Required Report: Required - Public Distribution **Date:** March 31, 2025

Report Number: CA2025-0017

Report Name: Oilseeds and Products Annual

Country: Canada

Post: Ottawa

Report Category: Oilseeds and Products

Prepared By: Erin Danielson

Approved By: Tacarra Birmingham

Report Highlights:

Production of oilseeds (including canola, soybeans, and sunflower seeds) is forecast to increase only marginally in MY 2025/26 over the previous marketing year, reaching 25.57 million MT. Strong canola oil demand from the United States is expected to continue as canola oil export prices average their lowest since 2020 and a weak Canadian dollar helps offset at least part of the newly imposed tariff costs on American importers. Canada continues to benefit from the U.S. Environmental Protection Agency's (EPA) December 1, 2022 determination to approve U.S. Renewable Fuel Standard (RFS) pathways for certain biofuels produced from canola oil. Canola processing levels and the export levels of canola seed and products in MY 2025/26 are highly dependent on the future determination of several regulatory factors in the United States and Canada.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

EXECUTIVE SUMMARY

Oilseeds

Production of oilseeds (including canola, soybeans, and sunflower seeds) is forecast to increase only marginally in MY 2025/26 over the previous marketing year, reaching 25.57 million MT. This forecast is based on Statistics Canada's survey-based seeding intentions data for MY 2025/26 and an assumption that yields will increase to reach the three-year average. Despite a forecast for decreased area seeded to canola compared to the previous year, canola is the main driver in the forecast for total oilseed production growth, driven by improvements in soil moisture conditions in Saskatchewan and Alberta and, subsequently, expected yield improvement relative to MY 2024/25. Total seed exports are forecast to fall as domestic processing of canola seeds increases. Imports of seed remains small due to Canada's limited capacity for soybean and sunflower seed processing, and its large domestic production of canola seed.

In MY 2024/25, the production of oilseeds fell three percent to 26.5 million MT over the previous marketing year. Canola is the main driver in total oilseed production decline, due to a reduction in area planted and reduced yields due to dry soil conditions compared to the previous marketing year.

Oil

In MY 2025/26, total oil production is forecast to increase by more than 16 thousand MT over the previous year to reach 5.3 million MT, subsequently leading to increased domestic supply and a decline in vegetable oil imports (mainly soybean oil). The oil production forecasts are based on three-year average extraction rates, which are higher than MY 2024/25 rates for soybeans and lower for canola.

Strong canola oil demand from the United States is expected to continue as canola oil export prices average their lowest since 2020 and a weak Canadian dollar helps offset at least part of the newly imposed tariff costs for American importers. U.S. importers will likely cover the tariffs for canola oil and pass any increased cost onto U.S. fuel consumers.

In MY 2024/25, total oil production is forecast to increase four percent to 5.25 million MT as Canadian canola processors crush more seed to meet strong U.S. demand. The United States runs a trade deficit with Canada on vegetable oils of which the vast majority is canola oil. This deficit is explained by the relative strength of the U.S. economy; renewable fuel regulations and tax incentives in the United States that induce canola oil import demand; and, the U.S. Environmental Protection Agency's (EPA) December 1, 2022 determination to approve U.S. Renewable Fuel Standard (RFS) pathways for certain biofuels produced from canola/rapeseed oil. With EPA's action, certain fuel pathways became eligible to generate Renewable Identification Numbers (RINs), provided they satisfy the other definitional and RIN generation criteria for renewable fuel specified in the RFS regulations.

In its first year (2023), EPA's determination generated a 43 percent increase in canola oil exports to the United States over the previous year. Export volumes were up 895 thousand metric tons to 2.96 million MT, and export value increased 23 percent to USD $4.8 billion. Canadian canola exports continue to benefit from EPA's revision.

Total oil processing capacity has increased from 8.28 million MT in 2011 to 14.56 MT in 2025, driven largely by Canada's Clean Fuels Regulation and the belief that Canada's renewable fuel sector would expand because of it, increasing demand for canola oil. But the oilseed and renewable fuel sectors state that political risk, a struggling economy, and regulatory uncertainty in both Canada and the United States stunted the growth of renewable fuel production capacity, leading to a large supply of exportable canola oil. Contacts in the domestic canola sector state that similar political and economic uncertainties have also stunted canola processing capacity, which three years ago was expected to reach 16.86 million MT by 2025.

Meal

Total meal production (canola and soy) is forecasted to increase about one percent in MY 2025/26 over the previous year, driven by an increase in the volume of canola and soybeans processed domestically for oil.

In MY 2024/25, total meal production is forecast to increase, again as a biproduct of oil production. Export growth is forecast to be in line with ten-year average growth, led by canola meal exports.

ACRONYMS

45Z: The U.S. Clean Fuel Production Tax Credit (45Z) is a tax credit established by the U.S. Inflation Reduction Act (IRA) and became available on January 1, 2025

BBD: The term 'biomass-based diesel' refers to biodiesel and renewable diesel. Canola oil, soybean oil, used cooking oil, and tallow are commonly used as a feedstock in both biodiesel and renewable diesel. Current growth in BBD production in North America is primarily in renewable diesel.

BTC: Blender's Tax Credit

CFR: Canada's Clean Fuels Regulation

RFR: U.S. Renewable Fuel Regulation

IRA: U.S. Inflation Reduction Act

MMT: Million metric tons

MY: Marketing years

PTC: Producer Tax Credit, such as 45Z in the U.S. IRA

UCO: Used cooking oil is a low-carbon feedstock used to produce biodiesel and renewable diesel.

MARKETING YEARS

The marketing years used in this report are:

- August to July: Canola complex, soybean complex, sunflower complex
- September to August: Peanut complex

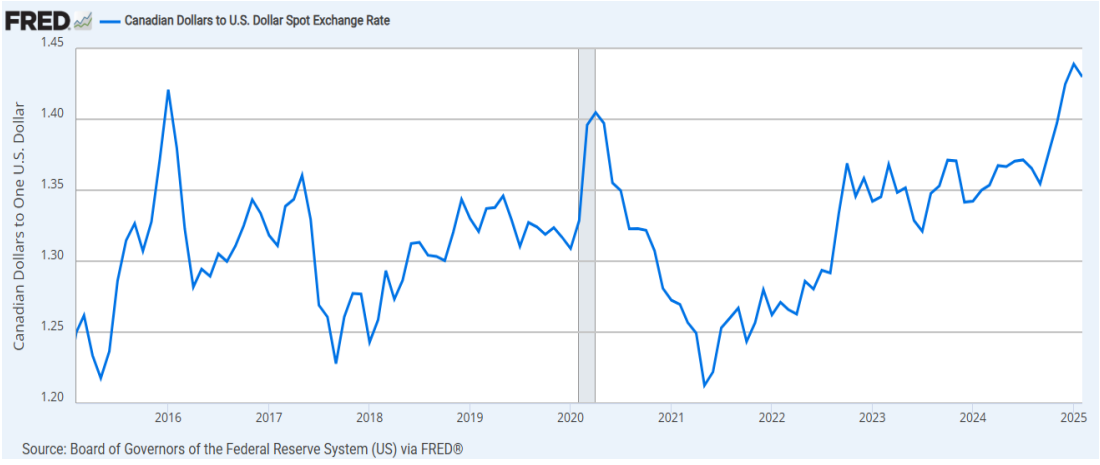
POLITICAL AND ECONOMIC FACTORS AFFECTING OILSEED COMPLEXES

The forecasts in this report (including the MY 2025/26 trade and domestic usage forecasts, as well as the second half of the MY 2024/25 forecasts) are highly dependent on several variables:

U.S. and Canadian tariffs: On March 4, the United States imposed 25 percent tariffs on all Canadian imports except energy which is subject to a 10 percent tariff. In response, the Government of Canada immediately imposed 25 percent tariffs on CDN $30 billion in goods imported from the United States, including canola oil and sunflower oil but excluding soybean oil. It also issued a notice of intent to implement a second round of tariffs on CDN $125 billion in imports of additional goods from the United States. U.S.-imposed tariffs were paused on March 18 through April 2 on USMCA-compliant products. Canadian-imposed tariffs could encourage industry and consumers to source domestically, particularly with the added cost to Canadian importers of a high Canada/U.S. exchange rate.

Canada/U.S. exchange rate: The exchange rate is currently at its highest rate since 2020, and the Bank of Canada has warned the tariffs will ultimately lead to a further depreciation of the Canadian dollar. The weak Canadian dollar (the average spot exchange rate in the month of February was $1.423 Canadian dollars to one U.S. dollar) benefits Canadian exporters of oilseeds and oilseed products but makes imported inputs more expensive for Canadian producers. A weak Canadian dollar, coupled with low commodity prices, could benefit net export volumes and possibly even allow Canada to gain some U.S. shares in oilseed export markets.

