

Ferruzzi, CBOT dispute rules

Italian food conglomerate Ferruzzi Finanziaria S.p.A. has asked for a review of Chicago Board of Trade rules and regulations regarding trading of soybean contracts.

The request followed an emergency liquidation ordered by the Chicago Board of Trade Governors on July 11 when the board said it feared Ferruzzi's acquisition of July contracts for 23 million bushels of soybeans might cause some traders to have to default. The Board of Trade said that would have undermined confidence in the sanctity of trading contracts.

Ferruzzi and others said the liquidation order appeared to be aimed at Ferruzzi as a non-U.S. firm and the action would undermine overseas confidence in the Board of Trade.

David Swanson, who heads Ferruzzi's Central Soya Co., said it may be that the rules adopted years ago were antiquated in an era of fewer and larger soy processors. At the time of the liquidation order, Ferruzzi also threatened to sue the Board of Trade.

In addition, U.S. legislators threatened to hold congressional hearings; the head of the American Soybean Association advised CBOT to convene its farmer relations committee quickly, and China and the Soviet Union expressed displeasure. Ferruzzi said some of the beans it had bought were destined for export to third parties, including the Soviet Union.

The ordered liquidation of large positions in the July soybeans futures contracts came after several efforts at "behind-the-scenes" negotiations urging Ferruzzi to voluntarily reduce its position. There were more than 40,000 open contracts on July 11 compared to 4,300 at the same time the previous year and 1,594 two years previous, according to a Chicago newspaper report. With each contract representing 5,000 bushels of soybeans, the CBOT order required traders to reduce positions to no more than 600 contracts, or 3 million bushels. No listing had been made as of late July as to how many firms held contracts on more than 3 million bushels, but the action was clearly aimed at Ferruzzi. Soybean prices fell almost \$1 a bushel on the July contract. The Italian firm said it acquired the contracts to fulfill its own sales obligations as well as to supply its worldwide soy crushing facilities. Swanson told the American Soybean Association meeting on July 21 that Ferruzzi uses more than 20 million bushels of soybeans about every 45 days.

Initial media speculation had been that the CBOT acted to prevent one participant from "cornering" or "squeezing" the July soy futures contract. Ferruzzi reportedly held contracts for 23 million bushels of soybeans—about 4,600 contracts. Ferruzzi's Cen-

tral Soya Co. is one of the U.S. top three soy processing companies. Ferruzzi also owns Leisieur in Europe, with significant shares in other food companies.

If the liquidation had not been ordered, July soybean contract prices might have risen some 20%, the *Wall Street Journal* said it was told by some speculators. Some traders might not have been able to afford to buy enough beans at those prices to cover their contracts, which would have put them in default, a situation the Board of Trade wished to avoid.

How might the soy trading procedures be reformed? At present, the only official delivery points for contracts are warehouses in Chicago and in Toledo, Ohio. One suggestion is to add more delivery points, with Rotterdam and Brazil mentioned in a *Wall Street Journal* article. Other suggestions are to require major traders to disclose their trading positions or to require sellers of large quantities to certify that they own soybeans at locations near official delivery points.

Near the end of July, there were reports Ferruzzi had been heavily in the August soybeans futures contract, perhaps a prelude to another confrontation as the August contract neared its close.

Cholesterol risk higher than previously thought

U.S. health researchers say that 60 million U.S. adults need to reduce serum cholesterol levels, according to a new report from the U.S. Federal Centers for Disease Control. Previous estimates were that 40 million adults should consider taking steps to reduce cholesterol levels. The 60 million figure represents about 36% of U.S. adults. The statistical analysis was based on data collected through 1980.

The higher estimate resulted from consideration of other coronary disease risk factors—cigarette smoking or high blood pressure—along with the cholesterol levels to determine which persons need to reduce cholesterol levels. The previous estimates were based solely on cholesterol levels and did not consider the impact of other risk factors. The study was published July 7, 1989, in the *Journal of the American Medical Association*.

Soyfoods association plans labeling seminar

A seminar on soyfoods labeling will be held Sunday, Sept. 24, at the Philadelphia Civic Center as part of the "Natural Foods Expo '89 East" event.

The seminar is in response to increasing complaints by the U.S. Food and Drug Administration against U.S. soyfoods marketers, according to an announcement from the Soyfoods Association of America. Soyfoods and legal specialists will participate in the seminar. Earlier this year the chief executive offi-

cer of a soyfoods company was sentenced to 30 days in jail in a dispute over labeling claims.

