

Seed crushers:

Global trade distortions must end

The outcome of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) will have a major impact on the crushing industry, attendees of the International Association of Seed Crushers' (IASC) 63rd World Congress in Vancouver in June were told.

Despite general agreement that finger-pointing is unconstructive because most developed countries have some form of trade-distorting policy, speakers at times during the three-day congress blamed each other's country or region for compounding the problem: Americans chided the European Economic Community (EEC) for heavily subsidizing overproduction; the Malaysian representative criticized the developed nation "giants" for "killing the dwarfs"—namely the smaller, developing countries—in the subsidy cross-fire; and Canadian, Malaysian, European and even some American representatives vehemently berated the U.S. for its Export Enhancement Program (EEP).

President's review

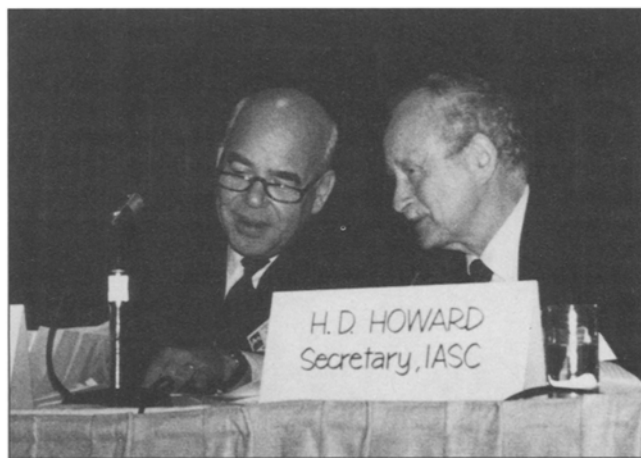
In his opening review, IASC President Arnold F. Mergell noted, "Discussions under the GATT Uruguay Round have begun to take on an almost surrealistic air. In particular, when the GATT engine has been driven from the start by the U.S. initiative demanding total subsidy removal by the year 2000, the U.S. and Europe are spending unprecedented billions of dollars on a subsidy war to win exports."

Mergell noted the highly politicized climate in which the crushing industry must trade. "It is probably no exaggeration to say that in peacetime, the global trading climate of our industry has never been so dominated as it is now by the sort of government intervention that the GATT aims to tackle. This comes in many forms, both overt and covert."

Subsidies, he explained, may include direct production and export support, government-funded credits to industry and to farm banks for cheap loans, subsidized farm fuel, crop insurance, special port handling and interior transport infrastructures, credits for importers, and storage and acreage payments.

Mergell noted that many GATT members besides the U.S. embrace the principle of trade liberalization but, for political reasons, must be more cautious in their approach.

"It would be unrealistic of the U.S. to believe that Europe's 12 nations, with their diverse rural structures, can so easily and quickly agree to total subsidy removal. As one American statesman said recently, 'Europe's ministers cannot go back from Brussels or forward to GATT with policies that would vote themselves out of office.' Neither should the Americans underestimate the desire, not just of Europe but of a great many countries, to protect and ensure reliable supplies for their domestic industries, if domestic crops appear the best way of achieving this," Mergell said. He added, "It would be unjust to ignore



IASC President Arnold F. Mergell (left) and IASC Secretary-General Harry D. Howard confer between sessions at the seed crushers' congress.

the efforts that Europe is now making to redress imbalances at a fundamental level."

Mergell disagreed with critics who argue EEC maximum guaranteed thresholds are set too high and pointed out the thresholds are below the EEC's potential crop level. "They will spell real cuts in oilseed prices at the farmgate; they also will help to reduce the requirement for subsidy, and I have no doubt that they already have brought European oilseed production under control," he said.

Advocating the adoption of Producer Subsidy Equivalents (PSE) as "the fairest and probably the most viable path to GATT agreement," Mergell added, "I believe the successful conclusion of the Uruguay Round is almost certainly the factor that will have the most impact on our industry as we approach the 21st century."

Mergell warned GATT progress might stall if national measures are adopted piecemeal as an alternative to the coordinated reduction of subsidies. However, voicing optimism that the Uruguay Round will be successful, he pointed out, "All parties who are genuinely interested in the well-being of their agricultural structures into the next decade and beyond cannot fail to see the danger that subsidies will become institutionalized, open-ended and ultimately self-defeating."

Canadian view

The Canadian view of GATT was presented by Bill McKnight, Canada's Minister of Western Economic Diversification.

Noting that subsidies "have knocked the bottom out of the commodity price," McKnight said subsidies "are the privilege of the rich. Other countries

are losing sales not because they are inefficient but because the bigger countries can subsidize."

Canada, he said, will continue to push for agricultural trade reform at the December midterm review of the Uruguay Round in Montreal. "Let's face it, no one is winning the trade war," McKnight said. "We must bring sanity back to world agricultural trade." The industry's future, he said, "depends on a market-place-drive economy and on quality."

Another Canadian speaker—Allan E. Earl, president of the Canola Council of Canada—reviewed Canada's own oilseed development and cited current negotiations between the U.S. and Canada to complete free trade agreements. "We demonstrate that a subsidy-free environment for exports works," he said, noting that 85% of the U.S.-Canada trade already is free and negotiations are under way on the remaining 15%.

Malaysian view

Speaking on "When giants fight, the dwarfs get killed," Dato Bek Nielsen, chairman of the Malaysian Oil Palm Growers' Council, called the U.S. and EEC "the giants," and noted that while the U.S. espouses free trade, it imposes such programs as the EEP, which, in effect, act as a subsidy.

