U.S. fats, oils imports expected to rise

Importation of food fats and oils into the United States should continue at present to slightly increasing rates, while their overall prices should decline, according to a new report from the U.S. International Trade Commission on "Imported Food Fats and Oils: Growing Competition for U.S. Agriculture."

Copies are available from the U.S. International Trade Commission, Office of the Secretary, 701 E Street NW, Washington, DC 20436, or by calling 202-523-0161. The report is USITC Publication 856.

Until 1974, imported food fats and oils generally amounted to about 10% of U.S. annual consumption of food fats and oils, or under $150 million. In 1973 and 1974, the report notes, imports rose to $380 million (13%) and $480 million (17%), respectively. In 1975 imports declined to $338 million (14%).

The report concentrates on palm oil, palm kernel oil, coconut oil, and cocoa butter, which represent more than 95% of U.S. imported food fats and oils. Increasing use of imported fats and oils has been made possible by technological improvements in refining techniques, the report said.

For palm oil, the report says U.S. imports in the next few years are unlikely to reach the 1975 peak of 960 million pounds, with imports being about 890 million pounds by 1980. For lauric oils, imports are expected to fall short of the peak year of 1976, with prices following the lead of palm oil and domestic soybean oil.

For beyond 1980, the report says two factors may limit demand for palm oil. The first could be generation of sufficient foreign exchange in developing nations; the second might be increasing U.S. dietary concerns about use of saturated fats and oils, with palm oil being a highly saturated oil.

Palm kernel oil appears to be subject to a slowly but steadily increasing demand in the U.S. for use in shortening and other foodstuffs, the report says.

Imported coconut oil is increasingly used for edible products, the report says.

Imports and consumption rose about 3.7% annually during 1960-76, and that trend probably will continue in the next several years, the report says.

Cocoa butter is the least responsive of the imported oils to price changes because substitutes are not as readily available. U.S. cocoa butter consumption, however, may be limited by the relatively high price and the development of a successful vegetable fat substitute. There is a statistical trend toward greater use of hard butters to replace cocoa, the report said. ●

Edible fats, oils use declines

U.S. edible fats and oils usage during 1977 totaled 10.7 billion pounds, according to the U.S. Department of Commerce's final 1977 report on production, consumption, and stocks of fats and oils.

The total in 1976 was 10.8 billion pounds.

Consumption during 1977 by categories of products, with 1976 figures in parentheses, was: baking or frying fats, 3,856.5 million pounds (3,923); salad or cooking oils, 4,357.5 million pounds (4,350.6); margarine, 2,203.9 million pounds (2,090.9); other edible products, 421.2 million pounds (444.5). The figures listed above are not seasonally adjusted.

Total inedible oils consumed during 1977 was 5,618.5 million pounds compared to 5,700 million pounds in 1976. Both figures are not seasonally adjusted.

Census Bureau nonseasonally adjusted figures on production of crude vegetable oils during 1977 (with 1976 figures in parentheses) are: soybean oil, 8,863.2 million pounds (9,639.5); cottonseed, 1,249.2 million pounds (982.3); peanut, 253.5 million pounds (481); corn, 671 million pounds (690.3); and linseed, 166.4 million pounds (170.6). The linseed totals are nine-month totals for both years, data being withheld for three months by the Census Bureau to avoid disclosing figures for individual companies. ●

Yugoslavia soybean imports expected to rise

Yugoslavia may need to import 200,000 tons of soybeans during calendar year 1978 and about 310,000 tons during 1979 to meet production goals at its new Zadar crushing plant and a crushing plant scheduled to open in 1979 in Becej.

A report by James K. Freckmann, U.S. agricultural attache in Belgrade, on Yugoslavia's fats and oils industry says the 1977 sunflowerseed crop was a record 481,000 metric tons, as were soybeans (66,000 tons) and rapeseed (38,000 tons). However, Yugoslavia's target goals of 695,000 metric tons of sunflowerseed, 146,000 tons of soybeans, and 75,000 tons of rapeseed annual production by 1980 appear to be too high, Freckmann said. "Of the targets, that for sunflowerseed has the greatest chance of being met," he said.

The Oil Producers Association estimated that sunflowerseed acreage for 1978 will be about 268,000 hectares, compared to 208,000 in 1977; soybean acreage up 12,000 hectares to 48,000 hectares; and rapeseed up 17,000 hectares. Final decisions on acreage were not expected until planting time; Freckmann's report was dated Feb. 28.

Sunflowerseed yields rose in 1977 to 23.1 quintals per hectare (a little over one ton per acre) from the 1976 yield of 18.3 quintals mainly because new hybrids were used on

(continued on page 395A)

solvent extraction plants: "Direct solvent extraction of cottonseed is more efficient when the residual lint on delinted seed is less than 2-½% by weight."

"Pre-press solvent extraction processes require that lint on black seed be no more than 3% by weight and that the hull content be adjusted so that maximum protein can be achieved in the spent desolventized cake. Excessive lint in cottonseed meats will result in lower oil yields and higher solvent losses."

The basic reason for processing oilseeds, such as soybeans, sunflower, sesame, safflower, and others is *specifically* for extracting the oil and cake, whereas cottonseed has an additional revenue from linters. Even if it should become uneconomical to grow these other oilseeds for the oil and cake, cottonseed would still be available with a by-product of linters.