Figure 1: Canadian Dollars to U.S. Dollar Spot Exchange Rate



Source: FRED - Federal Reserve Bank of St. Louis

Chinese tariffs: On March 20, China announced a 100 percent tariff rate applied to Canadian canola oil and meal (along with other commodities), effective immediately. This is distinct from its anti-dumping investigation into imports of canola seed, which is ongoing as of March 20, 2025. In 2024, China was the largest buyer of Canadian canola seed. See page 28 for more information.

The U.S. Fuel Production Tax Incentive (45Z): The Clean Fuel Production Tax Credit (45Z) is a tax credit established by the U.S. Inflation Reduction Act (IRA) and became available on January 1, 2025. It is administered by U.S. Treasury and is currently scheduled to be available through December 31, 2027. 45Z replaces the U.S. blenders tax credit (BTC) that has applied to bio-based diesel (biodiesel and renewable diesel, or BBD) for many years and sunset in December 2024. Canadian industry is eagerly awaiting publication of Treasury's final guidance for 45Z to determine if it will impact bilateral trade dynamics of vegetable oil (feedstocks used to produce BBD). Preliminary guidance has been published. Industry contacts state that uncertainty around the IRA and rules around feedstock usage under 45Z are stunting the growth of Canada's canola processing capacity and renewable fuel production capacity.

British Columbia's made-in-Canada rule: In response to 45Z, British Columbia will require that renewable content in diesel fuel be produced in Canada effective April 1, 2025 and renewable content in gasoline be produced in Canada effective January 1, 2026. Further, British Columbia has increased the renewable fuel requirement for diesel from four percent to eight percent effective February 27, 2025, while the minimum renewable content requirement of gasoline remains at five percent. Any volume above the five and eight percent can be imported from the United States. Whether British Columbia imports renewable diesel feedstocks (such as soy oil or used cooking oil) from the United States or uses Canadian canola oil will depend on relative feedstock pricing and carbon intensity scores. In 2023, British Columbia consumed 3.086 billion liters of diesel and 694.9 million liters of renewable diesel.

USDA's made-in-United States rule: Formerly referred to as the Climate-Smart Feedstock Proposal and currently undergoing a name change, the rule would limit 45Z to U.S. fuel produced from U.S.-origin feedstocks, effectively limiting U.S. imports of BBD feedstocks such as canola oil and soybean oil, and the unprocessed seeds. (It would also limit imports of ethanol feedstocks and renewable fuels). U.S. Treasury is assessing the proposal.

The U.S. Farmer's First Bill: In September 2024, U.S. representatives introduced the U.S. Farmer First Fuel Incentives Act to restrict eligibility for the Clean Fuel Production Credit (45Z) to domestically produced feedstocks and to extend the credit to 2034. It was referred to the Committee on Finance.

Canada's Clean Fuels Regulation (CFR): The CFR requires year-over-year increases in the proportion of energy supply met by fuels such as renewable diesel and biodiesel (also referred to as BBD). BBD is produced from canola oil, vegetable oil, tallow, and/or used cooking oil (although, in Canada, primarily canola oil). The CFR has an uncertain future in the face of a 2025 federal election, slated for April 28. If the elected party decides to either dismantle the regulation or revise it, future domestic demand for vegetable oils could follow a new trajectory. Neither leading party (Pierre Poilievre's Conservatives nor the Liberals, under new party leader Mark Carney) has made their intentions with the CFR clear. The Trudeau Liberal government signed the CFR into law on July 6, 2022, and carbon reduction requirements for primary fuel suppliers took effect July 1, 2023.

California Air Resources Board (CARB) restrictions on vegetable oil use in biofuel production: in November 2024, CARB proposed to cap LCFS credits for BBD produced from soybean and canola oil at 20 percent of a company's annual BBD production, with excess volumes assessed a higher carbon intensity. Market signals triggered by California (and other state-level programs, like that in Oregon, and the national IRA), have increased U.S. demand for renewable diesel and sustainable aviation fuel (SAF), generating a need for low-carbon feedstocks such as Canadian canola oil. However, the future of these programs remains uncertain.

OILS

Table 1: Production, supply, and demand of canola oil

Oil, Rapeseed	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	11033	11033	11800	11600	0	11700
Extr. Rate, 999.9999 (PERCENT)	0.4265	0.4265	0.4243	0.426	0	0.423
Beginning Stocks (1000 MT)	629	84	685	109	0	119
Production (1000 MT)	4706	4706	5007	4942	0	4949
MY Imports (1000 MT)	19	19	20	18	0	17
Total Supply (1000 MT)	5354	4810	5712	5069	0	5085
MY Exports (1000 MT)	3419	3444	4000	3900	0	3910
Industrial Dom. Cons. (1000 MT)	500	x	480	x	0	x
Food Use Dom. Cons. (1000 MT)	750	x	780	x	0	x
Feed Waste Dom. Cons. (1000 MT)	0	x	0	x	0	x
Total Dom. Cons. (1000 MT)	1250	1257	1260	1050	0	1060
Ending Stocks (1000 MT)	685	109	452	119	0	115
Total Distribution (1000 MT)	5354	4810	5712	5069	0	5085
(1000 MT) ,(PERCENT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Table 2: Production, supply, and demand of soybean oil

Oil, Soybean	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	1652	1705	1600	1620	0	1650
Extr. Rate, 999.9999 (PERCENT)	0.1889	0.1836	0.1894	0.1833	0	0.1842
Beginning Stocks (1000 MT)	54	8	112	10	0	11
Production (1000 MT)	312	313	303	297	0	304
MY Imports (1000 MT)	573	573	700	664	0	650
Total Supply (1000 MT)	939	894	1115	971	0	965
MY Exports (1000 MT)	142	142	110	130	0	125
Industrial Dom. Cons. (1000 MT)	400	303	550	300	0	300
Food Use Dom. Cons. (1000 MT)	285	439	330	530	0	529
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	685	742	880	830	0	829
Ending Stocks (1000 MT)	112	10	125	11	0	11
Total Distribution (1000 MT)	939	894	1115	971	0	965
(1000 MT) ,(PERCENT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Table 3: Production, supply, and demand of sunflower oil

Oil, Sunflowerseed	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	0	0	0	0	0	0
Extr. Rate, 999.9999 (PERCENT)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	3	5	4	5	0	5
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	61	61	55	61	0	61
Total Supply (1000 MT)	64	66	59	66	0	66
MY Exports (1000 MT)	5	5	4	4	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	55	56	51	57	0	61
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	55	56	51	57	0	61
Ending Stocks (1000 MT)	4	5	4	5	0	5
Total Distribution (1000 MT)	64	66	59	66	0	66
(1000 MT) ,(PERCENT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Oils – Production of canola oil, MY 2025/26

Canola oil production is forecast to increase from the previous marketing year despite a lower oil extraction rate which is forecast to fall in line with the three-year average.

The volume of canola processed, as well as the volume exported (as seed, oil, or meal), is highly dependent on the evolution of several economic and political variables such as the future of state, provincial, and federal (U.S. and Canadian) market incentives for renewable fuels. Processors monitor the crush spread (the difference between the value of canola seed and its byproducts of oil and meal), to gauge of the potential profit margin for canola processors. Processors might also look at economic and political risk indicators of export markets.

Canola crush capacity in Canada was 13.46 MMT at year-end 2024 and will increase to 14.46 MMT on the completion of a new Cargill facility in Regina, Saskatchewan in the fall of 2025. The addition of the new Cargill plant represents a 28 percent increase in national capacity since 2021. Domestic crush capacity expanded because of a desire to diversify away from the volatile Chinese market demand for canola seed, and optimism about the CFR.

While crush capacity growth has been significant, it falls short of the 59 percent growth that was once expected to occur between 2021 and 2025. At least three companies have cancelled or paused plans on new facility development.

For example, in early 2025, Federated Coop Limited and AGT Foods announced that they are formally pausing plans to jointly construct a canola crush and renewable diesel plant. The company cited "regulatory and political uncertainty, potential shifts in low-carbon public policy, and escalating costs." Planned capacity of the crush plant was 1.1 million MT.

Separately, Viterra's plan to construct a new canola crush plant, initially announced in 2021, is in limbo as of 2024 after Bungee's acquisition of Viterra. It is under review, but industry contacts say plant construction is unlikely to go ahead. Planned capacity was 2.5 million MT.

Oils – Production of canola oil, MY 2024/25

Canola oil production is forecast to increase five percent in MY 2024/25 over the previous year on an increase in renewable fuel feedstock demand from the United States. MY 2024/25 year-to-date (i.e. August to January), canola oil production reached the highest level ever, increasing eight percent year-over-year to 5.9 million MT. The oil production forecasts are based on the average monthly oil extraction rates in November 2024 through January 2025.

Oils - Production of soybean oil, MY 2025/2026

Soybean oil production is forecast to continue to remain below the levels of two years previous (MY 2023/24) on decreased demand for soybean oil from Canadian biodiesel producers and increased demand for soybeans from crushers in the U.S. supplying BBD producer's feedstock to back-fill UCO imports that were effectively banned by the U.S. government. See more on page 11.

