OIL & FAT INDUSTRIES

The Editor's Page

The Situation in Europe—and Here

IN THIS issue, we are privileged to publish a summary of the European oil and fat consumption for the first three months of 1930, as reflected by the imports and exports of the principal countries. The outstanding fact shown by the figures is the substitution of whale oil and other fish oils for an important proportion of the leading vegetable oils of European commerce. Next in interest is the apparent condition of actual decline in quantity of the total amount of oils and fats of all kinds consumed by the major European markets.

There can be but one interpretation of such a situation: that there has been a definite decrease in the buying power of the public in those countries which have been so affected. Fat of some kind is an essential part of all diets, and a decrease in the consumption of fats undoubtedly indicates a tightening of the collective purse strings of the buying public.

The inevitable result of decreased European buying is promptly reflected in lower oil and fat prices in this country, which may be verified at the present time by a glance at the market report, showing lower prices for all grades of fats than have been current at any time since the beginning of the recent World War.

Wherein lies the reason? In a place not generally suspected, in our opinion. An analysis of the figures of oils and oil-bearing materials imported for domestic consumption in the various European countries will show that the decline has been most marked in England, Holland and France, and that Germany has shown, on the other hand, a substantial increase in imports available for domestic consumption. A study of the figures of whale oil production and consumption will show immediately that there has been a large net import and production of whale oil in the United Kingdom, in Holland and in Germany. France, on the other hand, has not materially increased her whale oil importation or production, but has benefited by a bumper olive crop, which has enabled her to reduce her imports of oils and oil-bearing seeds.

It is apparent, therefore, that England and Holland have substituted whale oil and other fish oils for a portion of the vegetable oils which enter into their respective economies, that the consumption of all classes of fats, including the marine fats, is steadily increasing in Germany, and that France is conservatively remaining true to the higher grades of vegetable oils. These conditions have combined to lower world prices of oils and fats at the present time, but it is in order for American consumers to pay strict attention to the progress of Antarctic whaling, for any sudden failure of the whale catch will be followed closely by a marked advance in oil and fat prices.

Junk!

ACCORDING to an engineer well versed in modern plant practice, there is too much machinery and equipment still doing duty in oil and fat refineries, which should long ago have been consigned to the junk pile. Boilers, tanks, kettles, mills, piping, packaging equipment, dryers, and other machinery were mentioned by name. One instance was particularly pointed out, the case of a compound plant, the owners of which had steadfastly refused year after year to put in two much-needed boilers to replace two which had long since outlived their usefulness. They took it out in patching up the old wrecks, until not so long ago, within a few days of each other, the two old-timers gasped their last and refused to make steam any longer. The several weeks delay in replacing them at a time when they were most needed, cost a great deal more in dollars, time, and delayed production than the entire cost of the equipment if it had been put in when first needed.

Break-downs from patched up machinery and equipment are all too common. And it seems that these break-downs always come at a time when they can least be afforded. That it is shortsighted policy to save one dollar this year and spend out two next year for the same thing, goes without saying. Yet there are hundreds of plant owners who do it year in and year out. Those who would not bet a nickel at a thousand to one on a broken down plug in the Kentucky Derby, will gamble the efficiency of their plants on a lot of patched up machinery. And, the odds are a hundred to one against them in modern competition.

In this American oil industry of ours, we are told that there is still enough junk operating to be melted up and make a couple of first rate battleships. Be that as it may, experience proves that the cost of de-junking a plant does not come as high in the long run as keeping the junk running, with the ever-present attendance of faithful mechanics, until it emits its last gasp.

Soybean Oil Association

The National Soybean Oil Manufacturers' Association was organized in Chicago, May 21, at a meeting of representatives of crushers of soybeans, distributors of soybean oil, handlers of soybeans, and agricultural departments of universities in the Middle West. The new association will embrace as active members manufacturers and refiners of soybean oil. Associate memberships will be offered to others interested in the projects of the organization.

The officers of the new association are:—President, Otto Eisenschiml, of the Scientific Oil Compounding Company, Chicago; vice-presidents, W. L. Shellabarger, of the Shellabarger Grain Products Company, and R. G. Dahlberg, of the Armstrong Paint & Varnish Works; secretary, Whitney Eastman, of the William O. Goodrich Company, Milwaukee; treasurer, I. C. Bradley, of the Funk Brothers Seed Company. Other directors are H. G. Atwood, of the Allied Mills, Inc.; Robert Bennet, of Spencer Kellogg & Sons; Edward Evans, W. E. Flumerfelt, of the Central States Chemical Company; David Lewis, of Falk & Co.; E. K. Scheiter, of the A. E. Staley Manufacturing Company, and B. C. Williams.

Whitney Eastman, chairman of the organization committee, reported an outline of the purposes of the association. These include stimulation of production and consumption of domestic soybean oil, formulation of equitable trading rules, and establishment of the industry on a firm basis of ethics. Harry S. Haze, of Harry Haze, Inc., presented a tentative set of trading rules. These were discussed at length and adopted after a few minor changes had been made.

Glenn H. Pickard, for the technical committee, presented tentative specifications for soybean oil. These were adopted, and a permanent technical committee will be maintained. At the suggestion of Prof. Roger Adams, of the University of Illinois, a research committee was created for the purpose of developing new uses for soybean oil. Mr. Pickard will be chairman of this committee.

Unilever, Ltd., Reports

With the accounts of Unilever, Ltd., (formerly Margarine Union) for 1929, just issued, are combined those of Unilever, N. V., of Rotterdam, and a consolidated balance sheet and profit and loss account of the two companies. These are the two chief holding companies of the recent merger, and in order to give stockholders a clearer view of the financial structure of the organization a summary has been provided of the balance sheets of the five chief "sub-centers" of the organization — namely, Van den Berghs, Anton Jurgens' Vereenigde Fabrieken, N. V. Van den Bergh's Fabrieken, Jurgens, Ltd., and N. V. Hovema.

The combined profits of the two chief holding companies were £3,524,784 against £1,666,849 in 1928. Due to the great increase in the capital account arising from the acquisition of further businesses during the year, the dividend, though again at the rate of 10 per cent, requires £1,578,858, against £902,960 in 1928.

The accounts for 1929 of Lever Bros., Ltd., (the absorption into Unilever, Ltd., did not become operative until January 1, 1930) show that the net profit amounted to £6,213,505, an increase of nearly £1,000-000 over the 1928 figure of £5,274,075. Of the company's issued share capital of £56,-627,546, all but £2,400,000 in ordinary shares is in the form of preference and preferred ordinary shares carrying fixed rates of dividend. These fixed dividends again absorb £4,895,534, while a dividend of 10 percent is to be paid on the ordinary shares, compared with 5 percent in 1928, requiring £240,000.