"I appeal to the giants to regain their senses to eliminate taxes and subsidies," Nielsen said, adding, "It is impossible for the developing nations to compete with subsidies. And, no matter what you call it, EEP is blatant subsidization of oilseed exports."

Nielsen also attacked the American Soybean Association's (ASA) recent assault on tropical fats. "They have appointed themselves guardians of the cardiovascular systems of the American people," Nielsen said of ASA, calling the ASA tropical fats campaign last year "distasteful propaganda" and a smokescreen to cover soybean producers' fears of losing markets to palm and other tropical oils.

Agreeing that press reports on the tropical fats issue were alarmingly misleading, Mergell, however, told congress attendees, "We should leave the health issues to the scientists; it should be the scientists who say which oil is best."

ASA view

Discussing ASA's marketing campaign against tropical fats, Kenneth L. Bader, ASA's chief executive officer, explained ASA did not pay for research that advocated reducing saturated fat consumption but did use such information to take on a health campaign against what it perceived as subsidized palm and coconut production.

The campaign, he admitted, was a reaction by American farmers to the increasing use of palm oil. "In such a market, an association has to extol its products; it's a basic rule of marketing," Bader said. He apologized, however, that the approach taken of-fended producers of palm, palm kernel and coconut oils.

Also, Bader explained ASA's action to file a Section 301 trade complaint against the EEC. Prompting the filing, he said, were EEC price guarantees three times as high as world prices. "As a result,

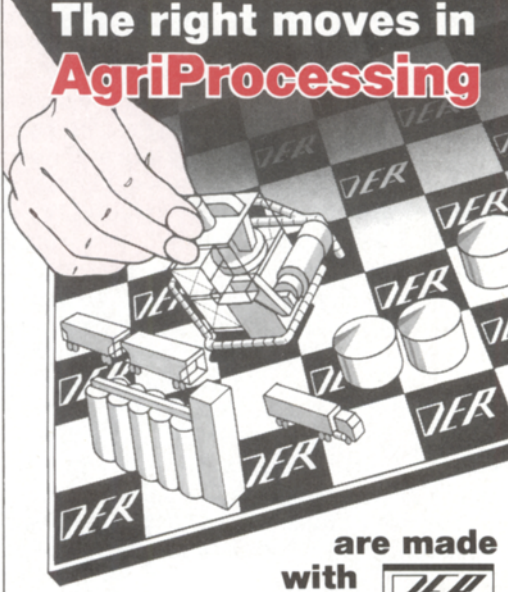
EEC oilseed and pulse production increased 250% in just six years," he said. The 301 complaint charges that the EEC's policy of paying high production subsidies for oilseeds constitutes a nontariff barrier to the import of U.S. soybeans and contravenes GATT rules.


Noting that "trade issues are never as simple as they seem," Bader expressed skepticism that EEC reforms will reduce EEC oilseed production for at least three years. He said a study conducted for ASA by Landell Mills Commodities Studies of London, England, showed French farmers in 1986/87 made 460% more profit growing soybeans than wheat, and Italian farmers made more profit on soybeans than soybeans' value on the world market. However, Bader also noted the U.S., with its Export Enhancement Program, is not blameless.

"We do not like export subsidies, but we finally agreed to accept it (EEP) politically to fight the oilseed regime in the EEC. We didn't begin subsidies. We don't intend to unilaterally disarm unless we get signals from others for progress," he said.

Noting that U.S. soybean farmers will seek a marketing loan or other mechanism for soybeans as long as other countries use subsidies, Bader said,

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"Our farmers are tired of setting a floor to world prices to benefit our competitors, to store our soybeans while others sell theirs."

He added, "We are on the edge of a major trade war that threatens not only the farmer but entire economies as well. That's why it is imperative to have these issues handled in the multilateral round of GATT. We need an international framework for farm policy."

In discussions, however, an EEC crusher pointed out that EEP has not affected European oilseed production but has made European soybean crushing economically impractical.

Industry view

Presenting an industry viewpoint, James R. Spicola, president of Cargill Inc., agreed that governmental intervention in agricultural markets takes many forms, hurting oilseed crushers and costing economies billions of dollars.

The U.S. oilseed crushing industry, he said, supports domestic farm policies giving the freest trade possible. "We'd be better off by trusting markets rather than trusting farm programs," Spicola said. Marketing distortions, he noted, temporarily can keep inefficient farmers and crushing facilities in the market.

Oilseed producers have more voice than oilseed processors and crushers, he said, urging, "It is certainly better if both join forces."

Advocating decoupling as the path to reform, Spicola said, "Successful reform is achievable by combining deregulation and humane, thoughtful program adjustments." Decoupling, he said, would deregulate commodity markets and encourage governments to achieve social aid programs in a way other than commodity price supports. "Decoupling would take governments out of the business of manipulating markets," he said, adding that instead, governments should channel resources to provide rural residents with opportunities to support themselves.