Soybean oil production is constrained by limited processing capacity in Canada, which is primarily located in Eastern Canada.

Oils - Production of soybean oil, MY 2024/2025

Year-to-date MY 2024/25 (i.e. August to January) soybean oil production reached the lowest level for this period since MY 2013/14, decreasing 30 percent year-over-year to 49 thousand MT. The decline is due to increased U.S. demand for soybeans over demand for soybean oil.

Oils – Canola oil consumption

Statistics Canada data shows that domestic use of vegetable oil (canola oil and, by a lesser amount, soybean oil) in BBD production increased 146 percent in calendar year 2024 to reach 1.06 million MT. The production of BBD increased 120 percent to 1.12 million MT.

The increase in oil consumption for fuel production does not coincide with the lead-up to the establishment of the CFR, which requires that primary, domestic fuel suppliers reduce their carbon intensity as of July 1, 2023. Instead, it appears that the increase in domestic canola oil use for BBD production was driven by the announcement that the U.S. fuel BTC would be sunsetting in December 2024. In 2024, U.S. fuel suppliers sought to maximize imports prior to the BTC expiry, because imported renewable fuel does not qualify for a U.S. tax credit under the new PTC.

In January 2025, the United States converted from a BTC to a PTC and U.S. fuel suppliers no longer receive tax credits on imported Canadian BBD. Industry sources have described a couple consequences. First, Canadian BBD production and vegetable oil feedstock use dropped significantly in January 2025. Canada's BBD facilities have the capacity to produce 1.665 billion liters of BBD; however, many of these facilities are allegedly operating at lower capacity since January 2025 or are temporarily shuttered. (The national renewable fuel association cites challenges that companies face competing with renewable fuel prices in the United States.) As of writing, January BBD production data is not available to corroborate.

Secondly, the vegetable oil and fuel trade dynamic will likely change. Canadian canola oil makes up the bulk of vegetable oil used to *produce* BBD within Canada, but not the bulk of BBD *used* in Canada. Historically, biodiesel produced in Canada is exported to the United States and U.S. fuel suppliers benefitted from the (now expired) BTC. Meanwhile, the majority of BBD consumed in Canada was imported from the United States, produced mainly from U.S. UCO, and some soy oil. This trade dynamic with the United States likely changed in January 2025 when the United States converted from a BTC to a PTC.

In addition to canola oil, some BBD facilities in Canada use a combination of canola, UCO, and soybean oil, and at least one facility uses imported Argentine soy oil.

Canola oil is used for food and industrial purposes, but official data does not disaggregate the two uses by vegetable oil type. In addition to its use as a BBD feedstock, canola oil also has industrial uses in the production of paints and varnishes. Post is not aware of a data set that measures this consumption.

Table 4: Renewable diesel production capacity

Renewable Diesel/ Sustainable Aviation Fuel Capacity Build-Up						
Plant Name	**Plant Location**	**Fuel**	**Feedstocks**	**Status**	**mln liters**	**Completion**
Imperial Oil	Strathcona, AB	HDRD	Canola, soy, hydrogen	Construction began July 2023	1,000	mid-2025*
Federated Co-operative Limited	Regina area, SK	HDRD	Canola oil	Cancelled/ on hold	870	x
Braya Renewable Fuels	Come by Chance, Nfld	HDRD, assessing SAF	Aregentine soy oil, UCO, corn oil, animal fat	Operational as of February 2024	824	2024
Parkland	Burnaby BC	HDRD, SAF		Cancelled/ on hold	362	x
Covenant	southern saskatchewan	HDRD, SAF	Canola	Cancelled/ on hold	300	x
Tidewater Midstream	Prince George, BC	HDRD (assessing saf)	UCO, DCO, tallow, Canola, soy oil	Complete June 2023; operational Oct 22; commercial operatotions Nov 7, 2023	170	2023
Expander	Slave Lake, AB	SAF, Syndiesel		Cancelled/ on hold	22	x
Green Energy Transformation Inc. ("GETI")	Calgary, AB	HDRD		Cancelled/ on hold	x	x
Steeper Energy	Calgary, AB	HDRD, SAF		Cancelled/ on hold	x	x
FORGE hydrocarbons	Edmonton, AB	SAF		Cancelled/ on hold	x	x
Cielo	Fort Saskatchewan, AB	HDRD		Cancelled/ on hold	400	

*** anticipated**

Source: publicly available news releases

Table 5: Biodiesel production capacity

Commercial-Level Biodiesel Facilities			
Biodiesel Plant	**Location**	**Feedstock**	**Capacity (mmly liters)**
Archer Daniel Midland	AB	Canola Oil	265
Verbio Diesel Canada Corp.	ON	Canola oil, soy oil	170
Canary Biofuels Inc.*	AB	Multi (animal fat, any plant)	76
World Energy	ON	Multi	67
Innoltek Inc.	QC	Multi	12
Consolidated Biofuels Ltd	BC	UCO	11.4
Total Nameplate Capacity			**601**

Oils – Soybean oil consumption

In MY 2025/26, soybean oil consumption is forecasted to remain flat from last year

MY 2024/25 consumption is forecasted to increase on increased domestic supply.

Oils – Export of canola oil, MY 2025/2026

Over the past three years, Canada invested in increased canola oil processing capacity to supply oil to earmarked Canadian BBD producers; however, fuel investors withdrew their funding stating that Canadian BBD prices cannot compete with U.S pricing. Subsequently, Canada has an oversupply of canola oil, which it exports to U.S. fuel producers.

The United States runs a trade deficit with Canada on vegetable oils of which the vast majority is canola oil. This trade deficit is explained by the relative strength of the U.S. economy, a significantly larger population, and the following:

1. **The U.S. Environmental Protection Agency's (EPA) December 1, 2022 determination** to approve Renewable Fuel Standard (RFS) pathways for certain biofuels produced from canola/rapeseed oil led to a 43% increase in canola oil exports to the United States 2023 over the previous year (up 895 thousand metric tons to 2.96 million MT). The value of exports increased 23% to USD $4.8 billion. With this action, these fuel pathways became eligible to generate Renewable Identification Numbers (RINs), provided they satisfy the other definitional and RIN generation criteria for renewable fuel specified in the RFS regulations.
2. **Market signals triggered** by the U.S. IRA, and state-level initiatives like those in place in California and Oregon, increased U.S. demand for renewable diesel and sustainable aviation fuel (SAF), generating a need for low-carbon feedstocks such as Canada's canola oil.

Post forecasts that strong canola oil demand will continue due to low canola prices relative to recent years and a weak Canadian dollar that will help offset some of the tariff costs for American importers. Importers will likely be willing to cover the tariffs and pass the increased cost onto consumers. Further, canola oil exports could continue to benefit from the U.S. Treasury's effective block on the import of used cooking oil (UCO), issued in the interim guidance on a fuel production tax credit (45Z) in January 2025. The guidance states that fuels made with foreign-sourced UCO will not qualify to receive the 45Z tax credit.

Post's forecast could be revised downward if the U.S. Treasury decides to adopt USDA guidelines that could limit Canadian canola oil use under 45Z.

Oils – Export of canola oil, MY 2024/2025

The largest volume increases of canola oil exports year-to-date MY 2024/25 (August to January) include shipments to the United States (up 54.5 thousand MT over the previous year), primarily moved by rail, and shipments to South Korea (up 44.0 thousand MT over the previous year) that leave ocean ports from British Columbia.

Canola oil demand in the United States increased because of U.S. Treasury's block on UCO imports, low import prices from Canada relative to recent years, a weak Canadian dollar, and strong demand from U.S. BBD producers.

Canada's plan to transition from a commodity exporter to a value-added product exporter (ie, moving away from canola seed exports to canola oil and fuel exports) faces hurdles on the oilseeds front. First, it is challenged by the cancellations of crush and renewable fuel facilities within Canada.

Secondly, as industry contacts state, Canadian railway lines and vessel ports are unequipped to handle canola oil export diversion away from the United States. The Port of Vancouver handled 900,000 MT of canola oil in 2024, nearly double the 2023 volume, and has the capacity to handle approximately one million metric tons through multiple facilities, including the Fraser Surrey Canola Oil Transload Facility and Pacific Coast Terminals.

Table 6: Canola oil exports, '000 MT

Partner Country	Marketing Year					Year to Date		
	2019/20	2020/21	2021/22	2022/23	2023/24	08/23-01/24	08/24-01/25	%Δ
World	3,429	3,448	2,573	3,018	3,444	1,658	1,819	10
United States	1,852	1,793	1,920	2,599	3,302	1,561	1,615	3
Mexico	101	160	183	143	94	54	51	-6
China	970	1,192	246	145	30	30	51	70
South Korea	143	154	95	79	8	8	52	543
Japan	46	14	20	17	4	2	3	36
United Arab Emirates	0	5	2	2	1	1	1	29

Source: Trade Data Monitor, LLC

Oils – Imports of canola oil

Canola oil imports are constrained by large domestic supplies.

