THE TARIFF COMMISSION'S STUDY OF MINK

Clearly, aside from the marketing problems the domestic mink ranchers have experienced, those ranchers have failed to recognize they are not only a part of the *international* mink market, but also are participants in the *international* fur market. The recent exhaustive study by the U.S. Tariff Commission has established that the problems of the domestic mink ranchers have resulted largely from economic conditions in the major consuming countries and not from U.S. imports of mink furskins.

Mr. Sharp, counsel for the Scandinavian Fur Agency, will summarize the facts found by the Tariff Commission. There has been some criticism of the Tariff Commission report because it did not explicitly state what impact imports had on the domestic mink producers. Despite this, no one can read this report—and it is an exhaustive report on the subject—and come to any conclusion other than that factors *other than imports* have been the cause of the difficulties the domestic mink ranchers have occasionally experienced. As Mr. Sharp will point out, mink imports have increased—but domestic production and consumption of minks have substantially increased in this same period; the unusual price decline experienced by the domestic ranchers in the 1966/67 selling season resulted from 4 factors stated in the Tariff Commission's Report, none of which included imports; the low prices of the 1966/67 selling season have not created a permanent low plateau, but instead, the market failures of that selling season are being overcome and the most recent year's crop has been completely sold and largely cleared. Spokesmen for the domestic industry have recently reported that the "future prospect for the mink industry appear bright indeed".

Mr. Sharp will further point out that while the number of U.S. mink ranchers have declined in recent years, the aggregate production of those remaining has expanded, and that this trend is consistent with all other farm enterprises. He will also call to your attention the fact that with the exception of the 1966/67 selling season, gross ranch income of the commercial ranchers has increased as has the profitability of mink ranching—and that commercial ranchers (who produce 88% of the total U.S. production) have increased 45% in number while the backyard small producers, whose operations are generally not economically viable, have continuously decreased in number.

QUOTAS AND EMBARGOES ON FURS DON'T WORK

I should like now to turn to why, clearly aside from the facts I have recited above, the American Fur Merchants' Association is opposed to import duties on raw mink furskins, whether it be in the form of specific quota bills now pending before this Committee, or the Herlong quota bill. This is because experience has taught those of us in the fur industry that with a commodity highly sensitive to styling and fashion in addition to the usual economic factors, quota limitations or embargoes simply don't work. Let's look at a couple of historic examples:

Foxes.—At one time the American silver fox industry was large and an annual production of 350,000 skins was reached in 1939. Silver foxes were protected by a duty of 37½%. Apparently this tariff was not regarded as providing adequate protection, so in 1939—at the height of its fashion demand—the fox ranchers succeeded in having Congress impose an import quota which limited the importation of foreign-produced silver foxes to 100,000 skins per year. Apparently this was still not enough, and in 1951, on top of the duty and quota—the ranchers succeeded in imposing an outright embargo on all foxes from the Soviet Union.

The import quota, the duty, and the outright embargo on Russian foxes are still on the books—and what is the situation today? Importation of silver foxes is zero.

Truly this is an ideal situation for the domestic rancher. He has eliminated completely all foreign competition and has the market all to himself. But what has actually happened? The annual production of silver foxes in the United States is also down to practically zero. I think there are a few thousand foxes produced in this country—that's all—and today's consumption of silver foxes in the U.S. is completely non-existent.

Surely this did not happen because of excessive imports. No industry can hope for greater protection than the silver fox ranchers had. It is only logical to assume that fashion was the primary determining factor in the disappearance of the silver fox. However, the imposition of import restrictions undoubtedly helped drive the dealing and manufacturing segments of the fur business out