NOPA re-elects

James W. Lindsay of Ag Processing, Omaha, Nebraska, has been re-elected chairman of the National Soybean Processors Association, whose name officially changed to the National Oilseed Processors Association (NOPA) effective Aug. 1, 1989. He was elected to a third consecutive term.

C. Lockwood Marine of Central Soya Co. Inc., Fort Wayne, Indiana, was re-elected vice chairman. Other officers include John March of Cargill Inc., secretary; and John Burritt of National Sun Industries, treasurer. Chief staff positions will continue to be held by Sheldon J. Hauck, president, and Brose A. McVey, executive vice president.

NOPA has six standing committees: canola crushers, safflower crushers, flaxseed crushers, sunflower crushers, international trade policy, soybean meal trading rules and soybean oil trading rules, as well as a technical committee and a committee on safety, health and loss prevention. Hauck said the change in name reflects the diverse operations of current NOPA members.

The association's 1990 annual meeting will be June 22-27 at the Inn and Links at Spanish Bay, Pebble Beach, California.

Rumanian oilseed crop up 33% to 1.3 MMT

Rumania's 1989 oilseed production may reach 1.3 million metric tons (MT), up 33% over the previous year, and almost enough to supply the 1.5 million MT expected to be processed in the country's 17 oilseed crushing plants during the coming months, according to a U.S.D.A. observer's reports.

Total 1990 oil production is forecast 439,000 MT. Vegetable oil is rationed at one liter per person per month. No oil imports are expected for 1990.

Sunflowerseed accounts for 780,000 MT of the oilseed crop; soybean, 450,000 MT; rapeseed, 60,000 MT; and flaxseed, 38,000 MT.

Venezuela offers plan to liberalize tariffs

Venezuela, seeking admission to the GATT (General Agreement on Trades and Tariffs), has announced plans for liberalizing its tariff schedules through 1992. The proposal shows lower duties for soybeans and for most vegetable oils, but USDA observers note non-tariff tactics have been used in the past to control agricultural imports. Tariffs on crude soybean, cotton-

seed, peanut and sunflowerseed oils would drop from 20% to 10% under the proposal, while tariffs on crude olive, corn, sesameseed, and coconut oils would drop to 15% from 20%. Oilseed meal tariffs would decline from about 40% to 10%. Under the plan, government monopoly on imports of some products also would be discontinued.

Greece's crushers at 58% capacity

Greece's 42 oilseed crushers operated during 1987/88 at only 58% of the estimated 4,200 MT/day capacity. USDA observers say 31% of the seed crushing facilities process only cottonseed; the other are multiseed operations. Limited supplies of the sunflowerseed oil preferred by consumers have led to increased use of corn and soybean oils. Olive oil is the dominant edible oil in Greece. For 1988/89, estimates are that Greece consumed 180,000 MT of olive oil, 38,000 MT of cottonseed oil, 36,000 MT of sunflowerseed oil, 23,000 MT of soybean oil, 3,000 MT of palm and 36,000 MT of other oils.

New German rapeseed facility to be built

Agricultural cooperatives in Schleswig-Holstein, a major German rapeseed growing area, have announced plans to build a new rapeseed mill, with annual crushing capacity of 100,000 MT, in the Kiel Harbor on the North Sea-Baltic Canal. Krupp Industries has been contracted to provide equipment in time for processing 1990 crop rapeseed, according to USDA reports. The mill is to produce only cold-pressed oil, with high-fat, low-glucosinolate rapeseed meal available to local swine producers. The plant capacity is equivalent to about one-third the annual Schleswig-Holstein rapeseed crop. A USDA report said some analysts say the project economics could be threatened during period of high oil and low meal prices.

U.S. soybean crop: 1.95 billion bushels

The U.S. Department of Agriculture's final soybean planted acreage report for 1989 said 61.3 million acres are planted to soybeans this year, compared to the March prospective plantings forecast of 61.7 million acres.

Based on that acreage and growing conditions in early July when the mid-July report was being compiled, USDA estimated U.S. soybean production at 1.95 billion bushels, slightly more than 32 bushels an acre.

Pakistani survey finds illegal oil usage

A Pakistani government survey has found that many new ghee producers, who are supposed to use only local vegetable oils, have been using imported palm oil. The survey also found most of the 100 units surveyed were producing more product than they were authorized. Estimated total capacity was estimated at 2 million MT, compared to requirements for one million MT.

