Table A-15
Furskins[1]: U.S. imports for consumption, by principal types, 1988-92

Type	1988	1989	1990	1991	1992
			Quantity (*1,000 pelts*)		
Mink	2,811	3,318	3,160	1,875	2,112
Fox	542	421	254	219	218
Sable	151	96	67	54	79
All other	(2)	(2)	(2)	(2)	(2)
Total	(2)	(2)	(2)	(2)	(2)
			Value (*1,000 dollars*)		
Mink	87,293	79,307	56,300	39,043	40,810
Fox	28,277	17,325	7,479	7,922	7,464
Sable	21,071	15,659	10,092	4,276	6,246
All other	37,054	33,481	26,472	23,421	28,120
Total	173,695	145,772	100,343	74,662	82,640
			Unit Value (*per pelt*)		
Mink	$31.05	$23.90	$17.82	$20.82	$19.32
Fox	52.17	41.15	29.44	36.17	34.24
Sable	139.54	163.11	150.63	79.19	79.06
All other	(2)	(2)	(2)	(2)	(2)
Average	(2)	(2)	(2)	(2)	(2)

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

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

Table A-16
Furskins: U.S. imports for consumption, by principal sources, 1988-92

(1,000 dollars)

Source	1988	1989	1990	1991	1992
Canada	(1)	43,918	44,752	31,913	31,963
Denmark	(1)	33,823	14,224	11,759	11,921
Finland	(1)	17,800	10,088	6,138	6,642
Former Soviet Union[2]	(1)	13,868	9,587	3,519	7,037
All other	(1)	36,363	21,692	21,333	25,077
Total	173,695	145,772	100,343	74,662	82,640

[1] Country-level detail is provided only for years in which there are actual trade data under the Harmonized Tariff Schedule of the United States (HTS).
[2] The 1989-91 data on U.S. imports from the former Soviet Union also includes trade with the Baltic nations; the 1992 data do not include the Baltic nations.

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

Table A-17
Furskins: U.S. exports of domestic merchandise, by principal types, 1988-92

Type	1988	1989	1990	1991	1992
			Quantity (*1,000 pelts*)		
Mink	4,231	4,819	6,114	4,745	4,212
Fox	333	287	352	396	417
Muskrat	2,539	1,460	913	816	915
Beaver	(1)	180	228	113	157
All other	(2)	(2)	(2)	(2)	(2)
Total	(2)	(2)	(2)	(2)	(2)
			Value (*1,000 dollars*)		
Mink	154,888	148,183	142,412	99,817	79,697
Fox	11,825	7,251	7,593	5,929	5,788
Muskrat	12,222	5,399	2,350	1,979	2,588
Beaver	(1)	3,724	4,387	1,482	2,026
All other	134,753	67,145	48,645	44,534	44,198
Total	313,688	231,702	205,387	153,741	134,297
			Unit value (*per pelt*)		
Mink	$36.61	$30.75	$23.29	$21.04	$18.92
Fox	35.48	25.25	21.59	14.98	13.88
Muskrat	4.81	3.70	2.57	2.43	2.83
Beaver	(1)	20.70	19.22	13.13	12.89
All other	(2)	(2)	(2)	(2)	(2)
Average	(2)	(2)	(2)	(2)	(2)

[1] Included in "all other" category.
[2] Not meaningful.

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

Table A-18
Furskins: U.S. exports of domestic merchandise, by selected countries and regions, 1988-92

1,000 dollars

Market	1988	1989	1990	1991	1992
Canada	77,457	52,608	74,299	33,961	35,941
Asia:					
Republic of Korea	26,963	28,410	27,095	22,015	18,433
Hong Kong	30,629	31,902	30,466	25,015	17,780
Japan	19,576	13,547	10,383	8,795	5,814
All other Asia	3,073	1,804	711	1,002	1,572
Asia total	80,242	75,663	68,655	56,827	43,598
EU:[1]					
Greece	9,908	18,770	17,368	13,645	13,828
Germany	56,788	25,906	10,582	11,342	9,815
Italy	11,822	6,566	5,352	6,641	3,202
Spain	7,809	5,853	1,908	3,846	3,464
All other EU	27,049	11,734	6,646	6,970	4,654
EU total	113,376	68,829	41,856	42,445	34,963
All other markets	42,613	34,602	20,577	20,509	19,795
Total	313,688	231,702	205,387	153,741	134,297

[1] Formerly known as European Community.

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

Table A-19
Furskins: U.S. exports of domestic merchandise, imports for consumption, and merchandise trade balance, by selected countries and country groups, 1988-92[1]

(Million dollars)

