

DECLINE IN AVERAGE PELT PRICES 1967

EMBA members pelts sold for an average of \$19.55 in 1966 (1965 crop). Their pelts sold for an average of \$14.22 in 1967 (1966 crop), a decline of 27.26 per cent. The pelt prices declined steadily until July last year, so that if the crop had all been sold at the mid-summer levels the average for the year would have been much lower. For instance, the June 1967 average gross sales price of \$10.30 was the first time in EMBA's history that any month's average sales had fallen below \$12.00. This I believe, has been brought on largely by the availability of ever increasing amounts of duty free imports of mink pelts at prices below the United States ranchers cost of production.

PRESENT PRICE LEVELS

In mid-April 1968 the EMBA sales of the 1967 crop had averaged \$14.82. All sales since that time have averaged less than that figure. Traditionally the later sales are comprised of a higher percentage of low quality pelts, so the average sales price is less than earlier in the season. However, the drop in prices last summer was abnormally sharp. For example, the EMBA average by mid-April last year was \$16.30, whereas the final average was \$14.22. Consequently, even with more strength in the market this summer our final pelt average for this selling season will probably wind up at about the same average as last season (\$14.22).

Some market information has just been received concerning the sales of all pelts sold at auction in New York, including darks and mutations sold through marketing co-ops or by independent shippers. This information comes from the record of New York Auction Company and The Hudson's Bay Company which handle over 80 per cent of the domestic pelts sold at auction. I would like the letters from these respective companies entered into the record of these hearings. They indicate that price averages of this season to date (June 1) have increased only slightly over prices for the same period last year when prices averaged out at an all-time low for my association. In the period of December 1, 1966 to June 1, 1967 they sold a combined total of 3,965,922 pelts for an average of \$14.95. In the similar period this season beginning December 1, 1967 and ending June 1, 1968 they sold a combined total of 4,614,449 pelts at an average of \$15.49. This is an increase of 54 cents per pelt amounting to only 3½ per cent which is hardly significant. By way of projection, if we add the increase of 54 cents to last season's final average of \$14.00 we arrive at a final average for this season of \$14.54. This gross average figure is well below the cost of production for most U.S. mink ranchers.

In 1961, following a period of relative stability, there was a sharp price decline and the price structure stabilized at a lower level than previously. In light of the 1961 price decline, the concern of the U.S. ranchers with regard to the 1967 price break was not limited to the difficulties it brought about for current operations. They were also apprehensive as to whether it ushered in a period of permanently lower prices which might be some 40 per cent below the prices they received in the mid-1950's. Current price levels indicate that these fears are being substantiated.

RANCHERS SPEND MILLIONS TO CREATE A DEMAND FOR THEIR PRODUCT

Mink are native only to North America and the ranching of these animals originated here. Mink prices are subjected to the old law of supply and demand. In order to create and maintain a demand for its members' pelts, EMBA and other U.S. marketing associations have literally spent millions of dollars on advertising, promotion and public relations. Again this year, EMBA's budget is over one million dollars. The bulk of this is spent on advertising to reinforce the prestige image of mink—to help keep mink as high fashion.

Financing the EMBA's program is accomplished by assessment of a percentage of the gross sales of a member's pelts. When prices are high this assessment is no burden to the rancher. When prices are as low, as they have been this season and last, then the assessment percentage must be increased in order to maintain sufficient promotion funds to keep mink fashionable and the market for pelts buoyant. When the increased assessment is added to fixed selling costs, then the cost burden becomes more and more difficult for the rancher to bear. For example: In 1966 our members received an average gross price of \$19.55. Selling costs of \$1.50 for dressing, \$1.03 for auction fee at 5¼ per cent, and 34 cents EMBA