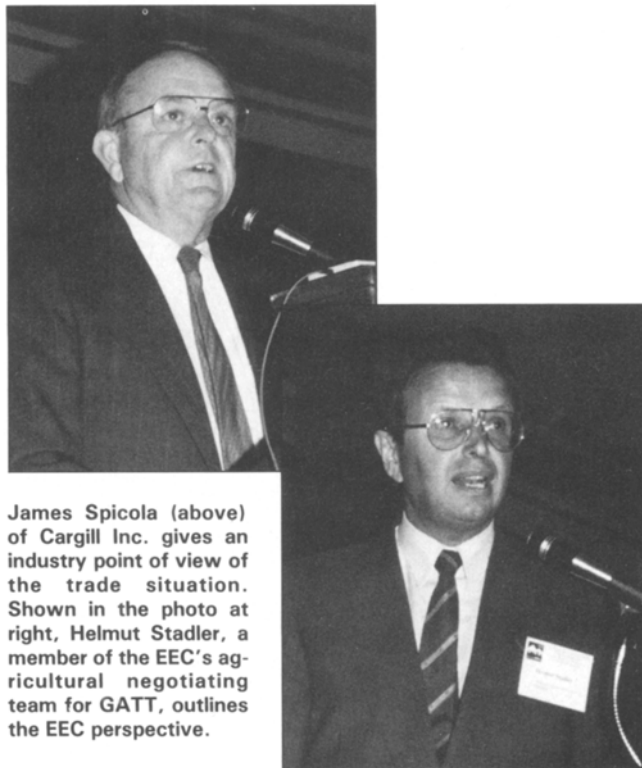
"Decoupling is not the only method, but we believe it is the best," Spicola said, explaining that governments could provide transitional payments to offset cuts caused by reform and provide services to foster rural industry development.

Spicola urged the industry to encourage those seeking trade reform under GATT. "Now is the time to stop pointing the finger at each other's subsidies. We all have them. Now is the time to work together," Spicola said.

Asked in discussions to explain his views on decoupling and rural social programs, Spicola said, "I hope we can separate the problem of preserving the family farm from the policies of the marketplace. These issues must be dealt with separately. We must not try to solve political and social questions through the marketplace."

U.S. farm view

Dean R. Kleckner, president of the American Farm Bureau Federation and a member of the U.S. Trade Advisory Committee, told attendees he was pleased with GATT talks thus far "because the talks have



James Spicola (above) of Cargill Inc. gives an industry point of view of the trade situation. Shown in the photo at right, Helmut Stadler, a member of the EEC's agricultural negotiating team for GATT, outlines the EEC perspective.

recognized we can't continue as we are; that recognition is progress."

In an ideal world, he said, subsidization and protectionism "need to be buried forever." Kleckner criticized both EEC subsidies and U.S. EEP as "economic insanity."

Supporting the U.S. GATT proposal to abolish all subsidies by the year 2000, Kleckner likened the EEC's recent setting of maximum guaranteed thresholds to "bragging about drowning in 10 feet of water instead of 20 feet," and said the EEC proposal to GATT to reduce subsidies gradually "shows too little substance."

Despite this, Kleckner was optimistic GATT will make positive steps, even if these occur only in the final hours of talks. However, he added, American farmers intend to remain aggressive suppliers in world markets. "We're tired of losing markets by reducing acreage," he said, citing the PIK program undertaken by the U.S. Department of Agriculture in 1983 to divert acreage from production. "How dumb can we be, to try to balance the world supplies by cutting production? When we did, other countries stepped up production. Those days of dumbness are gone—or at least, I hope they are."

EEC view

Helmut Stadler, agricultural counselor and member of the EEC's agricultural negotiating team for GATT, outlined the main principles of the EEC proposal to GATT.

That proposal, he said, advocates reduction of support—to produce for the market, rather than to

produce surpluses that cannot be sold. However, he added, "We must not have illusions that this won't have consequences on our farmers." Decoupling, he said, is an interesting concept but must be clarified further.

Reform under GATT, he said, should involve provisions for a price system and for rebalancing protections, and should take into account the needs of developing countries as well. "Developing countries that are net importers do not support the position that we should reduce production. They have experienced famine," he said, adding that poorer countries argue that they will not be able to import what they need if prices are raised.

The EEC proposal, he said, advocates immediate negotiations to restore a climate of confidence in the world market. Defending EEC action to set guaranteed quantity thresholds lower than actual production, Stadler said sanctions levied for excess production are severe. "We have corrected the mistakes we have made in the past. It is for this reason we have much hope of controlling production in oilseeds and in other sectors," he said.

Stadler warned that the GATT negotiations should remain negotiations, and should not turn into a court or a jury to judge one another. "GATT is a forum, not a judicial body," he said, urging progress in negotiations to solve international trade problems.

He noted the EEC will continue to restrict its production, "but only if others do likewise. Otherwise, it is in vain."

Stadler said the EEC proposal to cut subsidies gradually is realistic, setting production control and world market improvement as goals. "It is realistic due to the composition of the (European Economic Community and the world)," he said, adding, "Negotiations

succeed only if accepted by the farm sector. The farm sector must understand these negotiations are in its interest."

He added, "Europe will not leave its farmers unprotected. We want to keep our farmers on the land. The EEC will not leave its farms unprotected from the fray of the market. We are not protectionist; we simply are realistic." He added, "We realize our actions have led to surpluses. We are taking measures to remedy this and to avoid this in the future. But we have to help our agriculture survive."

Congress decisions

By the close of the congress, IASC members had directed Mergell to use IASC influence to campaign for an end to all trade-distorting measures. Participants agreed that these measures include export subsidy programs of all kinds, differential export taxes and exaggerated production subsidies.

Members also agreed that a failure in the GATT negotiations will lead to further deterioration of agricultural trade and will hurt the seed crushing industry.