Table 7: Canola oil imports

Partner Country	Marketing Year					Year to Date		
	2019/20	2020/21	2021/22	2022/23	2023/24	08/23-01/24	08/24-01/25	%Δ
World	19,639	19,222	19,419	26,023	18,661	10,021	10,545	5
United States	16,524	14,133	13,612	20,534	13,807	8,040	7,784	-3
Canada	2,226	3,937	3,227	2,719	1,888	616	881	43
India	455	558	802	1,393	1,446	773	658	-15
Netherlands	152	53	44	301	390	167	141	-16

Source: Trade Data Monitor, LLC

Oils – Export of soybean oil, MY 2025/2026

Exports of soybean oil are forecast to remain below MY 2023/24 levels due to reduced crushing in Canada and increased demand for soybeans from U.S. biobased feedstock producers looking to back-fill used cooking oil, which was banned from feedstock use in the United States in January 2025.

Oils – Export of soybean oil, MY 2024/2025

MY 2024/25 year-to-date (i.e. August to January), soybean oil exports reached the lowest level on record for this six-month period, decreasing 30 percent year-over-year over the same period in MY 2023/24. The decline is explained by decreased crushing in Canada and increased import demand for unprocessed seed in the United States.

Table 8: Exports of soybean oil

Partner Country	Marketing Year					Year to Date		
	2019/20	2020/21	2021/22	2022/23	2023/24	08/23-01/24	08/24-01/25	%Δ
World	143,630	118,653	152,852	137,958	142,409	70,742	49,311	-30
United States	141,077	112,631	145,811	129,619	128,087	62,893	45,319	-28
UAE	105	2,245	2,321	3,642	6,176	3,015	1,086	-64
Saudi Arabia	593	1,166	1,864	1,930	3,597	2,414	865	-64
Qatar	0	525	375	493	2,404	1,271	599	-53
Jordan	0	525	589	630	446	188	245	30

Source: Trade Data Monitor, LLC

Oil – Soybean oil imports

MY 2024/25 year-to-date (i.e. August to January), soybean oil imports increased 37 percent year-over-year to 39 thousand MT on increased feedstock demand for Canada's only export-oriented renewable diesel facility. Braya, in Newfoundland, began producing renewable diesel at a commercial level in February 2024 (with a capacity of 824 million liters). It has reportedly been using Argentine soy oil as a feedstock, leading to nearly a 25-fold increase in soybean oil imports between MY 2020/21 and MY 2023/24.

Table 9: Soybean oil imports

Partner Country	Marketing Year					Year to Date		
	2019/20	2020/21	2021/22	2022/23	2023/24	08/23-01/24	08/24-01/25	%Δ
World	45,721	35,968	109,399	223,203	894,267	28,605	39,067	37
Argentina	80	0	26,500	178,523	834,208	25,080	35,939	43
United States	41,116	34,063	82,153	43,653	59,030	3,416	2,870	-16

Source: Trade Data Monitor, LLC

Oils - Stocks

Oil ending stocks differ from USDA Official and are derived from a Statistics Canada survey of industry (Table: 32-10-0352-01).

MEAL

Table 10: Soymeal equivalent (SME) protein consumption, 1,000 MT

Protein Meal	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24(f)	2024/25(f)	2025/26(f)
Meal, Soybean	2,201	2,163	2,170	2,305	2,186	2,306	2,312	2,229
Meal, Rapeseed	597	737	625	650	670	761	770	780
Soybean (full fat)	1,205	823	1,003	640	933	583	680	650
Sunflowerseed (full fat)	38	37	64	58	52	50	59	31
Total in SME	**3,609**	**3,365**	**3,450**	**3,310**	**3,436**	**3,340**	**3,434**	**3,320**

Marketing year: Aug-July

f=forecast

Table 11: Canola meal production, supply, and distribution

Meal, Rapeseed	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	11033	11033	11800	11600	0	11700
Extr. Rate, 999.9999 (PERCENT)	0.5808	0.581	0.5757	0.585	0	0.586
Beginning Stocks (1000 MT)	134	89	169	105	0	104
Production (1000 MT)	6408	6410	6793	6786	0	6845
MY Imports (1000 MT)	3	3	10	3	0	3
Total Supply (1000 MT)	6545	6502	6972	6894	0	6952
MY Exports (1000 MT)	5636	5636	6100	6020	0	6060
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	740	761	700	770	0	780
Total Dom. Cons. (1000 MT)	740	761	700	770	0	780
Ending Stocks (1000 MT)	169	105	172	104	0	112
Total Distribution (1000 MT)	6545	6502	6972	6894	0	6952
(1000 MT) ,(PERCENT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Table 12: Soy meal production, supply, and distribution

Meal, Soybean	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	1652	1705	1600	1620	0	1650
Extr. Rate, 999.9999 (PERCENT)	0.8033	0.7777	0.7775	0.7778	0	0.7782
Beginning Stocks (1000 MT)	121	22	118	20	0	18
Production (1000 MT)	1327	1326	1244	1260	0	1284
MY Imports (1000 MT)	1347	1342	1550	1400	0	1300
Total Supply (1000 MT)	2795	2690	2912	2680	0	2602
MY Exports (1000 MT)	327	364	240	350	0	350
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	2350	2306	2470	2312	0	2229
Total Dom. Cons. (1000 MT)	2350	2306	2470	2312	0	2229
Ending Stocks (1000 MT)	118	20	202	18	0	23
Total Distribution (1000 MT)	2795	2690	2912	2680	0	2602
(1000 MT) ,(PERCENT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Oilseed meal production

Canola Meal – Production, MY 2025/2026

Post forecasts that MY 2025/26 canola meal production will increase on the assumption that the extraction rate will increase marginally to align with the three-year average (MY 2022/23 to MY 2024/25) and domestic processors will use about 59 percent of canola supply, approximately the three-year average.

Canola Meal – Production, MY 2024/2025

MY 2024/25 meal extraction rate is the average of the November and December 2024 extraction rate reported by Statistics Canada, which is generally indicative of the average extraction rate for the full marketing year.

Soybean Meal – Production – MY 2025/2026

Soybean meal production is a function of soybean oil production, as a byproduct of oil extraction, and is primarily used as a protein-rich feed ingredient for livestock and poultry but also finds applications in human food products and some industrial processes.

Soybean Meal – Production, MY 2024/2025

When soybean oil demand declines, as it has year-to-date MY 2024/25, soybean meal production also declines because meal is a byproduct of the extraction of oil. MY 2024/25 year-to-date (i.e. August to January), soybeans used for crush reached a 12-year low for the period, decreasing 16 percent year-over-year to 757 thousand MT on a slower pace of export demand for soybean oil relative to soybeans.

Canola Meal – Domestic consumption

In MY 2025/26, canola meal use in Canada is forecasted to remain flat from the previous marketing year, on the assumption of a similar-sized domestic meal supply and only marginally smaller dairy herd size (down 1,000 head; total cattle herd is down 75,000 head).

Canola meal is used domestically as livestock feed, primarily for dairy cattle, but also for swine, poultry, and fish. Canola meal is also used in pet foods.

In MY 2024/25, canola meal consumption is forecasted to increase marginally on increased domestic supplies.

An increase in domestic crush capacity has prompted interest in ways to utilize canola differently, diversify exports into markets where livestock production is growing (e.g., IndoChina), and increase meal's nutritional and economic value. Recently, a chemical engineering team from Queen's University was granted funding to conduct a research project exploring uses of canola meal as a material feedstock.

In Canada, meal that is used by the Canadian livestock industry goes primarily to dairy, swine and poultry rations.

A prohibition on the domestic use of insecticide ingredient lambda-cyhalothrin on all grains and oilseeds destined for animal feed channels remains in place since April 2023. Industry states that it has found workarounds for the ban, including the use of less-effective and/or less cost efficient insecticides to treat, primarily, grasshoppers.

Soybean meal – Domestic consumption

Soybean meal is used as feed for livestock, poultry, and fish feed, as well as used in high-protein foods for human consumption.

Canada is also a user of soy protein isolate, widely consumed food ingredient, which it imports from the United States mainly. It is used to produce protein shakes, protein bars, infant formula and more.

