

The International Situation in Oilseed Crushing

*Summarizing Reports from Worldwide Sources to
The International Conference of Oilseed Crushers*

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PART III—Conclusion

Report from Holland

LINSEED which may be considered the most important raw material of the Dutch oil mills, during the past year proved how a slight shortage can cause a quick and upward movement in both the raw materials and the finished products. At times this showed quite a misproportion. It is obvious that the changed price level of the products works in a most disastrous way with regard to the complicated system of our crushing industry. However, at the same time and in the same intense way, it is reflected in the fat consuming industries, and on the feeding of livestock.

The sharp upward movement in the price of linseed which began at the end of June was reflected in a sharp rise in the price of linseed oil and linseed cake; both of which articles are of leading importance on the Dutch market. However, the upward movement in linseed was more sharp than that of the finished products. The result of these movements was that the profits of the crushers fell off sharply and eventually became a negative quantity. The first five months of 1929 was a favorable period. But the second half of the year started in exceptionally bad circumstances; which, for the seed crusher, who endeavors to do his purchasing and selling at the same time, resulted in considerable depression. The causes of this upward movement that started in June, with the later depressions in the market, may be summed up as follows: at the end of June information reached us from the Argentina that crops were short, and the exportable surplus of linseed was considerably less than had been anticipated. At the same time, we were informed of continuous drought, which would

affect the 1929-30 growing season. These adverse crop reports, followed by news from the United States and from Canada that crop prospects were also less than had been anticipated, and the large imports of seed from the Argentina by the United States crushers, all tended to cause a wide speculation on the market. Our colleagues in America had the opportunity, owing to their home protection, of making a profit on linseed, while the free trade Dutch crusher could not possibly do so. During last year greater activity was noted in the crushing industry in Holland, and an increase of approximately 10 per cent. was registered, owing to greater imports of linseed. It is regretted that this increase has now ceased. During 1929 Holland crushed 14 per cent. linseed less than in 1928, which is attributed to the fact that c.i.f. prices of linseed increased from 360 Florins during the last of June, 1929, to the record price of 560 Florins in the third week of September. Crushers reduced their crushing capacity to a great extent to cope with the situation, but many of them who failed to have stocks in hand were compelled to purchase at high prices. The high price of seed caused linseed oil to move to a level higher than that of soya bean oil, or any of the other vegetable oils, with the result that many of the large consumers of linseed oil were banished from the market. The margarine industry had consumed large quantities of linseed oil during the first half of the year, as had also the soap industry. But as prices moved upward these two industries substituted other vegetable oils at a cheaper price. The only purchases of linseed oil were made by those industries which could find no substitutes for linseed oil.

The same situation was seen in the market for linseed cake. With the high price of linseed cake a substitute in the form of soya bean cake and meal was found, and inasmuch as an

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exceptionally good crop was recorded in China there was an abundance of this material. The import surplus of cake increased from 18,000 tons in 1928 to nearly 49,000 tons in 1929. When the needs of the margarine and soap industries are considered it can be seen that the imports of soya bean oil were raised by 6,000 tons of oil, compared with 1928. From this it can be seen that shippers from East Asia profited in place of the Plate shippers. Another drawback to the Plate shippers was their harbor strike, which added confusion to the situation.

In addition to soya beans, peanuts also had a good share in the disparity caused by the high price of linseed oil. In 1929 there was an increase of 17,000 tons imported, compared with 1928, while the import surplus of peanut oil was decreased by approximately 5,000 tons. Other oleaginous raw materials also showed considerable change in tonnage, compared with the previous year. The shortage of Dutch made cakes in Holland was supplemented by increased importation from abroad. The net importation of cake for 1929 was 225,000 tons, against 203,000 tons in 1928. When it is considered that the Dutch crushers crushed a greater quantity of soya beans and peanuts it can be easily understood that the consumption of cake in Holland has greatly increased. The prices of soya bean, peanut and copra cakes were high, but not in comparison with the price of linseed cake. To complete the account, it is necessary to add that some of the mills also began the manufacture of the so-called mixed cakes or cubes. The price of these compound cakes is usually lower than that of pure cakes of the same feeding value.

Inasmuch as Holland has no Fertilizer and Feedingstuffs Act, it is difficult to induce the Dutch peasant to believe that these compound cubes are comparable with pure cake. It is believed, when normal conditions again return, linseed cake will again retain the prominent position that it has always held in the Dutch market.

By way of making a resumé of the situation it may be said that the Dutch oil manufacturers report the year of 1929 as unfavorable. The larger mills, as well as the smaller ones, look back on a difficult year, while the new year opened under unfavorable conditions. The difficulties that the Dutch exporters are finding in surmounting tariffs are becoming greater and greater, while the competition in the home market is becoming exceptionally keen. With regard to wages in Holland, there is very little change. At the end of

1928 a strike occurred in one of the important mills in the Zaan, which lasted two months, and ended at the beginning of 1929. After the strike the mill reopened without any change in wage conditions. The index cost of living is practically unchanged over the year, and remains at 167½, compared with 1913.

Report from Japan and Manchuria

JAPAN

Import of Oilseeds in Tons of 2240 lbs.

	1928	1929
Soya beans	460,961	558,676
Peanuts	11,537	14,787
Sesame Seed	20,678	19,621
Perilla	6,638	8,397
Rapeseed and/or Mustardseed	26,119	73,704
Linseed	16,904	15,655
Hempseed	12,742	17,672
Castorseed	13,459	12,004
Cottonseed	70,543	96,274
Others	—	50
Total	639,581	816,840

Import of Oils and Fats in Tons of 2240 lbs.