Members elected Mergell to continue as IASC president; Harry Howard will continue to serve as IASC secretary-general for another year.

Organizers of the congress, held June 7-10, 1988, in Vancouver, British Columbia, Canada, were the Canola Council of Canada, Institute of Edible Oil Foods and Ontario Soya Bean Growers Marketing Board.

IASC will hold its next congress in Buenos Aires, Argentina, Sept. 25-29, 1989. For more information, contact IASC 64th World Congress, Interburo Travel S.A., Paraguay 647, 4th floor, 1057 Buenos Aires, Argentina, South America.

Oil mill superintendents won't merge

Members of the Tri-States Oil Mill Superintendents Association (TSOMSA) in June turned down a proposal to merge with the International Oil Mill Superintendents Association (IOMSA) a week after IOMSA members voted for the merger. As a result, the two groups will go their separate ways, at least for now.

If both groups had approved the proposal, they would have been unified as the United Oilseed Processors' Association, with a constitution modeled after IOMSA's. Those favoring the merger had noted that a single association would offer a stronger voice for the industry and would provide one organization, rather than two, for suppliers to support.

Sentiment in opposition within TSOMSA included fears that managers, rather than oil mill superintendents, would be sent by their companies to the annual meetings and that more distant—and thus more costly—geographic locations would be selected. Also, some feared that the family atmosphere provided at the TSOMSA meetings would be lost, par-

ticularly if superintendents could not afford to take their families to meetings outside of their regions.

The TSOMSA vote was taken at the association's 63rd annual convention June 19-21, 1988, in Biloxi, Mississippi, and followed one and a half days of technical talks.

Keynote speaker

Keynote speaker at the TSOMSA convention was David Erickson, director of technical services for the American Soybean Association (ASA). Erickson, speaking on "But will it sell more soybeans?" described ASA's market development programs for soybeans. Noting, "We cannot do much on the supply side and can't control prices," Erickson said ASA promotes research to help produce soybeans at the lowest cost and to find new uses in order to increase demand.

"Our program internationally includes maintaining the market share of the U.S. soybean crop, and seeking new markets," Erickson said. U.S. soybean

producers and the U.S. Foreign Agricultural Service (FAS) determine what activities ASA will conduct; funding comes from the soybean farmers' checkoff program, from FAS and from third-party "cooperators," who provide money or services in kind.

Erickson said ASA has 11 overseas offices. Activities include seminars, literature translation, feeding trials, trade team visits, fairs and conferences, specific product promotion campaigns and hands-on short courses. The goals of trade team visits, he added, "sometimes are no more than to assure buyers that we are a reliable supplier."

Marketing areas for soybean oil include its promotion as an edible oil, as a grain dust suppressant, as an adjuvant to and carrier for pesticides, and as the oil-base for printing inks, Erickson said.

Printing inks

The last topic—soy oil-based printing inks—was covered in a talk by Ollie Wasilewski, technical director of Sun Chemical Co.'s General Printing Ink (GPI) Division. Wasilewski explained that the American Newspaper Publishers Association (ANPA) developed soybean oil-based newspaper ink technology and licensed GPI to produce and sell the ink; since 1987, GPI has offered commercial soybean oil-ink products for letterpress and web offset presses.

Soybean oil-based inks offer such advantages over standard inks as improved mileage, reduced rub-off, better lithography, excellent print quality and improved color brightness, according to Wasilewski. Also, he said, they are biodegradable and are based on domestically produced renewable sources.

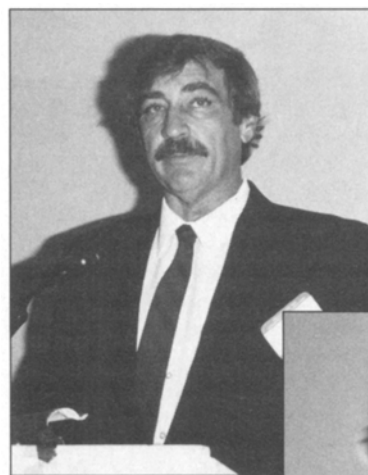
Pricewise, the soybean oil-based color inks can compete with standard inks; for black ink, however, the soy-based products cost more. "In order to overcome this price differential, we had to come up with a distinct advantage for the soy product. So, we created low-rub quality soybean oil inks," he said. GPI now has commercial low-rub soybean-based black inks available, although work is still under way to develop them further.

Wasilewski said the potential market for the color and black soybean oil-based inks is sizeable. "I think soybean oil ink is here to stay," he said.

Grain handling

James Maness, manager of operations standards and compliance for Bunge Corp., West Memphis, Arkansas, spoke on "How the grain handling standards can affect you." Maness explained that a series of major dust explosions in late 1978 prompted the Occupational Safety and Health Agency (OSHA) to consider standards for grain handling facilities. The final standards were published in late 1987 and went into effect in March 1988.

Facilities affected by the standards include grain elevators; feed, rice, flour and dry corn mills; soybean flaking and cake grinding operations, and pelletizing facilities. According to Maness, only grain elevators and soybean preparation areas in the soybean processing industry are governed by the standards; solvent extraction operations are not affected



TSOMSA's 1987-88 President Stanley Bul-lard (above left) of Bunge Corp. presides at the association's June meeting, then turns over the presidency for the coming year to Larry Daniel (at right) of Yazoo Valley Oil Mill.