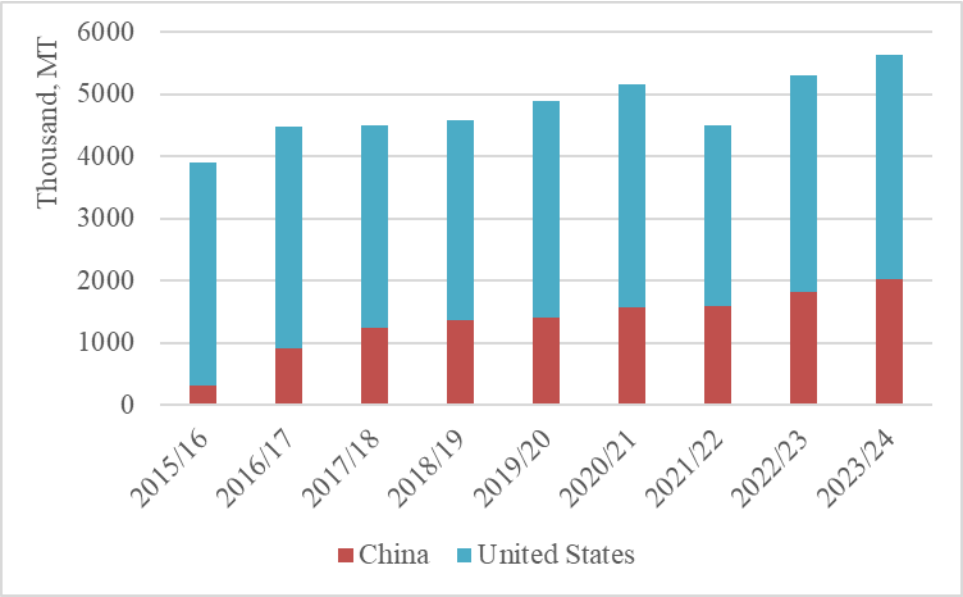
In July 2022, New Protein International (NPI), Huron Commodities, and Hensall Co-operative's Animal Nutrition Division announced a joint venture to create a clean-label soy protein for Canada's Plant-based food and ingredients sector. NPI operates a demonstration facility to test its clean label soy protein processing method called BioPur. Construction of a commercial facility is reportedly expected to begin in late summer 2025 or early fall and take three years to complete.

Canola meal - Trade

Canola meal exports are forecast to increase marginally in MY 2025/26 over the previous year, and six percent in MY 2024/25. Canada's canola meal exports are generally tied to domestic supply and have hovered around 88 percent of domestic production for the past ten years. Post's MY 2024/25 and MY 2025/26 canola meal export forecasts assume that this production-trade relationship will continue.

Canada is not a significant importer of canola meal, due to its oversupply of domestic production.

Figure 2: Canola meal exports



Data source: Trade Data Monitor, LLC

Soymeal trade

With little capacity for soybean processing in Canada, import volume of soybean meal continue to exceed that of soybean seeds Soybean meal is sourced primarily from the United States, and India.

Meal - Stocks

Canola Meal – Stocks

Canola meal stocks are forecast to remain steady in MY 2025/26 and MY 2024/25, based on steady production and demand. Post uses official Statistics Canada estimates of storage stocks for all meals.

Soymeal – Stocks

Soymeal stocks are forecast to remain low.

OILSEEDS

Table 13: Canola seed production, supply, and distribution

Oilseed, Rapeseed	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	8900	8938	8900	8908	0	8760
Area Harvested (1000 HA)	8857	8857	8850	8846	0	8685
Beginning Stocks (1000 MT)	1858	1858	2748	2748	0	1403
Production (1000 MT)	19192	19192	18800	17845	0	18464
MY Imports (1000 MT)	276	276	100	150	0	100
Total Supply (1000 MT)	21326	21326	21648	20743	0	19967
MY Exports (1000 MT)	6747	6747	7250	7300	0	6500
Crush (1000 MT)	11033	11033	11800	11600	0	11700
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	798	798	692	440	0	400
Total Dom. Cons. (1000 MT)	11831	11831	12492	12040	0	12100
Ending Stocks (1000 MT)	2748	2748	1906	1403	0	1367
Total Distribution (1000 MT)	21326	21326	21648	20743	0	19967
Yield (MT/HA)	2.1669	2.1669	2.1243	2.0173	0	2.126
(1000 HA) ,(1000 MT) ,(MT/HA)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Table 14: Soybean production, supply, and distribution

Oilseed, Soybean	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	2270	2279	2300	2311	0	2281
Area Harvested (1000 HA)	2261	2261	2290	2290	0	2262
Beginning Stocks (1000 MT)	372	372	563	552	0	570
Production (1000 MT)	6981	6981	7568	7568	0	7052
MY Imports (1000 MT)	335	335	350	250	0	220
Total Supply (1000 MT)	7688	7688	8481	8370	0	7842
MY Exports (1000 MT)	4846	4848	5000	5500	0	5000
Crush (1000 MT)	1652	1705	1600	1620	0	1650
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	627	583	1100	680	0	650
Total Dom. Cons. (1000 MT)	2279	2288	2700	2300	0	2300
Ending Stocks (1000 MT)	563	552	781	570	0	542
Total Distribution (1000 MT)	7688	7688	8481	8370	0	7842
Yield (MT/HA)	3.0876	3.0876	3.3048	3.3048	0	3.1176
(1000 HA) ,(1000 MT) ,(MT/HA)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Table 15: Sunflowerseed production, supply, and distribution

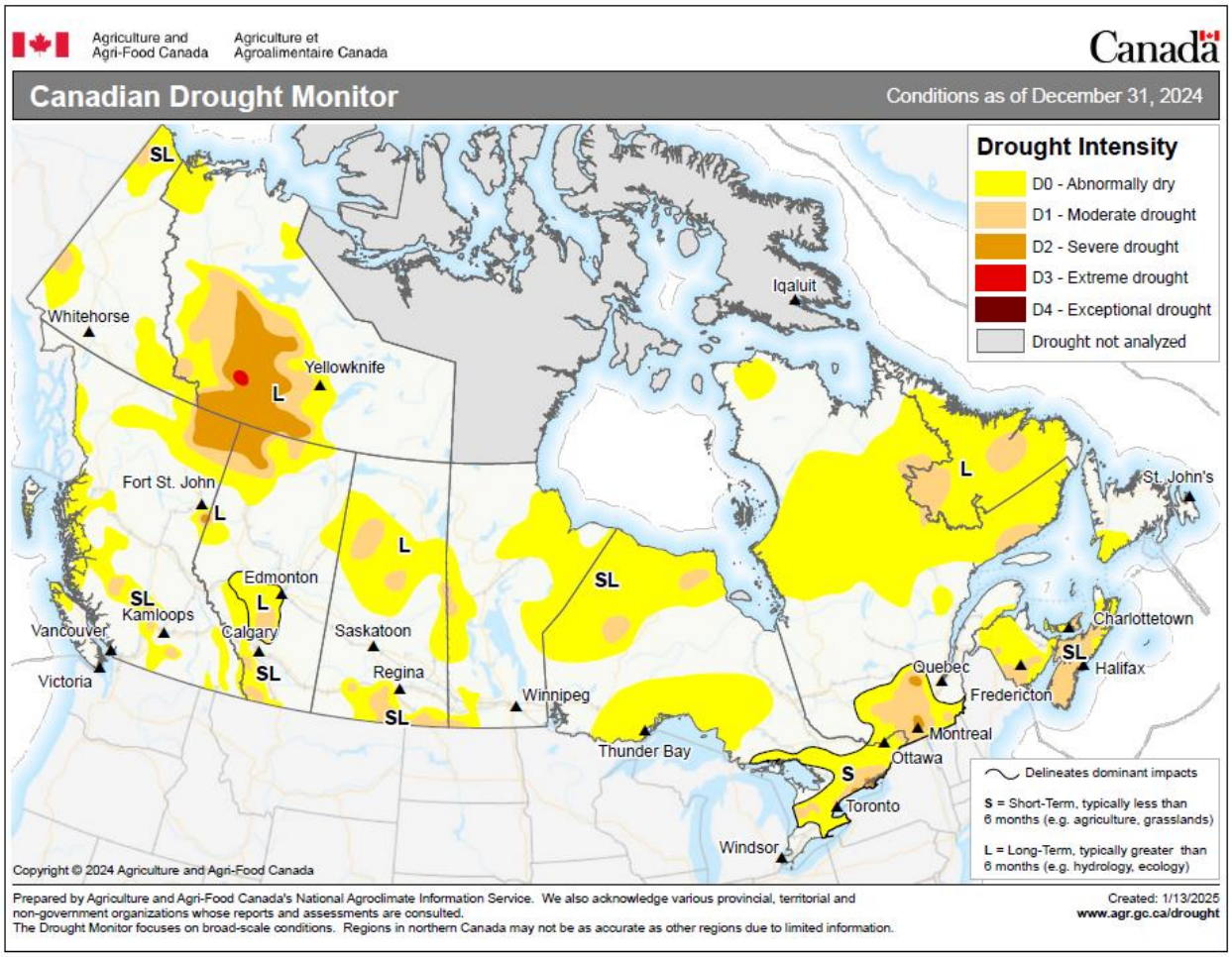
Oilseed, Sunflowerseed	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	40	40	40	24	0	24
Area Harvested (1000 HA)	40	40	24	24	0	24
Beginning Stocks (1000 MT)	53	150	47	175	0	145
Production (1000 MT)	92	92	51	51	0	53
MY Imports (1000 MT)	27	27	40	27	0	27
Total Supply (1000 MT)	172	269	138	253	0	225
MY Exports (1000 MT)	35	35	25	40	0	35
Crush (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	10	9	10	9	0	9
Feed Waste Dom. Cons. (1000 MT)	80	50	65	59	0	31
Total Dom. Cons. (1000 MT)	90	59	75	68	0	40
Ending Stocks (1000 MT)	47	175	38	145	0	150
Total Distribution (1000 MT)	172	269	138	253	0	225
Yield (MT/HA)	2.3	2.3	2.125	2.125	0	2.2083
(1000 HA) ,(1000 MT) ,(MT/HA)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Oilseeds – Canola production, MY 2025/2026

Post estimates Canadian canola production will reach 18.5 million MT. This is higher than the previous year's production of 17.8 million MT and the five-year average of 17.9 million MT. The five-year average captures four years of dry conditions, including the drought year of MY 2021/22, in Canada's major canola-growing region of Saskatchewan.

