China oilseed output rises

China's 1985 oilseed production is estimated at 5% above the 1984 output, rising primarily because of a 9% increase in oilseed crop acreage, according to a report from USDA observers in China.

Peanut and rapeseed acreages rose 1.1 and 1.2 million hectares, respectively, the report said. Total oilseed output is estimated at 32.5 million metric tons (MT) in 1985, compared to 30.9 million MT in 1984.

Vegetable oil production for 1985 is estimated at 3.8 million MT, an increase of 18%, and oil meal production at 9.4 million MT, an increase of 9.4%.

Cargill to buy soybean facility

Cargill Inc. of Minneapolis, Minnesota, has signed an agreement in principle to buy Continental Grain Co.'s soybean crushing, oil refinery and bulk handling operations in Liverpool, England. The agreement is slated to be completed by March 31, 1986.

According to spokesmen for both companies, Cargill would acquire Continental Grain's soybean oil refinery, completed in 1985, as well as the original soybean processing facility built in 1978 and expanded in 1982. In addition, it would acquire bulk handling facilities built in 1983. Continental Grain would reserve the right to use the bulk handling facilities under a fee arrangement. The processing facilities are capable of producing 2,000 metric tons of soybean oil a day, a Cargill spokesman said. When the agreement in principle was signed Dec. 30, 1985, 120 people were employed at the facilities.

Palm production may stabilize

Malaysian palm oil production is expected to stabilize during 1986, according to the international fats and oils weekly *Oil World*. Negative effects caused by the palm over-pollination by weevils in 1982 and the 1983 drought seem to be over, the publication said. Because of these effects, palm oil production for the last several years has fluctuated considerably from month to month, with lowest production early in each year and peaks coming in the fall. By the end of 1985, however, yields were high for each month from September through December.

Oil World said it expects the production cycle will show fewer fluctuations during 1986. However, the high yields in the final quarter of 1985 may have caused some over-stress, which might result in lower yields in early 1986.

Oil World predicted Malaysian production to reach 2.3 million metric tons (MT) between October 1985 and March 1986, versus 1.8 million MT for the same period the previous year; it forecast production between April and September 1986 at 2.3 million MT, versus nearly 2 million MT for the same 1985 period.

Zimbabwe eyes palm industry

Zimbabwe has announced its intention to develop a palm oil industry. The project will include developing 12,000 hectares into irrigated land for palm cultivation. According to a report from the U.S. embassy in Pretoria, South Africa, first steps will include a soil survey of the area to be cultivated and construction of a dam with 325 million cubic meter capacity, to yield 70 million cubic meters of water for irrigation a year.

The report noted that no palm oil planting trials have been conducted in Zimbabwe but that project planners are confident oil palms can be successfully cultivated there. Anticipated production is four metric tons (MT) of palm oil per hectare, in addition to one MT of palm kernel oil and cattle feed concentrates. The project is expected to create about 10,000 jobs.

Zimbabwean oilseed refiners have said they can absorb about 23,000 tons of palm oil a year at current levels of production. Project planners predict vegetable oil consumption in Zimbabwe could reach 140,000 MT by the time the plantations are in full production and that all consumption would be domestic.

Philippines plans palm oil growth

A 60,000-hectare palm oil plantation has been approved by Philippine President Marcos for a province in northern Mindanao. Participants in the project include members of the Coconut Oil Refiners Association (CORA) and nine other agricultural companies which either own or lease more than 100,000 hectares within the area.

CORA members are to finance the project, estimated at about 300 million Philippine pesos, for a minimum of four years from the time of initial field planting. CORA members involved include the Central Vegetable Oil Co., Coco Chemical Phils Inc., Imperial Vegetable Oil Co., International Oil Factory, Ludo and Lu Ym Corp., Malabon Soap and Oil Industrial Co., Liberty Oil Factory, Pacific Oil Products, Philippine Refining Co. Inc., Procter & Gamble Pmc., San Pablo Manufacturing Corp., Royal Industrial Development Co., Royal Oil Products Inc. and Tantuco Enterprises.

The project is part of the Philippines' national priority economic development plan and is registered as a pioneer agricultural activity. According to a report filed by a U.S. agricultural counselor from Manila, the rationale for the project centers on the instability of coconut production and coconut product price volatility in the world market and the need to develop an alternative export industry.

