

# What Tariff on Oils and Fats?

*Analysis of Views of Producers and Refiners  
As Shown by Replies to a Questionnaire*

**W**HAT does the average producer or refiner of oils and fats think of the proposal made by farm and dairy interests of the United States in recent tariff hearings before the Ways and Means Committee in Washington that a duty of 45 per cent ad valorem be placed on all imported oils and fats, including those from the Philippines?

A questionnaire was recently sent out to all producers and refiners of fats, oils, and edible oil products by *Oil & Fat Industries* in order to secure something akin to an accurate idea of where the industry stood on this tariff question. The response to the questionnaire was both prompt and full, and displayed a keen interest in the question. The replies to the various questions, however, showed a startling diversity of opinion. In some cases, it is difficult to reconcile them with the generally known interests of the companies involved.

In a broad way, the questionnaires showed American crushers of vegetable oils almost six to one in favor of the proposed 45 per cent tariff with those mills located in the South being almost unanimous in favor of the proposal. Refiners of vegetable oils, and manufacturers of margarins, lard compounds, etc., were lined up in the opposite direction. Producers of animal and fish oils showed an almost even division of opinion. Taking all groups as a unit,

the replies to the questionnaire showed some 53 per cent in favor of the higher tariff rates and 47 per cent opposed.

Among some of the interesting sidelights revealed by the figures of the questionnaires, was

the manner in which the opinions expressed were split up in various sections of the country. Taking all the replies of the different types of manufacturers and checking them up geographically, the Eastern and Northwestern states showed the greatest vote against the proposed tariff. Those who expressed an opinion in favor were only 12½ per cent while 87½ per cent were against. In the West and Mid-West states, 20 per cent were for the proposal and 80 per cent were against. An interpretation of these figures naturally would indicate that they were mostly from refiners of oils, with few vegetable oil producers included among them, and also from manufacturers of lard compounds, cooking and shortening fats and oils, margarins, mayonnaise, and such products.

These groups were apparently refiners of oils irrespective of their origin and manufacturers of edible fatty products from refined oils. Their interests lie along lines of not too high prices for crude oils and they apparently see in the heavy imports of oils each year a means of keeping domestic prices of their raw materials from becoming too expensive.

## QUESTIONNAIRE

1. Do you favor the proposed increased tariff on fats, oils, etc? .....
2. What is the nature of your business? .....
3. Do you actually produce—1. animal fats, oils or greases ..... 2. vegetable oils ..... 3. fish oils ..... from the basic raw materials?
4. Do you purchase crude oils and refine them? .....
5. Do you refine crude oils of your own production? .....
6. Are your crude oils of domestic origin or imported? .....
7. Do you produce any of the following finished products — (please check) lards .....; lard compounds .....; margarins or oleomargarins .....; salad oils .....; shortening compounds .....; mayonnaise .....; peanut butter .....; other similar products (what ones?) .....
8. Briefly, what effect would the proposed higher tariff rates have on your particular business? .....
9. Do you believe that products from the Philippines should carry import duties? .....
10. What do you believe is an equitable tariff on imported crude oils? .....
- On refined oils? .....
11. Remarks: .....

### Tariff Opinions Analyzed Geographically

	%	%
	For	Against
Eastern States.....	12½%	87½%
West & Mid-		
West States ...	20%	80%
Southern States...	77%	23%
<b>Total .....</b>	<b>53%</b>	<b>47%</b>

#### *The South Favors the Tariff*

**A** GEOGRAPHICAL group embracing the South and Southwestern states shows the greatest vote in favor of the proposed tariff. Some 77 per cent of all those who returned questionnaires from these states are in favor of the higher tariff, while 23 per cent are against. This includes cottonseed and peanut oil crushers who are apparently almost wholly for the tariff and many refiners who must buy crude and who are against it. In this connection, it is rather interesting to note the South and Southwest, always looked upon as a Democratic section of the country and advocates of a low tariff, coming out more than three for one in favor of this oil tariff. At the same time, we see the Republican Middle-West and high-tariff Eastern states showing an average of only 16 per cent in favor of the new oil duties and 84 per cent against. Of course, the answer lies in the particular and individual interests involved in each section of the country.

Shall products from the Philippine Islands carry a tariff of 45 per cent? In other words, shall Philippine coconut oil be taxed?

This question brought answers which lined up fairly closely with the expressions on the proposed tariff as a whole. Counting all groups in the oil and fat industries, 44 per cent were in favor and 56 per cent were opposed.

Vegetable oil crushers, as might be expected, voted 72 per cent for a tariff on Philippine coconut oil with 28 against. The refiners, as might also be expected, almost exactly reversed this vote, 36 per cent in favor and 64 against. Animal and fish oil producers voted 60 per cent in favor and 40 per cent against. The consuming groups, if the margarin and similar manufacturers can be called this, voted completely against the proposal.