Too much emphasis is sometimes placed on the cost of delinting cottonseed due to an unawareness of the true monetary value which can be derived from linters.

The current cost of delinting, based on actual calculations taken from oil mills processing seed in the state of Texas in mid-1977, amounted to approximately 2.39 cents per pound. This number has been confirmed and verified by two qualified sources. This is for saw delinting operation, and the breakdown in cost per pound of lint was as follows:

Bagging and ties	.235 cents
Saws and gummer files	.131 cents
Power	.750 cents
Labor	1.010 cents
Maintenance	.160 cents
Handling	.072 cents
Total	2.358 cents per pound, f.o.b. Mill.

This confirms that *the lint room is a profitable operation even when the average price of first- and second-cut lint is as low as 3 cents a pound.* With the ever-increasing demand for the products of linter pulp, it is inconceivable that the price would ever again drop near that level. Currently, the total average price of first-cut and second-cut in mid-1977 is double the cost of delinting. For example, 60 pounds of first-cut at 10 cents a pound returns $6.00 a processed ton; 110 pounds of second-cut lint at 5.5 cents a pound returns $6.05 a processed ton; a return from the total 170 pounds first and second-cut lint of $12.05, which after a processing cost of (2.358 cents a pound) $4.00 per ton, leaves a profit of $8.05 a ton f. o. b. Mill.

In some areas of the world, lint recovered per ton is in excess of 200 pounds, for a substantially higher revenue. Lint prices on the West Coast and other parts of the world are normally higher than average U.S. prices, whereas a higher profit is realized.

Reducing lint left on seed to 2-½% or less will substantially maximize the efficiency throughout the rest of the oil mill, especially in separation of hulls and meats, thus leaving the minimum of lost oil in the hulls as well as also maximizing your oil recovery in the mechanical or solvent extraction plant.

The price of linter pulp has had a positive increase since 1971, and a strong demand and great future is seen worldwide for the "Purest Cellulose in Chemistry."

[Received January 9, 1978]

(continued from page 393A)

more than 100,000 hectares. Hybrid seeds should be available for more than 200,000 hectares this year, Freckmann said. About 462,000 tons of the 481,000 ton sunflowerseed crop were crushed, producing about 194,000 tons of oil – an extraction rate of 42%, considerably higher than last year primarily because of the hybrid varieties.

Soybean yields rose to about 27.2 bushels per acre from 22.9 bushels per acre in 1976. Soybean oil production in 1977 was estimated at 25,180 metric tons, most from imported soybeans crushed at the Zadar plant that began operations July 6, 1977. National extraction rate was about 16% and may rise to 17% in 1978 because of the efficiency of the new plant. Rapeseed oil production for 1977 is estimated at 14,700 metric tons, a 42% extraction rate from 35,000 metric tons crushed. Olive oil production totaled 1,926 metric tons in 1977, compared to 2,035 metric tons in 1976.

Oilseed meal production totaled 296,564 metric tons, compared to 159,942 tons in 1976, with 157,000 tons from sunflowerseed (108,890 in 1976); 122,764 tons from soybeans (35,112 in 1976); and 16,800 from rapeseed (15,940 in 1976).

The Zadar plant may mean Yugoslavia will not import any vegetable oils during 1978, Freckmann said. About 200,000 metric tons of soybean meal may be imported during 1978. Yugoslavia is not expected to export edible vegetable oils during 1978. ●

Nigeria commercial peanut crop small

Nigeria peanut production appears to be falling because farmers find it more profitable to grow other crops, and the risks in successfully producing a good peanut crop are greater, U.S. agricultural attache W. Garth Thornburn reported in March from Lagos.

Total peanut production for 1977/78 is estimated by Thornburn at 450,000 metric tons (shelled basis), of which about 2,000 tons will be used for commercial products. About 350,000 tons are consumed in growing regions, never getting to commercial channels. Another 100,000 tons are believed held by buying agents and middlemen in anticipation of rising prices or for crushing to oil for increased profit. Last year, Thornburn reported that only 6 of 19 oilmills were operating. This year he said 80% of the mills are closed with the rest, as last year, mostly crushing cottonseed or refining imported peanut oil.

A February seminar sponsored by the Nigerian Groundnut Board recommended a 20% increase in the producer price for a ton of peanuts, which would bring the Nigerian price up to world market prices. That seminar also recommended production of suitable seed, development of better weed control techniques, crop insurance, and use of herbicides, among other steps to increase production. ●

India peanut crop may increase slightly

Peanut production in India for 1977-78 is estimated at 5.5 million metric tons in the shell, compared to the 5.3 million tons produced during 1976-77, according to a report from Charles W. Clendenen, U.S. agricultural officer in Bombay.

The government is not likely to permit exports of peanuts during calendar year 1978, Clendenen said, with peanut meal exports expected to be about 750,000 tons, the same as 1977. Edible oil imports are expected to continue around 800,000 metric tons, contingent upon the rapeseed and mustard seed crops.

An expert committee appointed last October has recommended that all possible measures be taken to expand acreage of high-yielding varieties, to develop oilseed varieties suitable for different conditions, and to assure irrigation to reduce production fluctuation.

Late last year, one government official urged that the government take over wholesale trade in edible oils and seed, a suggestion that met with encouragement when discussed by members of the Indian parliament last December, Clendenen reported. ●