Provisions include emergency action plans, training, permit systems for hot work, bin entry rules, communication with contractors about hazards and safety rules, written housekeeping plans, grate size requirements, pressure-drop monitoring devices on filters, preventive maintenance, and protection of grain process equipment from ferrous material. Provisions for elevators include emergency escapes, as well as special requirements for grain dryers and bucket elevators.

"Most provisions have to do with fires and explosions," Maness said, adding that some are to prevent suffocation or entrapment. Provisions that are most troublesome to the grain-handling industry, he said, are

- The rule that dust must be kept below 1/8 of an inch deep. "Industry is challenging this in the courts," he said.
- The standards' nonmandatory appendix, which is provided as an interpretive guideline. "The key is how it is interpreted and applied," he said.
- Bin entry requirements stipulating top entry into flat storage.
- Bucket elevator requirements concerning flange bearing and belt alignment.

Maness suggested that facilities document training, housekeeping plans and contractor information for their own protection and proof of compliance with the standards.

Fire aftermath

Larry Daniel of Yazoo Valley Oil Mill, Greenwood, Mississippi, described happenings at the mill in the

aftermath of a fire at the plant on Sept. 19, 1986. According to Daniel, the flash fire broke out while the extractor was being purged after breaking down; four men were hurt, two of them badly burned. Four hours after the initial flash, the fire was officially out.

"The damage was enough to make a grown man cry," he said, citing twisted extractor sidewalls and extensive damage to pumps, motors and controls. As the extractor was too damaged to salvage, the company took quotes from equipment manufacturers, then purchased a Crown 1500 series extractor. Start-up was targeted for Feb. 9, 1987, 130 days after the fire.

The old extractor was removed, the room leveled and cemented over and a new solvent control room built. On Nov. 3, 1986, construction began outside for a new building to house the extractor. "On Nov. 5, the rains started. Thirty-two days out of the next 54, it rained. In November alone, we received 12 inches. On Dec. 18, the extractor arrived," Daniel said.

The company made extensive changes in its entire plant to meet the requirements of the National Fire Protection Association (NFPA) Standard 36 governing safety provisions for solvent extraction plants. "We were told it would be a miracle if we started the plant up again in less than a year. On Monday, Feb. 9, 1987, our target date, we pumped hexane into the unit; we processed 93 tons of soybeans that day," Daniel said.

"Today, both of the badly injured men are back at work. We're averaging 600 tons per day, and have produced as high as 732 tons one day. In short, we're very pleased with our operations," he said, adding, however, "We learned some good lessons from all this and that is what I want to pass on to you. Don't ever take your plant for granted. Make sure safety rules are known, and everyone follows them. Set up operational procedures. And, when you are in a crisis situation, bring resources together; don't try to do it all yourselves. We found it doesn't take major engineering to get things going if you put together what you know and what you need. The last lesson is to buy equipment larger than what you think you need."

Soybean quality

Speaking on soybean quality, James M. Guinn, ASA's technical director for soy quality programs, defined quality as those factors determining value and affecting the acceptability of the end products—namely protein and oil content. However, he said, farmers define quality in terms of foreign matter content.

Current soybean standards are not directed to oil and protein content. Instead, they include six grade-determining factors and one information-only factor. "Of these seven factors, only four are of significant value in determining economic value," he noted, calling of limited value the requirements governing test weight, soybeans of other colors and splits.

Moisture, which has been removed as a grain standard but is still reported on each lot, is a major factor in the storability of soybeans. Foreign matter, heat-damaged and other damaged soybeans also are important factors, he said.

"There have been no incentives to improve the amount of oil and protein content," Guinn said, adding, "This fundamental failing is the primary reason that farmers do not choose varieties on end-use value, and thus seed breeders have no incentive in variety selection to stress this ultimate quality factor."

An ASA survey of domestic and overseas soybean processors identified seven indicators of value and quality processors felt should be included in standards: broken soybeans and splits, foreign material, damage, oil percentage, protein percentage, free fatty acids and moisture. Guinn said a report by the U.S. Congress' Office of Technology Assessment showed processors rated protein and oil content as extremely important; other factors rated as important were neutral oil loss, oil stability, pesticide residues and free fatty acids.

The next step, Guinn said, is to get such factors incorporated into the standards.

"ASA's position is clear. Simplistically, we want buyers to pay for the value of soybeans delivered, not a price based on 'the average.' If one is only willing to pay an average price, one can only expect an average quality product," he said.

A starting point, he said, would be to make protein and oil analysis part of the official standards. He said the U.S. Federal Grain Inspection Service (FGIS) is considering three ways of handling this: information on oil/protein provided on request, mandatory information on certificates, and possible discounts and premiums based on the levels of oil or protein.

Binding gossypol

Les Watkins of the Food Protein Research & Development Center at Texas A&M University spoke on binding gossypol. "Gossypol is a real ruiner of good quality oil and meal. If cottonseed meal didn't have gossypol, we could blend it with soybean meal and the resulting meal would be better than either soy meal or cottonseed meal," Watkins told TSOMSA convention participants.

He said three ingredients are essential for binding gossypol from cottonseed. The first is to rupture the gossypol; this can be accomplished by crushing rolls, screw press or expeller. However, he added, if there is no differential between rolls in a flaking roll operation, the gossypol will not be ruptured. The second ingredient is sufficient moisture; the third is cooking.

"Cooking and moisture are what bind the gossypol, but it can't be bound unless it previously was ruptured," he said, explaining that if gossypol can be bound to the meal, it can be fed to any animal; if it is in the meal but not bound, it can kill poultry.

