

# SANDY PARKER Reports

WEEKLY INTERNATIONAL  
FUR NEWS

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Dear Subscriber:

**T**HE DOWNTREND IN MINK PRICES FOLLOWING THEIR FOUR-YEAR CLIMB TO NEW PEAKS NOT ONLY BOTTOMED OUT AT THE JANUARY AUCTIONS, BUT SHOWED NEW STRENGTH DURING THE RECENT SALE AT KOPENHAGEN FUR. Just as Hong Kong/China was largely responsible for both of the earlier trends, so was it the main power behind the recent comeback. A major factor was the recent upturn in retail sales there, which helped move much of the heavy inventories that had been carried over from the previous year and making room for replacements. But also an increase in import duties scheduled to go into effect in June that is sparking current buying.

**KOPENHAGEN CALCULATED THAT AVERAGE PRICES INCREASED ABOUT 10% AT ITS JANUARY SALE AND ANOTHER 11% AT ITS JUST CONCLUDED AUCTION.** In

addition, it claims its latest levels are 5% to 10% higher than those reached at the recent NAFA sale in Toronto, which also was largely driven by Hong Kong/China. The duty increase is attributed to widespread abuses of the cut, make and trim (CMT) system that allows manufacturers in general to import raw materials, like furs, free of duty and taxes for the production and re-export of finished garments. But abuses of the system (SPR, Nov. 3, 2014) have become widespread. Skins imported tax-free for manufacture would simply disappear but matching garment exports would be made, reportedly of local inferior skins, including lamb or rabbit. Some manufacturers were said to have gone even further, submitting claims for export rebates that are normally available for locally-produced garments of domestic materials.

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**THE RUSH TO BUY BEFORE THE TAX INCREASE BROUGHT A TOTAL OF 570 BUYERS TO THE LATEST SALE, INCLUDING OVER 300 FROM CHINA.** Of these, 80 were first-time visitors to Copenhagen. In addition, there were an increasing number of buyers using the Internet to convey their bids without leaving home. A total of 5.9 million mink was 100% sold at an overall male/female average of \$63.50, the males bringing \$76.80 and the females \$52.10. The January sale produced an overall average of \$61.50, the males at \$71.60 and the females \$51.50. The latest sale realized a total of 2.6 billion kroner, about \$395 million.

**IN THE FINAL SESSION, TOO LATE FOR LAST WEEK'S SPR, THE BLACK, PEARL AND WHITE TYPES WERE 100% SOLD.** The 13,000 black males averaged \$60.10 and topped at \$81.40 and the 73,000 velvet types brought \$77.80/\$101.30, the 26,000 females \$40.10/\$53.70 and 115,000 velvets \$54.50/\$138.20; 59,000 pearl males \$80.50/\$105.90 and 127,000 velvet \$95.30/\$113.40, the 60,000 females \$56.90/\$70.50 and 86,000 velvet \$66.30/\$79.70; 107,000 white males \$80.90/\$99.60 and 155,000 velvet \$95.80/\$116.50, the 75,000 females \$56.80/\$72 and 130,000 velvet \$67.60/\$118.70.

**THE CURRENT MARKET SITUATION INDICATES THAT THE BULK OF UNSOLD FUR GARMENTS CARRIED OVER FROM LAST YEAR IS NOW REMOVED FROM THE CHINESE MARKET, ACCORDING TO TAGE PEDERSEN, KOPENHAGEN'S BOARD CHAIRMAN.** His immediate assessment is that the increase in prices is driven by a real need by Chinese manufacturers for a supply of raw goods. Sales of furs to Europe and the U.S. also have been satisfactory, he added, noting that although Europe experienced a warm winter compared to the U.S., fashion trends helped the sales figures. Copenhagen's total offering this year will be an estimated 27.4 million mink, a record the company believes will solidly establish its position as the world's largest auction house for mink.

**MEANWHILE, IT IS STILL UNCLEAR HOW THE WITHDRAWAL OF THE CMT SYSTEM WILL AFFECT SKIN PRICES.** A larger number of Chinese importers will be forced to pay tariffs (10% on raw skins) and the 14% value-added tax (VAT) which increases to 17% on both dressed skins and garments. Although some dressers may be able to bring in skins processed by their facilities in Vietnam and Cambodia which, as members of the Association of Southeast Asian Nations (ASEAN), have tariff-free access to China, they still have to pay the VAT. But the ending of the CMT arrangement, say close observers, does not mean business stops. The Chinese are said to be very resourceful and new formulas are expected to emerge, but anything that crosses legal barriers are viewed as short-lived. It is considered more likely that clients will look to pay a bid or two less at the auctions to defray the extra tax costs and, in the words of one observer, at least the trade will be able to sleep at night.

**THE BIG HONG KONG INTERNATIONAL FUR AND FASHION FAIR OPENS THIS WEEK AND EXPECTATIONS ARE RUNNING HIGHER THAN AT LAST YEAR'S EVENT.** Early indications are the four-day show will enjoy a higher attendance than last year, which dipped 9% to 7,200. Total exhibition space in the three big halls is 429,000 square feet for the 850 booths occupied by 280 local and overseas exhibitors from 14 countries and regions. This includes three national pavilions from Italy, Germany and Greece. Members of the Hong Kong Fur Federation, the event's sponsor, will occupy halls one and three, while non-members will be in hall five.

