

OIL FROM COAL

HOME PRODUCTION IN EMERGENCY

EXTENSION OF PREFERENCE RECOMMENDED

There is published to-day by the Stationery Office (Cmd. 5665, 1s. 3d. net) the report of the Committee appointed by the Minister for the Coordination of Defence in April last "to consider and examine the various processes for the production of oil from coal and certain other materials indigenous to this country, and to report on their economic possibilities and on the advantages to be obtained by way of security of oil supplies in emergency."

The Committee consisted of Lord Falmouth (chairman), Sir Amos Ayre, Mr. A. E. Cutforth, and Professor A. C. G. Egerton, with Commander A. W. Nicholl, R.N. (Committee of Imperial Defence) and Mr. F. C. Starling (Mines Department) as joint secretaries.

Their recommendations (apart from those dealing with confidential matters) are set out as follows:—

GUARANTEED PREFERENCE

It is quite evident to the Committee that if there is to be further development of the production of oil from coal on any important scale, or, indeed, if the production of even the existing amount of oil products from home resources is to be maintained, a continuance of a guaranteed preference on home-produced spirit is essential. In existing circumstances the Committee have expressed the view that the amount of the preference necessary is not less than 8d. a gallon, which is the present rate of preference now given, but double the amount of the guaranteed preference.

The Committee, therefore, strongly recommend the continuance of a guaranteed preference for a period of 12 years from 1938, the rate being increased from 4d. to 8d. a gallon, and the guarantee extended to include Diesel oil for use in motor-vehicles.

The Committee have considered whether it is practicable to suggest any measures which might be taken to safeguard the Exchequer against—

- (a) a declining revenue from the duty on imported oils; and
- (b) an excessive preference to the home-producing oil industry.

It appears to the Committee that it should be practicable to meet these contingencies, and suggestions as to the manner in which they consider such safeguards might be provided.

LOW TEMPERATURE CARBONIZATION

(1) The Committee recommend that assistance to this industry should be limited to participation in the benefits to be derived from the guaranteed preference on home-produced oils. It will thus be afforded the same assistance as the other carbonization industries. The Committee consider that the grant of direct financial assistance for the establishment of further plants cannot be justified.

(2) The Committee consider that the facilities provided by the Department of Scientific and Industrial Research for carrying out, free of charge, an official test of low temperature carbonization plants should be continued; but that the tests and the reports thereon should cover all technical points connected with the operation of, and the products of, the process, and not merely with the carbonization aspect.

SYNTHETIC PROCESSES

The Committee consider that it would be of considerable advantage if the establishment of a plant for the Fischer process, and

bridged by a rise in world prices within a few years' time. Nevertheless, the situation may change, and if this should happen within a period of even 10 or 15 years from now, it must be recognized that a considerable number of years would be required in which to establish a new industry on the scale necessary to meet the needs of this country.

HOME SUPPLIES

The production of oil from home supplies is dealt with at length, and the possible methods are classified in three categories—natural petroleum and shale oil; the coal carbonization industries (gas industry, coke-oven industry, low temperature carbonization); and hydrogenation (Fischer and similar synthetic processes).

In regard to natural petroleum, they say:—

It has been for some years the policy of His Majesty's Government to encourage the search for natural petroleum in this country, but so far the quantities discovered have been negligible. . . . The Committee have taken note of the renewed activity which is being displayed in this direction, and, while it is possible that increased supplies may be found, they do not consider the position is as yet sufficiently clear to warrant them taking such a possibility into account as a factor affecting their conclusions.

The Committee consider that the shale oil industry is worthy of every encouragement.

Its raw material (they state) cannot be put to any other use, and there is no competition between its products and those of other existing home industries. Its production of Diesel oil would be of assistance in meeting the demand for fuel for heavy road transport, which is bound to be of great importance in time of emergency. In addition, although the motor spirit produced is not of high octane value, and hence cannot be used for aviation purposes, it is suitable for motor transport.

There are other considerable resources of shale in various parts of the country, but the possibility of the extension of the industry to utilize these is dependent upon the development of a process for the economical removal of sulphur, which is often associated with these shales.

CARBONIZATION OF COAL

HELP BY PREFERENCES

The carbonization industries are reviewed at length, and the Committee state that the assistance given by the preferences on home-produced oils has been of material help to the gas and coke oven industries and has resulted in an increase in the production of oil fuels. On the other hand, they take the view that low-temperature carbonization must, in the light of existing information, be ignored as a possible major source of indigenous oil supply. They add:—

To the extent that low-temperature carbonization can develop on normal lines it will, like the other carbonization industries, make a contribution to the problem of smoke abatement and efficient fuel utilization, and at the same time will provide some addition to the country's supplies of home-produced oils.

On the question of hydrogenation the Committee report at length on the operations at the Billingham plant of Imperial Chemical Industries, Limited, and reach the conclusion that at present the process must be regarded as most suitable for the production of high-grade spirit.

Under present conditions (the report states) the company would not be prepared to enter into any extension of their commitments in regard to further hydrogenation development, nor did they anticipate that any other commercial organization would be prepared to do so.

The company stated that even if the guarantee of protection were unlimited, they would not extend their hydrogenation commitments for at least another two years, when they would