Hexane quality

H.L. Moles, refinery manager for Phillips 66 Co., spoke on the manufacture and quality of hexane. Feedstocks for hexane include crude oil, natural gas and natural gas feedstocks. He noted that different companies

use different procedures to make hexane. Steps can include distillation, fractionation, separation and isomerization. The more consistent the quality of the hexane produced, the easier it is for hexane users to make a consistent end product. He noted that for users, "Ventilation is the key in handling hexane."

Moles cited a recent U.S. Environmental Protection Agency (EPA) ruling that commercial hexane manufacturers and processors test the chemical for its toxicity. One concern, he said, centers on methylcyclopentane (MCP), the second largest constituent in commercial hexane after *n*-hexane. Moles said testing is expected to take five years. He noted that in addition to use in the vegetable oil industry, hexane is used as a solvent for adhesives, in the manufacture of rubber and polypropylene and as an intermediate in the manufacture of pharmaceuticals.

NSPA committee

Ron Moeller, currently chairman of the National Soybean Processors Association's (NSPA) Technical Committee and assistant general superintendent of Cargill Inc., noted NSPA members represent over 90% of domestic U.S. soybean crushing capacity. NSPA, he said, was begun in the 1940s to foster and provide assistance to the domestic soybean processing industry. The group also provides a set of trading rules for buyers and sellers and technical expertise for solving problems and for regulatory agencies.

Showing the agenda from the NSPA Technical Committee's meeting in May, Moeller said the topics are representative of the concerns of the committee. These included meal additives; soybean oil's use in printing ink; development of analytical methods with the American Oil Chemists' Society (AOCS); the AOCS laboratory certification program; soybean oil's use as a dust suppressant; the FGIS study of near-infrared spectroscopy (NIR) for determining oil and protein content in soybeans; OSHA's grain handling standards; underground storage tank regulations, and SARA (Superfund Amendments and Reauthorization Act) Title III provisions.

"FGIS is committed to having NIR testing in place a year from this September. Our technical committee is interested in this area. Statistically, we want to know the accuracy of this testing," Moeller said.

He also cited a Minnesota proposal to limit the normal hexane exposure at sites adjacent to facilities using hexane.

"It's a never-ending struggle to keep up with changing regulations," he noted.

Other speakers

Addressing the convention as the recently installed president of AOCS, Timothy L. Mounts of the U.S. Department of Agriculture's Northern Regional Research Center outlined the current activities of the society. Mounts noted that AOCS has over 4,000 members, 1,000 of whom live in 79 countries outside the U.S. and Canada. He described such activities as the Smalley Program, publications, methods, annual



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meetings and world conferences, and sections. He gave background on AOCS' new headquarters and the AOCS Foundation.

Speaking on hammermill maintenance, Mark Sweetin of R&W Manufacturing, Stuttgart, Arkansas, told attendees to tell their suppliers what kinds of wear problems they are having and to outline what they want to accomplish. "The more hard-facing applied to the equipment, the higher the price, but it extends the life of your equipment," he said, showing slides of a hammermill "beaten to death."

TSOMSA officers

At the convention, 1987-88 TSOMSA President Stanley Bullard turned over the presidency to Larry Daniel.

Other officers and appointees are James M. (Mickey) Lay of Bunge Corp., first vice president; Jim Crawford of Jackson Oil Mill, second vice president; Bobby Nachlinger, secretary-treasurer; Bobby Gore, finance chairman for oil mills; Harold Perry, finance chairman for suppliers; John Whitsett, social chairman, and Jared Hills, chaplain. Crawford will serve as convention chairman for the 1989 convention.

With the defeat of the merger proposal, TSOMSA members discussed the possibility of IOMSA and TSOMSA moving their meeting dates; currently, the two meet a week apart in June, which creates a hardship for suppliers and those with dual membership. It was noted that TSOMSA meeting dates already are set for the next two years, but that a committee will be appointed to work with IOMSA on making changes in the future.

Soy protein plant

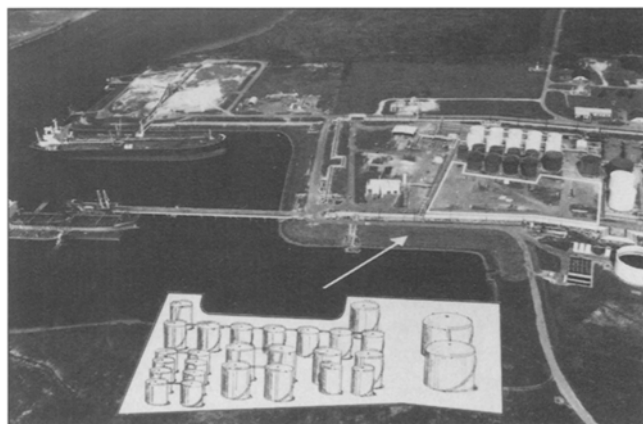
Central Soya Co. Inc. will build a soy protein concentrate facility in Europe to meet the expanding protein needs of that market.

David Swanson, Central Soya's president and chief executive officer, said several locations are being evaluated and that a site probably will be selected by September 1988.

The multi-million dollar plant will produce soy protein concentrates, used primarily in food systems and as milk replacers for young animals. The plant will be similar in design to the company's Bellevue, Ohio, plant now under construction. That plant contains modular extraction, solvent recovery, drying and packaging units. The concept also was used at the company's recently expanded Gibson City, Illinois, protein concentrate facility.