**WITH THE CHINESE NEW YEAR HOLIDAY NOW IN PROGRESS, FACTORIES WERE CLOSED LAST WEEK AND OFFICIALS WERE UNAVAILABLE FOR COMMENT.** Chairman Wilson Chiu, speaking generally and in view of recent auction results, felt prices of most products will remain firm. He looked for increasing demand from the U.S. market, but felt business from Russia may be slightly affected due to the current economic situation there. Overall, however, he remained optimistic "because Hong Kong products stay very competitive in terms of design and pricing." Opening night, Wednesday, will feature the big fashion gala and banquet and again is expected to draw some 2,000 buyers from around the globe. It will showcase the collections from leading Hong Kong furriers.

**IT APPEARS THERE WILL BE MORE AMERICANS VISITING THE HONG KONG FAIR THIS YEAR THAN THERE WERE A YEAR AGO.** American attendance in 2014 declined 10% to 152 despite the frigid winter that left U.S. retailers in a good open-to-buy position and wholesale prices that came down as much as 30% from the previous year. But a spot check of retailers last week indicated that more would attend this event. In fact, a dozen or so calls found that at least three executives had already left. Of those planning to be there, their quests were for fresh looks, highlight pieces, items for younger customers and fill-ins for the holes in their basic stocks.

**MOST OF THOSE CHECKED INDICATED THEY HAD A BIGGER OPEN-TO-BUY, BUT WOULD EXERCISE CAUTION UNTIL THEY SEE THE NEW PRICE LISTS.** Because of a perceived increase in customers' interest in mink items – both sheared and long-hair – they expected to devote a bigger share of their budgets in that direction. Also to knitted versions of mink and other furs, including novelties. Only one retailer told SPR he didn't have as much to spend as he did a year ago. Although his business has rebounded in February from the previous month's disappointment in the face of mostly favorable weather conditions, he has decided to play it safe by buying only the necessities and filling in later. Another was considering postponing a trip to Hong Kong in favor of first visiting the Greek Fur Fair (May 6-9) in Kastoria, citing the difficulties the Chinese trade currently is having with the government.

**FORWARD PLANNING DEPT.:** While engaging the next generation is a top priority for virtually all sectors of the international fur trade, the British Fur Trade Association is already reporting positive results from its initiatives. The organization has been targeting its outreach efforts to universities, fashion colleges and directly to students. In January, it launched a new tier of membership specifically for students and new graduates, encouraging them to join “and share our passion, to gain greater understanding and knowledge of techniques and processes and to become our young advocates.”

**ASSOCIATE MEMBERSHIP IS FREE.** Members receive a monthly newsletter with opportunities for internships, work placements and apprenticeships, as well as trend reports, fur-wearing celebrity news, profiles on young fur entrepreneurs and other important information such as the organization's bursary scheme. In the first month, reports ceo Mike Moser, “we signed up 42 new members and are hoping to hold a peer group get-together in the summer.” For further information, contact [mike@britishfur.co.uk](mailto:mike@britishfur.co.uk).

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**NEW YORK FASHION WEEK, HIGHLIGHTING THE NEXT SEASON'S FALL/WINTER COLLECTIONS, FEATURED EVEN MORE FURS BY MORE DESIGNERS THAN BEFORE.**

The individual shows were staged against unplanned, but appropriate, winter conditions that resulted in many fur-clad attendees, among them members of the fashion press, many of whom called their readers' attention to that coincidence. The furs featured ran the gamut of the ranch and wild species in a wide range of garments, trims and accessories, including dresses, skirts, footwear and other items not commonly seen with fur. The expanded use of furs in the New York collections as well as those in Europe is expected to have an even stronger influence on fall/winter purchases.

**A HEARING ON THE CONSTITUTIONALITY OF THE ANIMAL ENTERPRISE TERRORISM ACT (AETA) OPENED LATE LAST WEEK IN CHICAGO.** The movement is part of the defense strategy of two animal activists, Tyler Lang and Kevin Olliff (aka Johnson), who face federal charges under the act. Its significance is the first time a judge will be ruling on the portion of AETA that makes it a crime to cause a loss of property or profit. A similar hearing two years ago (Blum vs. Holder), challenging its constitutionality because its language "is so overbroad that it criminalizes protected speech under the First Amendment" was thrown out by a federal judge. The venue of the current hearing is 219 South Dearborn Street.

**Ed. Note:** With this issue, **Sandy Parker Reports** enters its 39<sup>th</sup> year of continuous publication. We thank our subscribers for their continuing support, many of whom have been with us since the newsletter's inception and including many who now receive it by e-mail. Today, more than 75% of our circulation is by e-mail. At this time, we encourage those who can to switch to e-mail for its convenience, quicker delivery and lower price. Please use the coupon on page 3 or contact us at [sndyprkr@earthlink.net](mailto:sndyprkr@earthlink.net).

Very truly yours,

A handwritten signature in cursive script, reading "Sandy Parker". The signature is written in black ink and is positioned to the right of the "Very truly yours," text.