India to curtail veg oil imports

In an attempt to boost domestic production of oilseeds and vegetable oils, the government of India

Jan. 1, 1986, reduced the allocation of imported vegetable oil to the vanaspati industry to 40%, from the previous level of 50%. Along with this decision, the government discontinued its voluntary price agreement with industry, allowing the price of vanaspati to be determined by supply and demand for vegetable oils. However, to insure availability of vanaspati at reasonable prices, the government said it would keep a close watch on market prices.

According to a U.S. agricultural report from New Delhi, India's commerce minister recently announced that vegetable oil imports gradually will be phased out. However, industry and government sources agree that a minimum of 1.2 million metric tons will need to be imported during 1986 to partially bridge the gap between the country's supply and demand for vegetable oils.

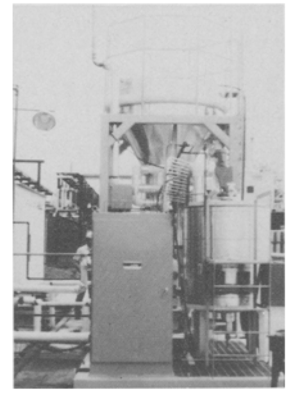
Peanut hull power

Instead of throwing out peanut hulls, DOMCO Energy Inc. will use the hulls to provide 5,000 kilowatts of electricity for Dothan, Alabama. DOMCO Energy, a subsidiary of the Dothan-based peanut business, Dothan Oil Mill Co., has scheduled the startup date for the plant in early March.

More than 80% of the plant's energy needs will be met with peanut hulls provided by the parent company; wood and other plant matter will provide the rest. DOMCO Energy estimates it will provide power for five thousand households, or about 5% of Dothan's total energy demand.

Sylvachem buys tall oil system

Sylvachem Corp. has ordered a continuous system facility for manufacturing crude tall oil (CTO) from black liquor soap from Luwa Corp. of Charlotte, North Dakota. The facility, slated to start up in March, is being installed at Port St. Joe, Florida, to replace Sylvachem's centrifuge-based facility there. According to Luwa officials, the new facility will use its Hydro-Dynamic Separation system designed to solve problems such as low yields, high maintenance costs and air pollution. The self-contained system includes soap handling, soap acidulation, CTO separation and CTO after-treatment.



New hydro-dynamic separation system ordered by Sylvachem Corp. from Luwa Corp.

News brief

Cheryl Nelson Blomquist has been named senior coatings chemist at CasChem Inc.

Retail prices rise for fats

Retail prices for fats and oils rose 3% in 1985, despite a drop in soybean prices. In 1986, retail prices are expected to rise 2–4%, with consumption forecast to fall 1–2%, according to the U.S. Department of Agriculture. Also, USDA predicts smaller supplies of animal fats will heighten demand for vegetable oils in the frying and baking industries, bringing up prices for oil used in retail products.

TABLE 1

Selected Fats and Oils: Prices, Production, Stocks

	Marketing year[a]				
Commodity	1982/83	1983/84	1984/85	Oct. 1984	Oct. 1985
Soybeans					
Wholesale price, No. 1 yellow, Chicago ($/bu.)[b]	6.11	7.78	5.88	6.21	5.07
Crushings (mil. bu.)	1,108.0	983	1,030.5	89.2	94.3
Exports (mil. bu.)	905.2	740.3	600.7	40.9	55.3
Soybean oil					
Wholesale price, crude, Decatur (cts./lb.)	20.6	30.55	29.50	30.56	20.71
Production (mil. lb.)	12,040.4	10,872.0	10,614.5	995.4	1,040.3
Domestic disap. (mil. lb.)	9,857.3	9,598	9,777.9	918.4	1,555.0
Exports (mil. lb.)	2,024.7	1,814	1,557.1	200.3	125.4
Stocks, beginning (mil. lb.)	1,102.5	1,261	720.5	720.5	640.1
Soybean meal					
Wholesale price, 44% protein, Decatur ($/ton)	187.19	188.21	117.08	141.60	138.30
Production (thou. ton)	26,713.6	22,756.2	22,729.1	2,107.6	2,199.2
Domestic disap. (thou. ton)	19,306.0	17,541.0	18,479.7	1,870.7	1,876.9
Exports (thou. ton)	7,108.7	5,436.1	4,504.8	256.2	397.8
Stocks, beginning (thou. ton)	175.2	474	255.4	255.4	386.9
Margarine, wholesale price, Chicago (cts./lb.)	41.1	46.3	55.4	53.50	45.69

[a]Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine.

[b]Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Source: *USDA Agricultural Outlook*, January–February 1986.