The results have been calls for increased government import control, for less government control, and for a second survey to determine quality of product sold in unmarked containers. USDA observers don't expect any immediate effect on edible oil imports.

IFT honors Chang

Stephen S. Chang, a past president of AOCS, is the 1989 recipient of the Institute of Food Technologists' (IFT) International Award. The award, given at the

IFT meeting in Chicago in late June, cited Dr. Chang for promoting the international exchange of ideas in food technology. The award consists of an embossed plaque and \$3,000.

Dr. Chang, now retired, was a professor of food science and chairman of the Department of Food Science at Rutgers, State University of New Jersey, for many years. He has worked both with the government of Taiwan and with the People's Republic of China to establish programs related to food science and technology.

A native of China, he earned his bachelor's degree from Chi-Nan University of Shanghai in 1941 and his graduate degrees from U.S. universities. He has received nearly two dozen domestic and international awards for his accomplishments in oil and lipid chemistry.

Also at the IFT meeting, Daryl B. Lund was elected 1990-1991 president of IFT; he will take office July 1, 1990. Lund is professor and chairman of the Department of Food Science at Rutgers as well as associate director of its Agricultural Experiment Station.

IFT cites innovations

An expert panel on food safety and nutrition organized by the Institute of Food Technologists has ranked what it believes are the most significant food science innovations during the past 50 years.

Aseptic processing and packaging were selected as the most significant development. Safe canning of vegetables and the development of the microwave oven finished second and third, respectively.

Innovations that did not make the Top 10 list but merited mention by the panel were polyunsaturated corn oil margarine, fat hydrogenation, high-fructose corn syrup, aspartame and extruded food technology.

Scientists on the panel said microorganisms—such as salmonella and listeria bacteria—and naturally occurring toxicants such as aflatoxin will be of chief concern in the coming years.

TSOMA meets

Approximately 200 persons attended the 64th annual convention of the Tri-States Oil Mill Superintendents Association (TSOMA), held June 25-27, 1989, in Biloxi, Mississippi. The technical program, organized by James Crawford of Anderson International, covered a broad range of topics.

Keynote speaker was David Swanson, president and chief executive officer of Central Soya Co. Inc. Swanson addressed the importance of agriculture to U.S. and world economy and pointed out concerns over a potential trade war between the U.S. and the European Economic Community (EEC). He stressed the need for economic reform in agricultural trading practices.

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Other topics covered by 14 papers ranged from the usefulness of AOCS methods in monitoring quality during oil processing, to marketing and advertising campaigns for various vegetable oils (canola, soybeans, cottonseed and rice bran), to commodity marketing (sales, futures and options). Associations reporting on marketing and advertising efforts noted that their campaigns had been positive, emphasizing the unique properties and benefits of the vegetable oil they were promoting. Other talks covered the application of soybean meal and soybean products for feeding livestock and poultry, and new nontraditional uses for cottonseed products.

TSOMA will meet again during early December in Memphis, Tennessee.

New firm

Matreya Inc. of Pleasant Gap, Pennsylvania, has been formed by Michael Seidel and Gary C. Walker, as supplier of the lipids line of products previously produced by Supelco Inc.

The firm expects to publish its second catalog during September. It expects to manufacture lipid products and mixtures, including polar lipids. The company mailing address is 500 Tressler St., PO Box 1, Pleasant Gap, PA 16823, USA (telephone 814-359-5060; telefax 814-359-5062).

Cottonseed oil use soars in U.S. during May

U.S. domestic cottonseed oil consumption in edible products soared to 98 million pounds in May 1989, the highest total for a single month since the 1960s, according to the National Cottonseed Products Association Inc.

Consumption in April 1989 was 71 million pounds and in May 1988 was 75 million pounds. For October 1988 to May 1989, consumption was reported at nearly 600 million pounds, compared to 400 million pounds for the same time period two years ago, when drought had restricted production.

NCPA officials attribute the surge to good supplies, relatively low prices, and an increasing demand for nonsaturated fats and oils by U.S. consumers.

Belgian facility changing from soy to multiseed

Conversion of a 1,800 MT/day soybean crushing facility in Antwerp to multi-seed crushing is expected to be completed in October.

USDA's ag counselor in Belgium estimates soft oilseed capacity will be about 1,000 MT/day, with rapeseed predominating. The soft oilseed crushing

plant at Izegem is expected to be converted to a sunflowerseed plant, with an estimated capacity of about 1,150 MT/day. The Ghent plant (3,400 MT/day) is expected to remain a soybean crushing facility.