Post's forecast of improved production is based on the expectation of increased planting, (as indicated by Statistics Canada's first survey-based seeding intentions data for MY 2025/26, which is supported by low storage stocks relative to previous years and high prices relative to other commodities), and the assumption that yields will increase to a higher, three-year average of 2.126 tons per hectare. However, with sustained soil moisture conditions, yields could rise even higher to more normal rates of 2.27 to 2.35 tons per hectare, boosting production.

Figure 3: Canadian soil moisture improves significantly after four years of dry conditions



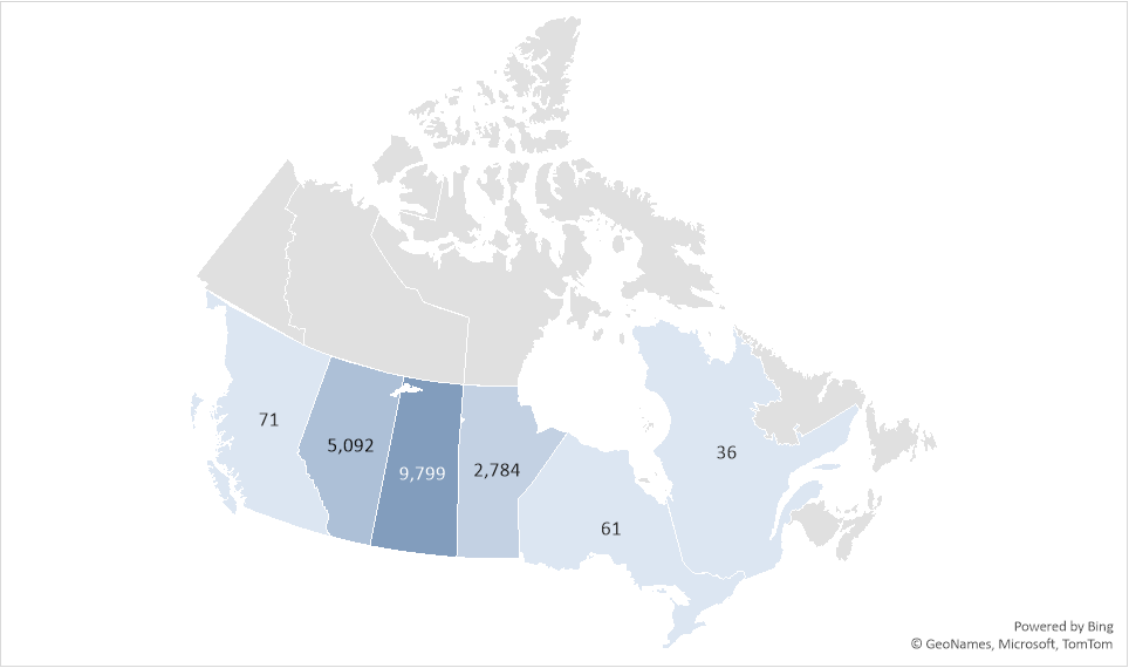
Source: [Agriculture and Agri-Food Canada]

Oilseeds – Canola Production MY 2024/25

Canada's canola seed production fell in MY 2024/25 over the previous year due to growing conditions, especially the high temperatures and low moisture levels in July through August. MY 2023/24 saw improved winter snowfall and rain over the previous year in the first half of the growing season but not enough to prevent yield loss in the second haft of the season.

Canola is grown by 43,000 Canadian farmers and is one of the most widely grown crops in Canada, generating about one-quarter of all farm crop receipts. The crop is primarily grown in the western provinces of Alberta, Saskatchewan and Manitoba.

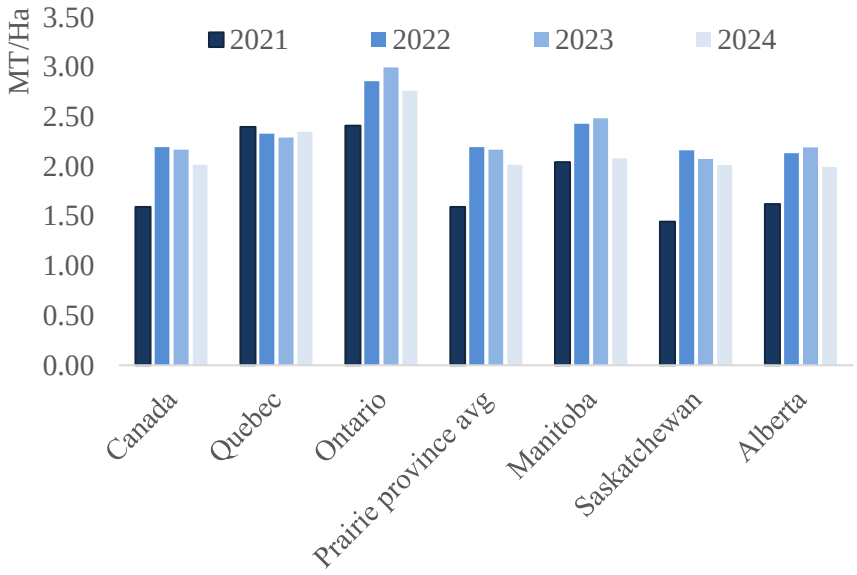
Figure 4: MY 2024/25 canola seed production by province, '000, MT



Data source: Statistics Canada

Note: greyed out regions represent provinces and territories with less than 100,000 MT of production.

Figure 5: Provincial canola yield averages



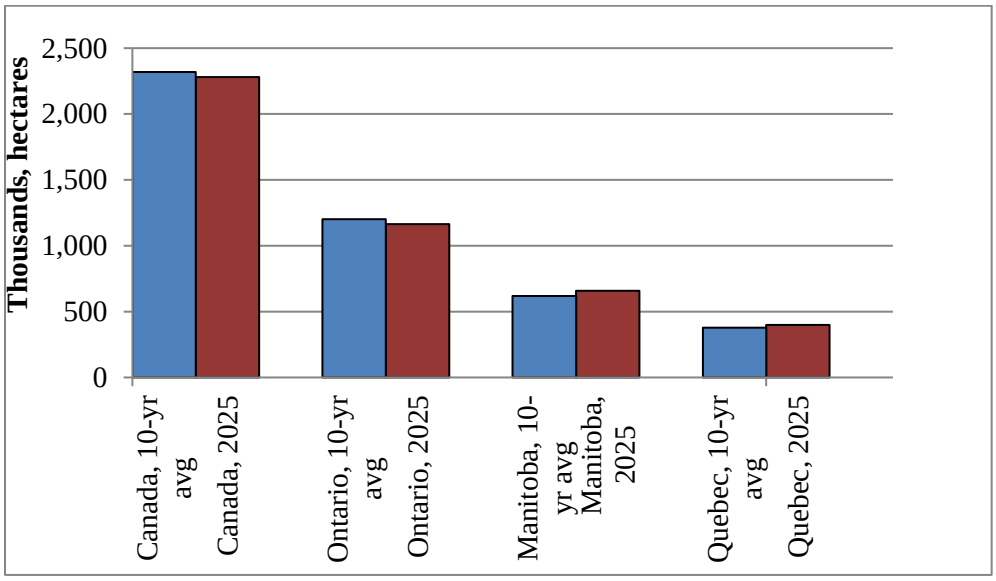
Data source: Statistics Canada

Canola producers seeded marginally less canola in MY 2024/25 than in MY 2023/24 and a percent less than the five-year average (MY 2019/20 to MY 2023/24). The harvest rate for canola has been 99 percent each year since MY 2016/17.

Oilseeds – Soybean Production MY 2025/2026

According to Statistics Canada March release of planting intentions survey data, area planted to soybeans is forecast to fall one percent to 2.28 million hectares, owing to general crop rotation that will lead to increased area planted to corn and winter wheat in Ontario and Quebec. Area planted to soybeans is forecast to increase in Manitoba, the second largest soybean-growing province after Ontario, on a decrease in area planted to canola. The FAS/Ottawa forecast assumes yields to be in line with the three-year average.

