

## Cottonseed Oil to Get Large Share of Margarine Market

Definite trend under way in 1954 — production controls and price supports controlling factors in shifting market

HOUSTON.—In 1953, margarine production reached a record 1292 million pounds, contributing about one sixth of the food fat calories and one half of the food fat vitamin A to the national diet, states S. F. Riepma, President of National Association of Margarine Manufacturers. Nearly 300 million pounds of crude cottonseed oil were utilized in margarine last year, the second largest consumer of that oil, Riepma reported at the annual meeting of the National Cottonseed Products Association meeting here May 10 and 11. Margarine manufacturers normally buy about 25 to 30% of cottonseed oil produced. However, cotton oil's share of all margarine fats and oils consumed declined in 1953 from previous years—275 million pounds were utilized, as compared with 453 million in 1948 and 1949.

There has now been a definite trend in the margarine industry for some months toward greater utilization of cottonseed oil. Some trade estimates believe this will be as high as a 100% increase over last year. Although Riepma thinks it is too early to forecast definitely, he predicts that oil from cottonseed will earn a considerably larger share of the margarine market than it has for some years. Such forecasts depend heavily on govern-

ment controls and supports. Market position of cottonseed and soybean oils is constantly changing. Developments are leading many manufacturers of margarine to provide for interchangeability between oil from cottonseed and soybeans to keep in step with prices. (AG AND FOOD, April 28, page 448).

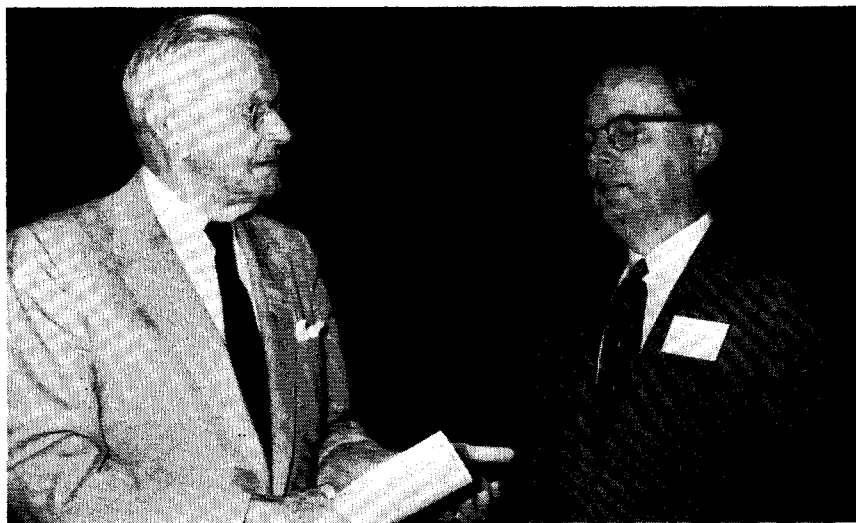
Other factors may affect both the margarine and cottonseed oil industries. Adoption of a surplus butter sale plan would cut heavily into the cotton oil and margarine market. At this time, states Riepma, the Government has on hand some 365 million pounds of butter; 935 million pounds of cottonseed oil; and 400 million pounds of cheese, peanuts, and olive oil. Expressed as edible food fat (calorie energy) these stocks are equivalent to nearly a year and a half of margarine production. Cottonseed oil stocks alone would supply about 750 million pounds of margarine—nearly two thirds of last year's production record. If the Government disposed of butter stock in a single year, while continuing current purchase of an estimated 300 million pounds, it would be necessary to sell approximately 56 million pounds of butter a month in addition to "regular" commercial sales. Consideration of this problem confronting the Government is

important in any forecast of the margarine and cotton oil industry.

Is margarine growth approaching limits? Riepma believes not. He predicts consumption of margarine probably will be above that accompanying our 3% annual population increase. Last year's 7.9 pounds per person was a gain of 30% over 1950, while average butter and margarine consumption (combined) was only 16.7 pounds per person, almost a record low. Total use of the two vitamin A spreads was more than 400 million pounds below the 1940 level. A public feeling exists that fats themselves are in some way harmful. On the contrary, observes Riepma, they have an important place in proper nutrition, and margarine is one good economical source.

**Price Supports.** Concern was expressed by the industry over the current cottonseed price support program. T. H. Gregory, association vice-president, reported that in 1953 cottonseed oil consumption was up 35% over the previous year. His forecast for the coming season was not so favorable. The 1954 crop will be supported again at 75% of parity, while soybeans are at 80%. Considering that products from processing a ton of soybeans have a higher value than those from a ton of cottonseed, a possible 350 million bushel soybean crop could send the bulk of this year's cottonseed crop to government storage. Since early 1952, 1372 million pounds of cottonseed oil, over 1.8 million tons of cottonseed meal, and over 1.2 million bales of linters have been bought by Commodity Credit. Gregory says that as these quantities went into government storage, other fats and oils, protein feeds, wood pulp, rubber, and competing materials absorbed potential markets. He noted that when cottonseed parity was 15 points below soybeans, a substantial share of cottonseed products was still purchased by the Government.

A. L. Ward (left), National Cottonseed Products Association, points out highlights of NCPA's educational program to S. F. Riepma, president of National Association of Margarine Manufacturers



### Industry

#### Nitrogen Division's Plant At Omaha in Partial Operation

Ammonia production facilities at Allied Chemical & Dye's new plant near Omaha have been completed and ammonia is now being shipped from the \$25 million plant. The plant will also make urea and those facilities are expected to be finished soon.

Hugo Reimer, president of Allied's Nitrogen Division, attended a luncheon of the Omaha Chamber of Commerce on May 18 to celebrate the plant opening and Chemical Progress Week. Mr. Reimer said the new plant was the first of its kind in the north central agricultural area and that "we like to think of