	1928	1929
Castor Oil	—	11
Cotton Oil	396	436
Wood Oil	522	609
Tallow	13,433	12,311
Hardened Oil	1,245	913
Total	15,596	14,280

Export of Oils and Fats in Tons of 2240 lbs.

	1928	1929
Linseed Oil	176	379
Coconut Oil	15	38
Bean Oil	4,813	6,578
Rape Oil	4,526	10,089
Cotton Oil	230	216
Fish Oil	35,622	34,522
Whale Oil	940	188
Hardened Fish Oil	5,137	5,523
Total	51,459	57,533

THIS time we have added the figures of import and export of oils and fats. The import of the raw materials in 1929, which mostly come from China, increased on account of the price having been reasonably low, due to the decline in silver, but the crushing industry had to suffer owing to only a low price being obtainable for cakes, which had to compete with an abundant supply of chemical manures. The cost of production remains about unchanged, although a trifle on the lower side.

The wages of the oil mill laborers are dearer at Y. 1.90 per day, against Y 1.87 in the previous year, which are 311 and 306, respectively, compared with 100 in year 1914. The index number of the cost of living records a fall to 174.8 from 179.8, against 100 in 1914.

MANCHURIA

Export from Manchuria

Year November-October (in tons of 2000 lbs.)

Soya Beans

	Total	To Europe	%
1927- 8—12 months	2,285,900	1,600,400	70.0
1928- 9—12 months	2,904,400	1,983,200	68.3
1928- 9—1st 6 months	1,634,400	1,056,600	64.6
1929-30—1st 6 months	1,315,100	767,200	58.3

Bean Oil

1927- 8—12 months	109,901	61,353	55.8
1928- 9—12 months	98,678	49,185	49.8
1928- 9— 6 months	47,251	14,557	30.8
1929-30—1st 6 months	79,493	65,642	82.5

With the yearly increase in the production of soya beans, its export also rises every year. The year 1929 marks yet another fresh record in the export to Europe totaling nearly 2,000,000 tons, against 1,600,000 tons in 1928. Although the current season started very promisingly in this direction, there will be a marked decrease throughout the whole season, as the inevitable result of a much lower price.

The crushing industry in Manchuria, on the whole, experienced another difficult year, the result of which was reflected in curtailment of the production. There was 14 per cent. less production compared with the previous season. Exports of bean oil to Europe hardly amounted to 50,000 tons, which is the lowest recorded during the last ten years. There was, however, a sign of revival towards the end of the season, which has been maintained up to the current season. In consequence of a bad feedingstuffs market, there has been a great shrinkage of demand for soya beans to Europe, which has enabled the mills to cover their requirement for the raw material comparatively advantageously, and has placed them on a more or less remunerative basis. Consequently, bean oil is again finding its way into Europe, and there is every sign of a revival in this trade.

The trouble between the Soviets and China, which started in June, did not interfere with business transactions in a serious way, except just temporarily, but the result was the entire stoppage of transport to Vladivostok, while there was a corresponding increase in the transport of goods to Dairen by the South Manchurian Railway, which proved adequate enough to cope with the situation. A close study of the respective export figures of soya beans from Dairen and Vladivostack in 1929 and 1928 presents a striking contrast as regards the change brought about by this trouble between the two countries. The continuous decline in silver naturally made export business easier, but on the whole disorganized the trade in Manchuria to a great extent. There was not much change in the cost of production or in

the wages of oil mill laborers. The Index number in Dairen shows a decline at 196.6 from 203.1 in the previous year, against 100 in the year of 1914.

From the above extracts it will be seen that Germany is the outstanding oilseed crushing country of Europe, owing principally to the increase in the crushing of soya beans. Linseed, which has long held the most important place among oilseeds, shows a gradual falling off. With regard to oils, the French oil industry is dominated by peanut oil, which has replaced olive and coconut oil to a considerable extent.

Plan for Chemical Show

Plans are already being made for the 13th Exposition of Chemical Industries which will be held at the Grand Central Palace, New York, during the week of May 4th, 1931. The Exposition will again be run by the International Exposition Co., under the supervision of Charles F. Roth and F. W. Payne, with Dr. Arthur Little heading the advisory committee of twenty-two. Already three hundred exhibitors have reserved space for their displays. Plans are now being made for the Students Courses which will consist of three courses of two days each. The list of speakers is not yet complete.

Castor Oil Lubricants

Castor oil, neutralized with triethylamine, is replacing mineral oil as a lubricant for automobile and airplane motors in France, according to the Paris correspondent of the American Chemical Society.

The cultivation of castor oil plants has been increased in Morocco and Algeria in the last three or four years, with a view of getting national independence in lubricating oil. "The results obtained have been satisfactory, and castor oil is being used to an increasing extent to replace mineral oils, which, it is hoped by French officials, will be practically discarded for lubricating purposes as time goes on.

The acidity of castor oil has been one of its chief disadvantages as a lubricant. A method of neutralizing it with triethylamine has been devised by a woman chemist, Mlle. Francois. The triethylamine is a viscous liquid formed by mixing primary, secondary and tertiary amines, and it can be used to counteract the free acid in castor oil. The oil thus neutralized is washed with water, filtered, and dried, and, it is reported, has lost none of its lubricating properties and is indefinitely stable."