

PROSPECTS FOR VEGETABLE OILS*

Abstracted from the "Economist," December 30th, 1950.

WORLD shortages of raw materials have not so far affected the main foodstuffs, though some hoarding has already occurred in certain of them. World supplies of oils and fats, for example, which made a remarkable recovery in 1949, have continued to expand this year and supplies still seem fairly adequate. The world total for 1950 has been provisionally estimated at 22½ million tons compared with 21¾ million tons in 1949 and 21½ million tons in the five years immediately prior to the outbreak of war. Meanwhile, world population has increased by at least 10 per cent. so that supplies per head of population are still well below the pre-war level. World exports though continuing to expand, are less than 80 per cent. of the 1934-38 average.

The improvement in oils and fats is largely attributable to a greater output of vegetable oils; the output of animal and marine products is still much smaller than before the war. Hence Britain was able to discard soap rationing last September but has had to retain the margarine ration until supplies of butter increase. But the prospects of larger supplies of vegetable oils in 1951 do not look promising at first sight. Asia accounts for nearly one-half of the world's exports. According to a survey prepared by the Commonwealth Economic Committee*, China is still the world's largest producer of vegetable oils, though it is by no means the world's largest exporter. Its main exports in recent years have been tung oil, soya beans, cotton seed and sesame. Before the war Manchuria was an important source of soya beans and even this year it has exported appreciable tonnages. The Philippines, Indonesia, Malaya, Ceylon, India and Pakistan are all big exporters of vegetable oils, though the Philippines was the only country whose shipments in 1949 exceeded their prewar level.

If trade with China and Manchuria is interrupted next year, world exports of tung oil and soya beans will almost certainly be reduced. China provides almost the whole of the world's exports of tung oil, of which the United States is the largest importer and Britain second. Tung oil is used chiefly in the manufacture of paints and varnish and in the production of linoleum and oil-cloths and as such could be replaced by linseed—if adequate supplies of the latter were available. Manchuria is still a large exporter of soya beans, though since the war the United States has developed an important export trade. If Manchurian supplies were to be cut off, the United States could probably bridge the gap in world exports, but it would have to extend its production even more than it has done in recent years and that will be no easy task. Supplies of cotton seed and sesame would also be reduced though not to any appreciable extent.

A serious shortage of vegetable oils should not occur unless Malaya and Indonesia were affected. Then, supplies of more widely used oils (coconut, palm and palm kernel) would be reduced. These threats may not materialise. But even if the present atmosphere of "near-war" continues, exporting countries next year may be less anxious to sell their output.

* "Vegetable Oils and Oilseeds." H.M.S.O 5s. (net.)