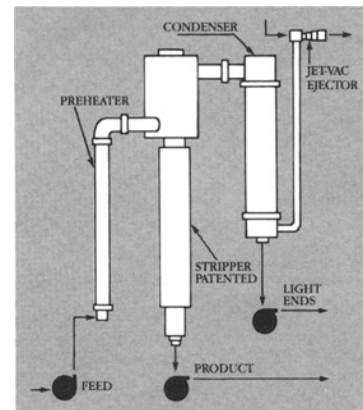
Indian oil imports should fall sharply for 88/89

India will need to import about 867,000 metric tons (MT) of oil during 1988/89 to meet all uses, according to a report by H.V. Mariwala, president of the Central Organization for Oil Industry and Trade. Mariwala's report was prepared for delivery at the International Association of Seed Crushers meeting during September in Buenos Aires.

The report anticipates domestic production of 5.691 million MT against demands of 6.558 million MT (7.1 kg per capita for 811 million people, plus industrial and export use). The edible oil deficit amounts to 717,000 tons, the report says.

USDA observers forecast 1988/89 oil imports at a lower figure, 500,000 MT, less than a third of 1987/88's record 1.8 million MT of imports. USDA oil

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production estimate for 1988/89 is 4.2 million MT (not including rice bran oil). USDA expects imports to rise to 800,000 MT for the 1989/90 marketing year, down from an earlier estimate of 1.2 MMT. The reduced forecast is because of a good start to the growing season for 1989/90.

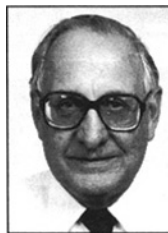
Early '89 fish catch rises 35% in Chile

Chile's fish catch for the first five months of 1989 was about 36% above the comparable period of 1988. The 1989 five-month total was about 2,778,700 tons, according to a U.S. Department of Agriculture report.

The increase may have been motivated by a desire to set new "historic" catch averages before a new national fishing law is approved.

News briefs

AOCS members **John Woerfel** and **L.S. Wei** received awards during the American Soybean Association's



Woerfel



Wei

1989 annual meeting. Woerfel received the American Soybean Association's International Marketing Award. Woerfel is now a consultant and has traveled extensively on ASA's behalf overseas. Wei received the ASA Utilization Research Award for his work on soy-based beverages. Wei is a professor of food science at the University of Illinois.

Palmco Inc. of Portland, Oregon, has been renamed **Premier Edible Oils Corp.** The company's address is 12005 N. Burgard Rd., PO Box 83599, Portland, OR 97283-0599, telephone 503-286-8342, telefax 503-286-0157.

Canola acreage in Canada in 1989 is estimated to total 8 million acres, according to members of the Crop Production Committee of the **Canola Council of Canada**. That figure is based on at least a 10% reduction in acreage from 1988; Statistics Canada's acreage report for 1988 showed 9.025 million acres planted to canola.

The **International Wheat Gluten Association's** annual **Hugo Deiters AIB Summer Fellowship Award** was presented to **Sherrill Broers**, a Kansas State University student, to help finance a 12-week summer study on the effect of wheat gluten in bagels to be rejuvenated in microwave ovens. The award is specifically for work to be done at the American Institute of Baking on practical uses of wheat gluten.

Marion Laboratories Inc. and the **Dow Chemical Co.** have announced completion of an agreement for combination of Marion Laboratories with **Merrell Dow Pharmaceuticals Inc.**

SVO Enterprises has named **Edmund P. (Mickey) Radigan** eastern regional sales manager and **David L. Hixson** international sales manager. Meanwhile, SVO has announced that the company's **TRISUN** high monounsaturated sunflower oil is available for retail sale in two brands of cooking and salad oils in Europe: **Vandermoortele** has launched its **Excellence** brand in Belgium supermarkets and **LeSieur** has introduced **Equilibre 4** (a blend of four oils) to French markets. Both brands are produced from oil from sunflower-seeds grown in Europe.

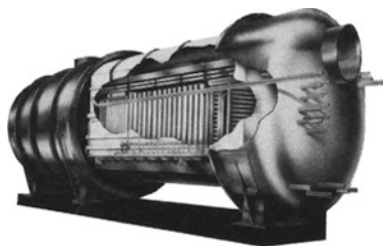
Wayne Pearson has been named director of the chemical and mechanical engineering departments at **Herzog-Hart Corp.**

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