National Cottonseed Convention

Economic Survey and Relations with Planters Outstanding Subjects of Discussion at New Orleans

THE thirty-fifth annual convention of the National Cottonseed Producers Association was held at the Roosevelt Hotel, New Orleans, Louisiana, May 18th to 20th.

Officers elected for the coming year were: President, Philip Rucker Lamar, of Rome Oil Mills, Atlanta; vice-president, V. P. Doughtie, of New South Mills, Helena, Arkansas; treasurer, George H. Bennett, Dallas, Texas.

In his presidential address, W. A. Sherman, the retiring president, stated that the cottonseed crushers had encountered hindrance where they had expected help through the investigation of the industry being conducted by the Federal Trade Commission. The Department of Agriculture, on the other hand has been of immeasurable assistance to the industry in research work and in disseminating educational data.

Mr. Sherman urged that the widest use be made of the findings of the recently completed economic survey of cottonseed and its products. Overcapacity of mills or presses was presented as one of the cottonseed products industry's major problems in the report of this survey of the industry. The survey disclosed that during the three-year period, 1927 to 1930, the oil mills had an average net profit of only 44 cents per ton, which the report declares "inadequate to maintain the industry."

The survey showed the total revenue from the sale of products by the mills during the three-year period to have been $752,154,086. Of this, $499,079,131, or 66.4 percent, went to Southern farmers who grew the seed. The seed merchants got 10.1 percent of the total revenue for the three-year period. The total net profits of the mills for the three years was listed as $6,481,547. This, the survey pointed out, was but nine-tenths of one percent of the total three-year revenue. The net profit of the mills, averaged 85 cents per ton in the first year; their operations showed an average net loss of 9 cents per ton in the second year and a net profit of 59 cents per ton in the third year covered by the survey.

The survey showed for the industry an over-capacity of between 50 and 60 percent, expressed in terms of presses, and presented data indicating there is not seed enough to keep all the mills in steady operation for much more than four months of the year. Figures were presented showing that conversion costs decreased substantially and profits increased in direct relation to the size of crush per press. The report said that, on the average, a minimum crush of 1,750 tons per press was required to enable the mills to "break even."

Another problem of the industry stressed in the report was "the lack of comprehensive public current market reporting facilities for cottonseed, such as obtains for other farm products." These conditions, the report said, affect not only the mills but even more those who produce the seed.

The grading rules adopted last year were too intricate, and did not form an accurate basis for trading in the light of experimentation, G. S. Meloy, senior marketing specialist of the United States Department of Agriculture, told the crushers. This was due in part, Mr. Meloy said, to the fact that cottonseed produced last year was not normal. He recommended 17-percent oil content in place of the 19-percent basis for grading in use during the past year, and offered a simplified algebraic formula representing oil content plus ammonia content as a quantitative index, and a basic percentage figure of 100 as a prime qualitative index (reduced 8 percent for bolly seed) as a guide for grading, the grade to represent the combined quality and quantity indexes. This was offered as a basis for the simplification and changing of rule 40, section 4, as a step toward the popularization of seed grading. Mr. Meloy defended free fatty acids analysis as representing a saving of one-third, on the average, to sellers, in comparison with the color-of-kernel method of determining deterioration in cottonseed shipments.