Item	1988	1989	1990	1991	1992
U.S. exports of domestic merchandise:					
Canada	77	53	74	34	36
Republic of Korea	27	28	27	22	18
Hong Kong	31	32	30	25	18
Greece	10	19	17	14	14
Denmark	5	1	(2)	(2)	1
Switzerland	28	19	10	14	12
Germany	57	26	11	11	10
Japan	20	14	10	9	6
Finland	1	(2)	(2)	(2)	(2)
Spain	8	6	2	4	3
All other	50	34	24	20	16
Total	314	232	205	154	134
EU-12[3]	113	69	42	42	35
Asia	80	76	69	57	44
U.S. imports for consumption:					
Canada	35	44	45	32	32
Republic of Korea	(2)	1	(2)	1	(2)
Hong Kong	(2)	1	(2)	(2)	(2)
Greece	1	1	1	1	1
Denmark	41	34	14	12	12
Switzerland	(2)	1	(2)	(2)	(2)
Germany	3	2	1	1	1
Japan	2	2	(2)	(2)	1
Finland	27	18	10	6	7
Spain	2	5	3	2	3
All other	63	39	26	20	25
Total	174	146	100	75	83
EU-12	71	55	26	20	24
Asia	4	4	1	2	2
U.S. merchandise trade balance:					
Canada	43	9	29	2	4
Republic of Korea	27	27	27	21	18
Hong Kong	30	31	30	25	18
Greece	9	18	16	13	13
Denmark	-35	-33	-14	-12	-11
Switzerland	28	18	10	14	12
Germany	54	24	9	10	9
Japan	18	12	10	9	5
Finland	-26	-18	-10	-6	-7
Spain	5	1	-1	2	(2)
All other	-13	-5	-2	1	-9
Total	140	86	105	79	52
EU-12	42	14	16	22	11
Asia	76	72	68	55	42

[1] Import values are based on customs value; export values are based on f.a.s. value, U.S. port of export. U.S. trade with East Germany is included in "Germany".
[2] Less than $500,000.
[3] Formerly known as European Community.

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

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

APPENDIX B
EXPLANATION OF TARIFF AND TRADE AGREEMENT TERMS

TARIFF AND TRADE AGREEMENT TERMS

The ***Harmonized Tariff Schedule of the United States*** (HTS) replaced the *Tariff Schedules of the United States* (TSUS) effective January 1, 1989. Chapters 1 through 97 are based upon the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description, with additional U.S. product subdivisions at the 8-digit level. Chapters 98 and 99 contain special U.S. classification provisions and temporary rate provisions, respectively.

Rates of duty in the ***general*** subcolumn of HTS column 1 are most-favored-nation (MFN) rates; for the most part, they represent the final concession rate from the Tokyo Round of Multilateral Trade Negotiations. Column 1-general duty rates are applicable to imported goods from all countries except those enumerated in general note 3(b) to the HTS, whose products are dutied at the rates set forth in ***column 2***. Goods from Albania, Armenia, Belarus, Bulgaria, the People's Republic of China, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Mongolia, Poland, Russia, Slovakia, and the Ukraine are currently eligible for MFN treatment. Among articles dutiable at column 1-general rates, particular products of enumerated countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the ***special*** subcolumn of HTS column 1. Where eligibility for special tariff treatment is not claimed or established, goods are dutiable at column 1-general rates.

The ***Generalized System of Preferences*** (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984, applies to merchandise imported on or after January 1, 1976 and before July 4, 1993. Indicated by the symbol "A" or "A*" in the special subcolumn of column 1, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 3(c)(ii) to the HTS.

The ***Caribbean Basin Economic Recovery Act*** (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; this tariff preference program has no expiration date. Indicated by the symbol "E" or "E*" in the special subcolumn of column 1, the CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries, as set forth in general note 3(c)(v) to the HTS.

Preferential rates of duty in the special subcolumn of column 1 followed by the symbol "IL" are applicable to products of Israel under the ***United States-Israel Free Trade Area Implementation Act*** of 1985 (IFTA), as provided in general note 3(c)(vi) of the HTS. Where no rate of duty is provided for products of Israel in the special subcolumn for a particular provision, the rate of duty in the general subcolumn of column 1 applies.

Preferential rates of duty in the special subcolumn of column 1 followed by the symbol "CA" are applicable to eligible goods originating in the territory of Canada under the ***United States-Canada Free-Trade Agreement*** (CFTA), as provided in general note 3(c)(vii) to the HTS.

Preferential nonreciprocal duty-free or reduced-duty treatment in the special subcolumn of column 1 followed by the symbol "J" or "J*" in parentheses is afforded to eligible articles the product of designated beneficiary countries under the ***Andean Trade Preference Act*** (ATPA), enacted in title II of Public Law 102-182 and implemented by Presidential Proclamation 6455 of July 2, 1992 (effective July 22, 1992), as set forth in general note 3(c)(ix) to the HTS.

Other special tariff treatment applies to particular ***products of insular possessions*** (general note 3(a)(iv)), goods covered by the ***Automotive Products Trade Act*** (APTA) (general note 3(c)(iii)) and the ***Agreement on Trade in Civil Aircraft*** (ATCA) (general note 3(c)(iv)), and ***articles imported from freely associated states*** (general note 3(c)(viii)).

The ***General Agreement on Tariffs and Trade*** (GATT) (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) is the multilateral agreement setting forth basic principles governing international trade among its 111 signatories. The GATT's main obligations relate to most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national (nondiscriminatory) treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, and other measures. Results of GATT-sponsored multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX.

Officially known as "The Arrangement Regarding International Trade in Textiles," the ***Multifiber Arrangement*** (MFA) provides a framework for the negotiation of bilateral agreements between importing and producing countries, or for unilateral action by importing countries in the absence of an agreement. These bilateral agreements establish quantitative limits on imports of textiles and apparel, of cotton and other vegetable fibers, wool, man-made fibers and silk blends, in order to prevent market disruption in the importing countries—restrictions that would otherwise be a departure from GATT provisions. The United States has bilateral agreements with many supplying countries, including the four largest suppliers: China, Hong Kong, the Republic of Korea, and Taiwan.