Sales, Earnings

New Records Reported By Diamond Shamrock

Journal of Commerce Special

CLEVELAND, Ohio — Diamond Shamrock Corp. Monday reported record sales and earnings for both the fourth quarter and the 12 months ended Dec. 31, 1974.

For the full year, consolidated sales were $965.2 million, 48 per cent above $651.1 million reported for 1973. Net income from continuing operations increased 97 per cent to $94.3 million, or $5.78 per share, compared with $48 million, or $2.67 per share. Total net income for 1973, including discontinued operations, was $50.5 million, or $2.84 per share.

The 1974 results, according to C. A. Cash, president and chief executive officer, are in line with the company's forecast of October 1974, with estimated earnings for the year at $5.75 per share.

Discontinued operations include Pickands Mather & Co. and a polypropylene film plant which were sold in 1973.

For the final quarter, consolidated sales increased 49 per cent to $263.5 million, compared with $176.7 million a year earlier. Net income increased 105 per cent to $25.1 million, or $1.54 per share, compared with $12.3 million, or $.69 per share.

Strong Demand

Mr. Cash stated that there was strong demand throughout the year in practically all of Diamond Shamrock's major businesses, but added that there was some slackening in certain areas of chemical operations in December. "Even so," he said, "all major segments of the company achieved record sales and operating profits for the year.

"We anticipate some softness in certain segments of our chemical business in 1975, but our oil and gas business will continue strong throughout the year," Mr. Cash said. "Overall we expect 1975 earnings to be above the 1974 record level."

He based his outlook on (1) anticipated new oil and gas production resulting from the company's active exploration program, (2) new chlorine, caustic soda, and polyvinyl chloride production capacity, and (3) continuing strong agricultural chemicals demand.

Oil-to-Protein Project Set In Venezuela

Journal of Commerce Staff

LONDON — British Petroleum (BP), the Venezuelan Government, and private Venezuelan interests are to form a new protein company, Bio Proteinas de Venezuela (Venproteinas).

Depending on the successful outcome of special studies currently under way, Venproteinas intends to build a 100,000 ton-a-year protein plant at Puerto La Cruz in Eastern Venezuela to produce animal-feed protein from hydrocarbons using BP technology.

The protein plant would be the first to be built in a major oil producing country and the first commercial-scale plant outside Europe.

The company will use BP's process to grow a high-protein natural yeast on pure n-paraffins, which will be supplied by Venproteinas from an adjacent plant also using a BP patented process.

It is expected that the project will start in mid-1975, with commission planned for 1977-78.

Behind the Venezuelan Government's move into proteins is the desire to increase agricultural production and add value to the country's biggest natural resource, petroleum.

Extensive toxicological and nutritional evaluation trials, carried out over a 10-year period by independent institutes and research laboratories, have demonstrated the safety and high nutritional value of BP's yeast, toprina. The use of toprina in animal feed is permitted throughout the EEC, in Spain and in South Africa.

Shareholders in Venproteinas are: BP 20 per cent; the Venezuelan Government 60 per cent; and Venezuelan private capital — including animal feed compounders — 20 per cent.

Petrochemical Conference Set

Journal of Commerce Staff

LONDON — The current standing and future prospects of the world petrochemical industry — which has been noticeably affected by the recent sudden increase in the world prices of crude oil — will be evaluated at an international conference at the Royal Lancaster Hotel, London, on Feb. 5 and 6.

Leading personalities in the industry from many countries, and from institutions which invest in the industry, will be contributing papers on topics of current importance to bankers and investors.

The chairman of the conference, which is being organized by the London Financial Times in association with Oil Daily, will be E. Hoogendijk, member of the board of managing directors, Amsterdam-Rotterdam Bank.

Speakers will include C. M. Doscher, vice president of marketing and purchasing, Dow Chemical Europe; Professor U. Colombo, director, corporate research and strategic planning, Montedison; Dr. A. W. Taylor, chairman, petrochemicals division, ICI; Jagjivan Ram, minister of agriculture and irrigation, India; Dr. Ludwig Poullain, chairman, Westdeutsche Landesbank Girozentrale; and F.

Deliveries Up

was 7.62 gallons of turpentine, and 297.8 pounds of rosin.

Gum grading was: zero, WW less than ½ of 1 per cent WG, 7 N, 61 M, 29 K and below.

SAVANNAH (UPI) (USDA) — Overall sales of rosin were 344 drum equivalents, compared to 155 the week before and 480 a year earlier.

Sales f.o.b. plants, prompt drums, were: WW $41, WG $39; Bags WW $41.

Sales for export, f.a.s. ports, in prompt drums were: WG $40.75.

Overall sales of turpentine were 10,- ... gallons, compared with ... last

Plastics Corner

LDPE Market May Soften In First Half of 1974 And Tighten in Second

The U. S. supply of low-density polyethylene resins will probably soften slightly during the early part of this year, according to Stuart J. MacEachen, director of marketing for polymers, Northern Petrochemical Co., Des Plaines, Ill.

"However, unless there is a drastic downturn in the domestic economy, resin will likely return to a tightened position in the second half. The duration and severity of the coming winter could divert petrochemical feedstocks to heating fuels and cause further restrictions on resin availability," he added.

Mr. MacEachen provided The Journal of Commerce with an overview of his company's activities in low-density polyethylene from the time it began marketing product made at its 550 - million - pound - per - year plant in Morris, Ill. in 1972. Before that, NPC trained some of its personnel by selling "Norchem" low-density polyethylene made for it at the old Monsanto plant in Texas City, Tex.

