

LEAD INDUSTRIES ASSOCIATION

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TETRAETHYL LEAD

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For several years past representatives of the tetraethyl lead industry, who have spoken before the Lead Industries Association's annual meetings, have consistently painted a bright picture of the future outlook for tetraethyl lead and the consumption of pig lead which goes along with it. I am happy to be able to report that the outlook at the present time continues to be good.

During the past year the tetraethyl lead industry has had its own difficulties, but most of these have now cleared up, and we are looking forward to a future expansion of our business at a comparatively high rate. As most of you know, during the early part of 1951 the Government saw fit to impose a restriction on the use of tetraethyl lead as an antiknock compound in motor gasoline to make possible the building of a stockpile of the material for security purposes. While this limited the commercial sales of the product considerably, it had no effect on the industry's consumption of pig lead, since the manufacturers were permitted to produce at capacity rates in order to assure the building of the stockpile. This stockpile has now been completed, and on April 1 of this year the section of PAD Order No. 1 which restricted consumption of tetraethyl lead was rescinded.

It is still too soon to evaluate the effect of rescinding of this Order on the rate of consumption of our product in the refining industry, but from estimates that we have been able to make, based on the views of the refining

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companies, we have reason to believe that there will be an immediate increase in the consumption rate, due in part to the substitution of tetraethyl lead for expensive refinery processes for obtaining octane quality, and in part to general increases in the motor gasoline octane number throughout the country.

Aside from the shortage of pig lead in 1951, the principal reason why it was necessary to limit the use of tetraethyl lead while the stockpile was being built was due to the inadequacy of the productive capacity of the tetraethyl lead industry. This situation will no longer apply during 1952, since there is presently being installed in the United States a very substantial increase in productive capacity. By the end of the year, it is estimated that the industry will be able to produce approximately 550 million pounds of tetraethyl lead per year, compared with 400 million pounds in 1951. This represents an increase in capacity of 37½ percent, and probably is sufficient capacity to take care of any foreseen demands for the next several years.

Allowing that there will be sufficient tetraethyl lead capacity for the future, and there is good reason to assume that the demand for tetraethyl lead will increase, what does this mean in terms of pig lead consumption for the next several years? In order to make an estimate of the pig lead required by the tetraethyl lead industry, it is necessary for us to forecast the amount of gasoline which is to be consumed, the average octane quality of that gasoline, and the amount of tetraethyl lead which is to be used per gallon. Such a forecast is never very exact, but with the help of the refining companies in the petroleum industry, we are able to arrive at reasonably close estimates. Whereas the amount of pig lead reported as being consumed in 1951 was 128,607 tons, we expect that in 1952 the consumption will approach 150,000 tons. This is an appreciable increase, but we do not feel that it is the optimum by any means. With the advent of new valve-in-head high compression engines of the type recently introduced by General Motors,

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Chrysler, Ford and others, the need for higher octane gasoline becomes more pronounced. We would expect that at least through the years of 1953, 1954, and 1955, there will be a constant increase in the octane quality of gasoline, and therefore a constant increase in the need for tetraethyl lead. We would presume that by 1955 the pig lead consuming rate of the tetraethyl lead industry will reach 165,000 tons per year. This, of course, anticipates that there will be pig lead available through these years to permit this continual improvement in our market.

As naive as it may sound, we are hopeful that the producing branch of the lead industry will be able to work out its affairs, and to properly influence the activities of the Government so that we will not be forced into conditions of shortage such as we had in 1948 and again in 1951, which are so harmful to the normal growth of our business and to the business of the producing companies in turn.