Figure 6: Area planted to soybeans down marginally, year-over-year, and remain within ten-year average range



Note: Ten-year average includes the years 2015 to 2024

Oilseeds – Soybean Production MY 2024/2025

In MY 2024/2025, national soybean production increased ten percent over the previous marketing year on increased area planted in Ontario and Quebec and improved yields in Ontario, Manitoba and Quebec due to less wet growing conditions in all three soybean-growing provinces.

Oilseeds – Peanut production

Peanut production is less than 500 MT and limited to a handful of farms in Southern Ontario. Peanut production is constrained by climatic conditions, with insufficient heat limiting quality and yield potential.

Oilseeds – Sunflower Seed Production, MY 2025/2026

Sunflower seed production is forecast to increase four percent in MY 2025/26 over the previous year, on improved yields (three-year average) and no change in area planted.

Oilseeds – Sunflower Seed Production, MY 2024/2025

Statistics Canada reports that 51,000 MT of sunflower seeds were produced in 2024, 45 percent less than the previous year, driven by less area planted (the smallest area since MY 2011/12) because of low market prices and large stocks, and lower yields due to wet conditions in some areas of Manitoba.

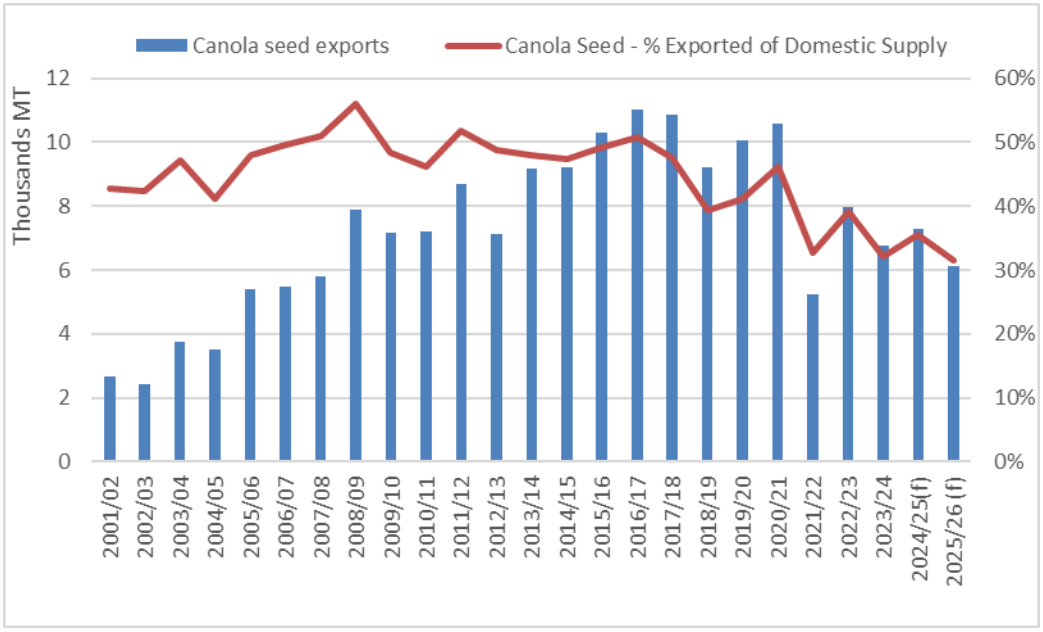
Industry contacts estimate that MY 2024/25 Manitoba sunflower seed production consisted of 19,678 MT of oilseed variety and 12,337 MT of confectionery.

Canola seed exports – MY 2025/2026

Post forecasts that the volume of canola seed exported in MY 2025/26 will fall from the previous marketing year on lower domestic seed supply and increased domestic crush capacity in 2025 (month unknown). The share of seed supply going to exports is forecasted to fall to 32 percent, less than the three-year average of 36 percent.

However, there is significant uncertainty in this forecast. MY 2025/26 planting intentions have yet to be released by Statistics Canada and therefore Post's supply forecast could change significantly days after the publication of this report. Further, there remains significant trade uncertainty with Canada's two largest markets for canola seed and product: the canola oil export market in the United States and the seed export market in China, each discussed in the following report section.

Figure 7: Canola seed exports fall as domestic processing increases



Data source: Trade Data Monitor, LLC

Canola seed exports – MY 2024/2025

MY 2024/25 year-to-date (i.e. August to January), exports of canola seed have reached their highest level for the period since MY 2020/21, rising 75 percent year over year to 5.2 million MT as of January-end, 2025. This increase is attributable to favorable prices and concerns over potential future trade barriers after China announced an anti-dumping and injury investigations into imports of Canadian canola.

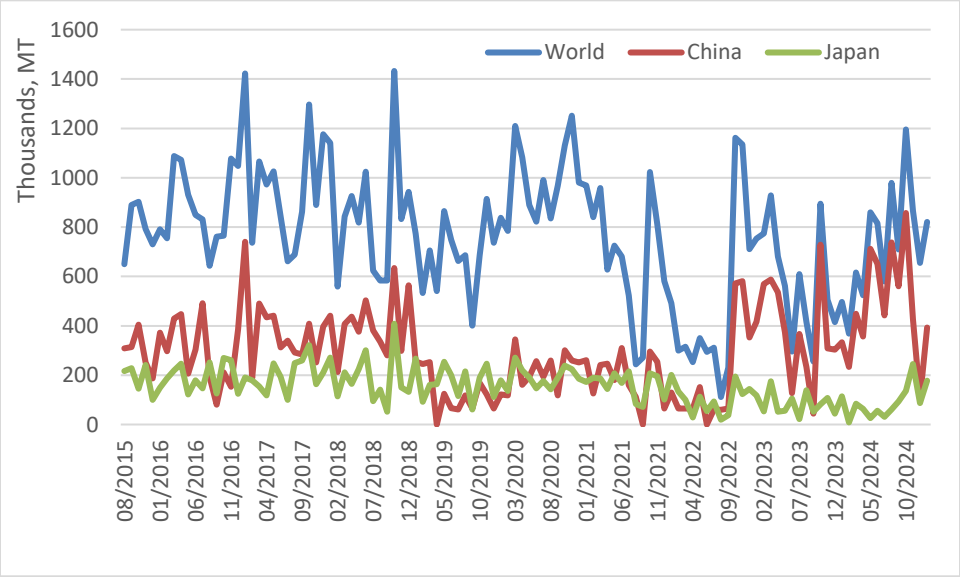
Table 16: Canadian exports of canola seed, MT '000

Partner Country	Unit	Marketing Year					Year to Date		
		2019/20	2020/21	2021/22	2022/23	2023/24	08/23-01/24	08/24-01/25	%Δ
World	T	10,041	10,485	5,246	7,951	6,747	2,983	5,225	75
China	T	1,926	2,713	1,265	4,608	4,795	1,951	3,080	58
Japan	T	2,140	2,265	1,383	1,101	809	540	801	48
Mexico	T	1,155	1,346	1,034	1,209	583	259	294	13
United States	T	496	429	538	319	299	88	84	(4)
United Arab Emirates	T	989	997	307	169	156	110	326	196
Belgium	T	294	148	126	23	91	31	100	225
Malaysia	T	13	16	-	-	5	0	7	-
South Korea	T	-	1	-	0	3	1	-	-
Nepal	T	77	45	-	-	2	-	23	0
Australia	T	1	1	3	9	2	2	3	80
Brazil	T	-	-	0	1	1	1	-	(100)
Bangladesh	T	321	232	0	53	1	-	57	0
Pakistan	T	691	660	64	267	-	-	-	0

Source: Trade Data Monitor, LLC

In MY 2024/25, canola seed exports are forecast to increase eight percent, primarily on strong demand from China but also increased demand from Japan and the United Arab Emirates. Exports started strong in the first half of MY 2024/25, with a 58 percent increase in exports to China over the same time in the previous marketing year, ahead of an expected announcement on China's anti-dumping probe into imports of Canadian canola. The pace of seed exports is forecast to slow in the second half of the year, with exports ending the marketing year at about 35 percent of domestic supply, three percentage points above the previous marketing year.

Figure 8: Monthly exports of canola seed, Aug 2015 - Jan 2025, '000 MT



Source: Trade Data Monitor, LLC

Several factors will influence the seed and oil export balance in the second half of MY 2024/25 and beyond. Canola seed exports will benefit from the upward pressure of a high Canada-U.S. exchange rate and low canola prices relative to three years ago when prices were nearly double average prices in the first week of March 2025. Any decline in the share of exports going to oil processing could be split between seed storage (to be crushed domestically when markets are less volatile), and a diversified seed export market.