Northern Petrochemical Co. is one of the "Big Five" LDPE producers. It makes about 9 per cent of the total U. S. production.

"When we went on stream in 1972, we entered the marketplace with production from one of the largest LDPE plants ever built. This was not a period of shortages. Our total output was absorbed, pricing stabilized and no major dislocations occurred.

"In early 1973, when the supply of resins became short, neither our product mix nor our customer base were fully developed. At that time we decided that constant communication with customers regarding the ever-changing situation was our best asset. We supplied them with regular technical tips on how to get the most out of their resins, and distributed resins to the best of our ability with an emphasis on the customer's needs.

"Our stable of LDPE products has now matured. In order to accomplish this, some resins offered prior to the shortage were withdrawn, but only when a product with equal or superior properties was available. At the same time, we were always preparing for a less tight market situation.

"In early 1974, resin shortages, spiraling inflation, and gloomy economic forecasts did little to alleviate the uncertainties that permeated our industry. The major contributor to this condition was, obviously, resin availability," Mr. MacEachen said. He said that NPC ended 1974 by supplying about the same tonnage that it did in 1973. As for 1975, his views were reported in the lead of this article.

According to Mr. MacEachen, some foreign polyethylene is now finding a market in the U. S., but he feels that because of their costs of production and the import duties they have to pay, they cannot compete on a value-pricing basis with domestic suppliers.

"The major drawback to the resin shortage," he added, "is the industry's inability to service new markets and support the past growth rate of existing markets. Our momentum has been temporarily idling, and this is not a sound position for any industry. Inflation and the high cost of capital, coupled with the uncertainty of feedstocks, will probably restrict investment in new plants and equipment, adding to our present dilemma."

MOCA Chronology 1973-74 Outlined

The court decision in the case of MOCA — 4,4' methylene bis - 2 - chloroaniline — has been described as a demonstration that the American system works.

Here is its chronology, as supplied by the Polyurethane Manufacturers Association, based in Chicago:

Litigation started in June 1973 when several organizations sought a stay of emergency standards issued for handling this complex chemical. The stay of enforcement was denied and PMA then sought, as an association, a variance from the published standards which covered 14 different hazardous chemicals and alleged carcinogens. A portion of the requested variance was granted, but not enough to prevent PMA members from being required to spend what they considered unreasonable sums of money to comply with regulations which the association and its members firmly believed to be both unwarranted and unreasonable.

The Department of Labor and the Occupational Safety and Health Administration (OSHA) persisted in their efforts to control use of MOCA. The standards affected many industries and many industrial products, which in turn affected many other industries dealing directly with consumer products such as business machines, snowmobile and other small engine components, wheels for industrial and other vehicles, and even the new Polaroid Land camera.

An OSHA Advisory Committee was appointed in June and its report was made in August to the secretary of labor who published it in early September.

The Occupational Safety and Health Act provides for public notice, discussion and submission of comments within 30 days of the publication of the recommendations of such a committee and further, that if there are objections to the committee report, a hearing must be held within 30 days of the final date for receiving comments. The Department of Labor, however, proceeded to telescope these provisions of the law and attempted to carry them forward within a three-week period — Sept. 7 to Sept. 28.

Again PMA objected strongly, and apparently ineffectually, since the department published standards and made them effective, without having followed the due process required by Congress in the act itself.

The Polyurethane Manufactures Association then brought suit charging the Department of Labor and OSHA with failure to observe due process and with acting in an arbitrary and capricious manner in publishing standards that were vague, not feasible and unwarranted. PMA emphasized that current safety technology, if used, was adequate to provide needed worker protection. Further, both employers and employes will be protected by permitting use of chemicals that are not harmful but vital to the continuation of the manufacture of polyurethane products so that plants that employ hundreds of workers can remain in business.

Briefs and counterbriefs were prepared and submitted during the summer and attorneys for PMA and for the government made their personal appearances before the court in late October.

After another round of briefs, the court handed down its judgment on Dec. 17, 1974 stating ". . . that the regulations applicable to 4,4' methylene bis (2-chloroaniline) (commonly known as MOCA) be, and the same are hereby vacated, and the cause be, and the same is hereby remanded for the publication of a proposed standard, to be followed by the required procedures for the allowance of comments and hearings. . . ."

Rex Plastics Earnings Rise

Rex Plastics, Thomasville, N.C., reports sales for the full year ended Nov. 30, 1974 amounted to $24,062,324 compared to $13,196,417 in the preceding 12 months. Net income rose to $3,520,518 from $659,316.

James W. Johnson, president, reported that Rex had made "two minor, but potentially significant acquisitions to supplement the operations of the Molded Products Division." One was Vizco Industries, Inc., of Charlotte, N.C., an electroplater of plastics for the electronics, appliance, automobile, furniture, and plumbing industries. The other was United Plastics, Inc., of Lexington, N.C., manufacturer of injection molded plastic parts. Both are being operated as divisions of Rex.

Rathmann Appointed

Klaus J. Rathmann has been appointed managing director of Interpolymer GmbH, Wiesbaden, Germany, a subsidiary of Interpolymer AG of Basle, Switzerland.

Hawkins Appointed

Dr. M. C. Hawkins has been appointed director, polypropylene, for Beaunit Corp.'s Fibers Division. He will be involved in all facets of Beaunit's polypropylene business including responsibility for the Fibers Division's commitment to TUA Marketing, Inc., the company's joint venture with Hercules Inc. Dr. Hawkins was previously director of fiber development for Beaunit and will continue to reside in Raleigh, N.C.