#### *What Rate of Duty Is Fair?*

**W**HAT is an equitable tariff rate on crude oils, and on refined oils? This question brought some replies in percentages and others in exact figures of so much per pound. The

lowest figure suggested for crude oils was 6 per cent, and the highest 50. The average of all questionnaires on this question was 35 per cent. For refined oils, the lowest figure given was 10 per cent and the highest was 80 per cent. The average of all replies was 41.5 per cent. These averages would mean roughly about 2.5c per pound duty on all crude oils and about 3.75c on refined oils.

Oil and Fat Industries is pleased to be able to quote some of the replies to its questionnaire on the tariff situation as given by important members of all branches of the billion-dollar business affected by this situation.

#### *From Cottonseed Crushers in the Southern States*

"At the present time cottonseed oil, corn oil, and hog lard are selling much below the relative prices of other commodities. We hear much talk of the need of improving the farmers' situation, and we believe this is one of the first things that should receive the attention of our Congress."

### Tariff Opinions Analyzed by Groups

	%	%
	For	Against
<b>Vegetable Oil</b>		
Crushers .....	85%	15%
<b>Vegetable Oil</b>		
Refiners .....	36%	64%
<b>Animal Oil</b>		
Producers .....	50%	50%
<b>Mayonnaise</b>		
Producers .....	0	100%
<b>Margarin Producers</b>	0	100%
<b>Miscellaneous</b> .....	17%	83%
<b>Total .....</b>	<b>53%</b>	<b>47%</b>

"We believe that the tariff, to be fair to all our land, should lay as low a tariff as is possible to put us at a slight advantage over Europe and the balance of the oil-producing areas."

"Brief containing increases filed with the House Ways and Means Committee by the Southern Tariff Association and others meet with our approval."

"We know that protective tariff on vegetable oils is a direct benefit to the cotton raising sections."

"It seems to us that tariff relief is one of the most urgent matters to be considered for the cure of widespread farmer dissatisfaction. We,

Tariff Rates Suggested by Producers			
	High	Low	Average
Crude Oils.....	50%	6%	35%
Refined Oils...	80%	10%	41.5%

too, are of the belief that it will help the industry of which we are a part, for the reason that it should eventually open up new supplies of raw materials in the way of oil bearing seeds or nuts, particularly soya beans and peanuts, enabling us to operate over a longer period of time than is possible on cottonseed alone.

“Would help me as a farmer to get a higher price for my cottonseed, but would not help me in my oil mill operations.”

“Soap fats might be left on free list, if brought in under bond and used strictly for soapmaking; coconut oils from Philippines might come in same way; but taxed if used for edible use.”

“Increased tariff on vegetable oils will help the farmer ultimately in obtaining a fairer price for cottonseed, peanuts, soya beans, etc., produced in the U. S. A., of which the South is a part. The farmers in the South need help. The Farmer feeds us all.”

“We figure it would keep price of crude cottonseed oil higher, by reason of keeping imported competitive oils higher. We believe in protecting the home market for home products in all lines where we have the basic materials.”

“Our preference for the increased tariff is only to help farmers, as we ourselves would not benefit by it.”

“We believe that the proposed increased tariff, if put into effect, will help to stabilize the crude cottonseed oil mill industry.”

“Would increase the price of cottonseed oil above a fair parity with hog lard.”

*From Oil Refiners*

“Would enlarge our market and better prices.”

“General increase in rates would be very demoralizing.”

“There should be no tariff on imported crude oils and a small one, if any, on refined oils.”

“We believe in a tariff on the oils but a reduction of the present duties on seeds, nuts and raw materials.”

“Very detrimental, for it would force the prices of our finished product above prices of

hog lard, if there should be a shortage of domestic oils.”

“Would ultimately raise prices and curtail consumption, causing oversupply.”

“Would raise the costs of the refined oils directly and of our crude oil indirectly, hence the raw material cost of all our products.”

“The proposed higher tariff rates would benefit us, as at present we are suffering from foreign competition on refined edible oil.”

“To place a duty on imported oil, in a strong measure, would be materially assisting our farm relief problem.”

*From Crushers of Other Oils*

“This country can produce sufficient oils and fats for its needs if the farmers are properly protected.”

“Would reduce consumption and increase competition, a ready too great between mills.”

Analysis of Returns on Philippine Products Tariff		
	% For	% Against
Vegetable Oil Crushers .....	72%	28%
Vegetable Oil Refiners .....	36%	64%
Animal Oil Producers .....	60%	40%
Mayonnaise Producers .....	0	100%
Margarin Producers .....	0	100%
Miscellaneous .....	8%	92%
<b>Total .....</b>	<b>44%</b>	<b>56%</b>

“A duty on Philippine coconut oil would be disastrous to the Philippine coconut oil mills.”

“We want copra to remain on the free list from all countries. Free copra from Philippines alone will mean a scramble there for copra and resultant high prices.”

*From Mayonnaise Manufacturers*

“It would probably raise the cost of our mayonnaise and compel us to charge more to the consumer.”

“Probably increase the cost of raw material which would necessarily increase the cost of finished product.”

“Advance prices—Curtailed consumption—Depress business.”

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