Meanwhile, Fuji Oil Co. of Japan has announced plans to build a facility to produce oryzo peptide from soy protein, the first such commercial-scale facility in Japan.

The peptide product will be used for beverages, nutritional foods, cosmetics and as a fermentation enhancer and stabilizer. Production capacity is expected to be 40 to 50 tons per day, with total annual production about 5,000 tons.



Stolt Terminals, buying out Oiltanking Holding USA Inc.'s interest in their Houston chemical storage terminal joint venture, plans to expand the facilities (shown above) to 800,000 barrels of capacity.

Terminal doubles

Stolt Terminals Inc., a wholly owned subsidiary of Stolt Tankers and Terminals (Holdings) S.A., has announced plans to double the capacity of its chemical and vegetable oil storage tank terminal in Houston, Texas.

The company has purchased the interest in the terminal held by Oiltanking Holding USA Inc.; that action dissolved their six-year partnership in the venture, known as Stolt & Oiltanking Chemical Terminal. The terminal now will be called Stolthaven Houston.

Stolt Terminals said the facility will have over 60 storage tanks for chemicals and vegetable oils, with approximately 800,000 barrels capacity, by the end of 1988.

Stolt Terminals operates three bulk storage terminals in the U.S. and one in Brazil, with a combined capacity of 3.5 million barrels, and a transfer facility in Rotterdam, The Netherlands.

Johnson-Loft news

Alfa-Laval has announced that it will expand the territory for its U.S. representative, Johnson-Loft Engineers Inc., for fats and oils processes to include Canada, Mexico and Central America.

Meanwhile, Johnson-Loft has established a Midwest office at 363 S. Main St., Suite 245F, in Decatur, Illinois, fax 217-422-1519. Dick Fiala, formerly with A.E. Staley Mfg. Co., has joined Johnson-Loft as regional manager for the Midwest office.

In other news, Johnson-Loft has shipped a complete 20-ton-per-day corn oil refining, bleaching, winterizing and deodorizing plant to the People's Republic of China. The plant features a packed column thin-film type deodorizer, which will be the first of its kind in China.

Liposome business

Liposomes are likely to become a \$1 billion business by the year 2000, according to a market study by Technical Insights of Englewood, New Jersey.

The firm said polymerized versions of liposomes will have longer shelf-life than the first generation nonpolymerized materials; they also will permit greater use of liposomes for human and veterinary medical purposes, catalyst delivery systems, agricultural chemicals, separations, and sensors.

The market report is entitled "Polymerized Liposomes: Unique Carriers of Drugs, Catalysts, Other Agents."

Lipase report

A new report prepared by Lunde Engineering of Great Falls, Montana, examines the large-scale production of distilled fatty acids and glycerine by six enzymatic hydrolysis processes and compares these processes with the Colgate-Emery process.

According to Lunde, some enzymatic hydrolysis processes are not feasible for large-scale operations; several, however, do show promise.

The report, "Present Status and Future Prospects for Lipase Hydrolysis," also notes that fat substitutes could become a major new market for fatty acids and glycerine.

For more information, contact Lunde Engineering, 912 10th Ave. NW, Great Falls, Montana 59404.

Infant formula

Japanese producers of conditioned powdered milk for infants are adding 21% to 25% vegetable oil to more closely resemble the quality of mother's milk.

According to the Japan Oil Chemists' Society, one firm has developed new products containing stabilized omega-3 fatty acids.

Japanese production of conditioned powdered milk for infants has decreased from 81,000 tons in 1973 to 55,000 tons in 1987. However, production is expected to rise as the birth rate, which had been declining, is expected to increase.

Aflatoxin rules

New regulations in the European Economic Community (EEC) take effect in December 1988 to limit aflatoxin B1 content to 0.2 parts per million in groundnut, copra, palm kernel, cottonseed, babassu, maize and products derived from them.

Under the rules, imports are to be used by feed manufacturers and may not be fed unprocessed to livestock; also, aflatoxin levels must be stated.

AHA reviews food

The American Heart Association (AHA) has announced it will put its heart-and-torch logo on "heart healthy" foods that meet AHA standards.

Agreeing to stake its reputation on foods low in cholesterol, saturated fat and sodium, AHA said it will establish a Food Product Approval-Consumer Health Information Program. Under the program, participating companies will need to meet AHA's standards in order to use the logo on their product labels. Labeling claims will be verified with repeated testing by independent laboratories, AHA said.

Also, under the program, labels on margarine, salad dressing and other manufactured foods are expected to carry a toll-free number for consumers to call for instruction on serving size and daily cholesterol and fat limits.

Fat consumption

Consumers in the United Kingdom are turning away from saturated products such as butter and hard margarine, in favor of polyunsaturated margarines and spreads that they perceive are "healthier," according to "Oils and Fats in the UK," a report by Leatherhead Food R.A.

The report notes that butter's share of the market declined to 28% in 1986; meanwhile, margarines held 57% but spreads increased their share to nearly 15%.

The cooking fats and oils market is fairly static in terms of volume, reaching 181,500 metric tons (MT) in 1986. Consumption of vegetable oils is expanding at the expense of animal fats; cooking oil dominates the sector, with 42% and 41% by volume and value, respectively.

Meanwhile, consumption of yellow fats in the Nordic countries of Denmark, Finland, Norway and Sweden also is declining.

At the Nordic Margarine Meeting earlier this year, it was noted that household margarines have dropped from 277,000 MT in 1985 to 266,450 MT in 1987. In the same period, butter consumption dropped from 144,304 MT to 131,110 MT. Meanwhile, industrial and bakery margarine usage increased from 66,350 MT to 68,250 MT.

News briefs

Wayne Martin, president and general manager of the Plains Cooperative Oil Mill in Lubbock, Texas, has been elected president of the National Cottonseed Products Association. R.A. Aker of Western Cotton Services Corp. of Phoenix, Arizona, was elected vice president. In other action, NCPA has developed and approved trading rules for feed-grade cottonseed, effective Aug. 1, 1988.

Neville Chandler will serve as a fats and proteins

technical consultant to the **National Renderers Association's** London office. He will promote renderers' products for feed compounders and poultry and live-stock.

Ronald R. Christensen, formerly executive vice president of the Society of American Foresters, has been named executive director of the **Association of Official Analytical Chemists (AOAC)**.

The Chamber of Philippine Coconut Oil Millers (CHAPCOM) has been formed to promote the country's coconut industry. Members are small-scale and medium-scale oil mills. Initial goals are to promote higher copra yield, improve oil extraction methods and improve product quality.

Len Naylor has been appointed director and general manager of **Simon-Rosedowns Ltd.** He previously was technical director. His appointment follows the resignation of **Geoff Williamson**, managing director, who is joining **Anglia Oils Ltd.**

Elwood Caldwell in September will join the staff of the **American Association of Cereal Chemists (AACC)** as director of scientific services. He has been serving as scientific coordinator for AACC on a parttime basis since 1986.

International Bio-Synthetics (IBIS), formerly **Gist-Brocades**, has moved its headquarters to new facilities at **Oak Hill Business Park, 8720 Red Oak Blvd., Suite 401, Charlotte, NC 28217.**

Six members from the manufacturing team of the **Red Flag Oil Factory, Tianjin, People's Republic of China**, have attended a training program at the **French Oil Mill Machinery Co., Piqua, Ohio**, to learn the operation and maintenance of French prepresses which will be installed at their plant. The equipment will process 300 to 350 tons per day of rapeseed, soybeans and other available oilseeds.

Richard B. Miller has been appointed vice president of manufacturing at the **Neatsfoot Refineries Corp.** in Philadelphia, Pennsylvania.

The flaxseed growers of Canada have established the **Flaxseed Council of Canada**, modeled on the **Canola Council of Canada**. The group's mandate includes supporting flaxseed research in breeding, industrial applications and food uses. The council's office is in **Winnipeg, Manitoba, Canada**. **Stan Baker** is president of the group.

The Ludwig Institute, associated with the University of Toronto, Toronto, Ontario, Canada, is closing. AOCs member **Ranjana Bird**, a researcher in the area of lipids and cancer at the institute, will join the Department of Foods and Nutrition, University of Manitoba, Winnipeg, Manitoba.

Pfizer Inc.'s chemicals division is expanding its polydex-

triose facility at **Terre Haute, Indiana**. The project is scheduled for completion early in 1989.

The Upjohn Co. has signed a business agreement with **Beecham Pharmaceuticals** of England to jointly market **Eminase**, a clot-dissolving agent for early treatment of patients with acute myocardial infarction, in the U.S. Also, **Upjohn** and **Chugai Pharmaceutical Co. Ltd.** of Japan have formed **Chugai-Upjohn Inc.**, a jointly owned corporation for developing and marketing **Chugai** products in North America. Meanwhile, **Upjohn** has filed an **Investigational New Drug Application** for an agent that inhibits human renin.

Biotech briefs

Novo Laboratories Inc. has dedicated its new research, marketing and administrative facilities in **Danbury, Connecticut**. The two-story, 80,000-square-foot facilities are the company's U.S. center of sales, marketing and research for its bioindustrial group. Principal products include industrial enzymes. Also, **Novo** has announced it will acquire privately owned **ZymoGenetics Inc.**, the **Seattle, Washington**, based bio-science company.

Ecogen Inc. of **Langhorne, Pennsylvania**, a biotechnology company specializing in biopesticides, and **EniChem S.p.A.** of **Italy** have signed a research and development agreement for a licensing agreement covering insect resistant corn, sunflowers and potatoes.

Donald L. Murfin, former president of **Lubrizol's** venture capital subsidiary, **Lubrizol Enterprises**, has left his post to launch his own venture capital fund, **Trident Capital Fund**. The firm's goal is to raise funds to invest in biotechnology, chemical and advanced materials businesses. While at **Lubrizol**, **Murfin** became a lead investor in the biotechnology firms **Genentech** and **Sungene** and serves on both firms' board of directors.

Unilever has announced a revision of the organization of its seed breeding unit, **Plant Breeding International**, formed last year. The unit now will have access to **Unilever** facilities at **Bedfordshire, England**, and **Vlaardingen, The Netherlands**. The unit works on oil-bearing crops, wheat, barley, potatoes and pulses.

Errata

The Milestone article in the May issue of **JAOCS** (pp. 714-715) incorrectly states that **Cargill Inc.** purchased **Producers Cotton Oil** in **Fresno, California**. **Joseph Smith** of **Oilseeds International Ltd.** wrote to say that **Producers Cotton Oil** almost was purchased by **Cargill** but the transaction was never completed. **Producers** subsequently was purchased by **Dunnivant Enterprises Inc.** of **Memphis, Tennessee**, in **November 1987**.