There is a potential for seed exports to increase in price sensitive countries such as United Arab Emirates, Bangladesh, and Pakistan. In MY 2019/20, when canola prices were low, UAE, Bangladesh and Pakistan imported 20 percent of the total share of Canadian canola seed exports. In MY 2023/24, UAE imported just two percent of the total share and Bangladesh and Pakistan did not import any.

Figure 9: Cash canola seed prices in Southwestern Saskatchewan, CDN/MT

Source: PDQ

Japan could potentially also increase its seed imports from Canada. Historically, Japan has relied on Canada for approximately 95-97 percent of its rapeseed imports. However, starting in MY 2021/22, Japan increased the purchase of Australian canola seeds due to a poor MY 2021/22 canola crop in Canada. Australia meanwhile had bumper canola crops in MY 2021/22 and MY 2022/23. Japanese crushers also noted higher oil extraction rates from Australian canola seeds compared to Canadian seeds. In MY 2022/23, only 58.2 percent of rapeseed imported to Japan came from Canada and 41.8 percent came from Australia.

China issues tariffs on Canadian canola meal and oil: On March 20, China announced a 100 percent tariff rate to be applied to Canadian canola oil and meal (along with other commodities), effective immediately. This is distinct from its anti-dumping investigation into imports of canola seed, which is ongoing.

The announcement follows China's September 10, 2024 announcement of anti-dumping and industry injury investigations into imports of Canadian canola.

The outcome of the investigations could disrupt canola exports, having serious implications for Canadian farmers who rely heavily on China to sell their products.

In 2024, Canada exported to China 5.86 million MT of canola seed (67.7 percent of total seed exports), 2.0 million MT of canola meal (34.7 percent of total meal exports); and 15.5 thousand MT of canola oil (0.4 percent of total exports).

Trade data shows there were stable seed exports to China from 2014 to 2018, but there was a sharp decline in canola seed exports to China starting in 2019, which persisted until 2023. This is consistent with the period where China delisted the export licenses of Canada's two largest canola exporters. The Avian Swine Fever further reduced demand. Increased market share in the European Union, United Arab Emirates, Pakistan, and Bangladesh reduced Canada's overall decline – industry speculates that some of this canola may have made its way to China.

Purportedly, the September announcement of the investigation had the effect of bolstering the futures prices of canola seed and oil in China and put downward pressure on futures prices in Canada soon after the announcement.

The September probe announcement came a week after the Trudeau government placed 100 percent tariffs on Chinese electric vehicles, matching tariffs applied on Chinese electric vehicles by the Biden administration.

Timeline of major events between Canada and China affecting Canada's canola exports

2016: A 2016 Memorandum of Understanding (MOU) between Canada and China establishes the following parameters:

- Canada and China will invest resources into researching risks and mitigation of blackleg disease
- Canola seed exports to China can only go to processing facilities approved by Chinese authorities in areas where rapeseed is not grown
- Dockage limits remain at 2.5 percent, the standard set out by the Canadian Grain Commission

March 1, 2019: China delists the canola export license of Richardson International following the arrest of Huawei executive Meng Wanzhou in Canada in December 2018.

March 26, 2019: China delists the canola export license of Viterra.

March 30, 2020: China lowers the dockage limits on canola seed imports from 2.5 to 1 percent, citing sanitary and phytosanitary (SPS) concerns, increasing the processing cost for Canadian canola seed shippers and limiting the ability of other countries to export canola to China.

March 31, 2020: MOU expires, and trade continues under temporary MOUs.

May 18, 2022: China re-lists Viterra and Richardson as approved exporters of canola.

August 26, 2024: In a move backed by both major Canadian political parties, Canada places 100% tariffs on Chinese electric vehicles, to match U.S. levies and win the union vote.

September 3, 2024: China announces plans of an anti-dumping probe. Unlike the SPS approach of 2019, China adopts domestic policy approach.

September 10, 2024: China announced the launch of two investigations related to Canadian canola: one on dumping and another on industry injury. The deadline for completion of investigations is Sept. 9, 2025, although it may be extended for another six months under special circumstances, a statement from China says.

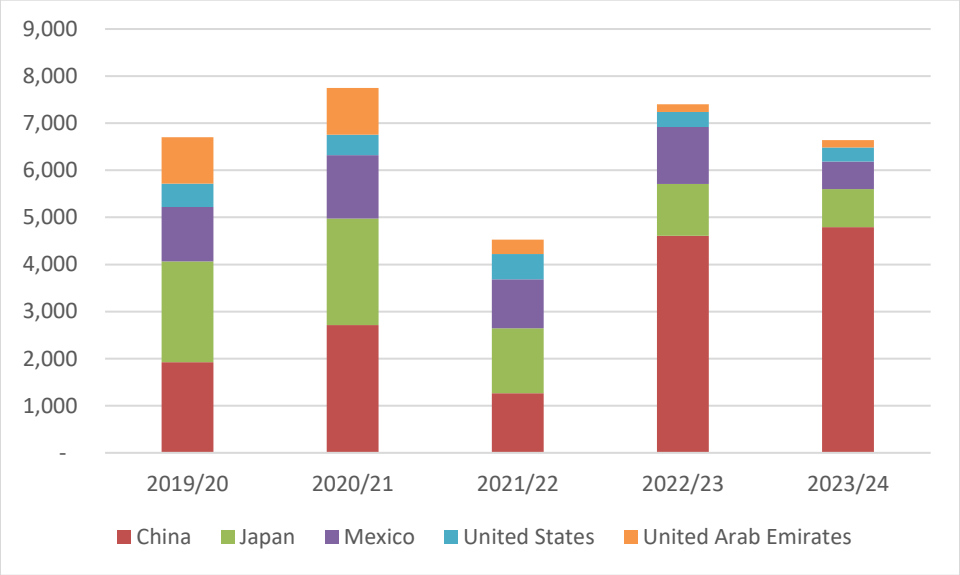
March 20, 2025: China imposes 100% tariff rate on Canadian canola oil and meal (along with other commodities).

The investigation started September 9, 2024, and should be completed before Sept. 9, 2025, although it may be extended for another six months under special circumstances, the ministry said.

China has not publicly announced whether the process will involve the WTO or if the investigation is domestic in nature.

As of writing, China still has a restrictive one percent dockage requirement in place on canola imports, which makes it costly and time consuming to meet, but attainable with the Canada's infrastructure.

Figure 10: Top Five export markets for Canadian canola seed, MT '000



Canola seed imports

Canada has large domestic supplies of canola seed and is not a significant importer.

Soybean trade – MY 2025/2026

Imports of soybeans will remain limited by soybean processing capacity and sufficient domestic oilseed supplies. Most soybean commodity volume is imported in meal form for animal feed.

Soybean imports are forecasted to remain below historic levels on decreased demand from domestic processors due to decreased demand from Canadian renewable fuel producers. In the near-term, imports will only rebound to historic levels if there are revisions to the U.S. Inflation Reduction Act or if the Canadian government establishes similar initiatives for Canadian BBD producers.

Canada is also a global leader in producing quality, sustainable food-grade soybeans for international markets

The European Union (EU) has been one of Canada's largest and most stable export markets for soybeans. Over the past five years (MY 2019/20 to MY 2023/24), it has represented 23 percent of Canadian exports. Starting in 2025 (including for crops harvested in 2024), only soybeans produced on land that has not been deforested since 2020 will be eligible for export to the EU. According to public documents from the Grain Farmers of Ontario, it is not yet clear how the value chain will facilitate compliance and verification of this, but declarations and the provision of field-specific GPS coordinates may be required for verification purposes.

Table 17: Soybean exports

Partner Country	Marketing Year					Year to Date		
	2019/20	2020/21	2021/22	2022/23	2023/24	08/23-01/24	08/24-01/25	%Δ
World	3,909	4,554	4,289	4,240	4,848	3,673	3,953	8
China	173	527	481	1,378	1,529	1,298	876	-33
EU 27 Brexit	1,378	1,011	1,073	840	649	545	495	-9
Algeria	70	318	219	321	582	520	438	-16
Iran	780	863	469	413	523	523	767	47
Japan	323	294	288	380	339	148	179	21
Indonesia	251	269	291	264	282	140	112	-20
United States	162	141	147	103	218	77	192	149
Italy	350	246	446	274	164	151	162	7
Vietnam	120	84	93	97	139	70	72	3
Malaysia	72	64	65	49	125	62	44	-30
Netherlands	229	273	193	128	124	112	103	-8
Spain	108	146	121	109	110	107	3	-97

Source: Trade Data Monitor, LLC

Soybean trade – MY 2024/2025

MY 2024/25 year-to-date (i.e. August to January), exports of soybeans have reached a record high for the period, increasing 80 percent year-over-year to 3.95 million MT as of January-end, 2025, on record production levels and increased demand from U.S. biobased feedstock producers looking to back-fill UCO. The U.S. Treasury effectively blocked the import of UCO and, in recent months, U.S. importers have benefited from a low import price from Canada, relative to monthly averages in recent years.

Figure 11: Canadian soybean export trends

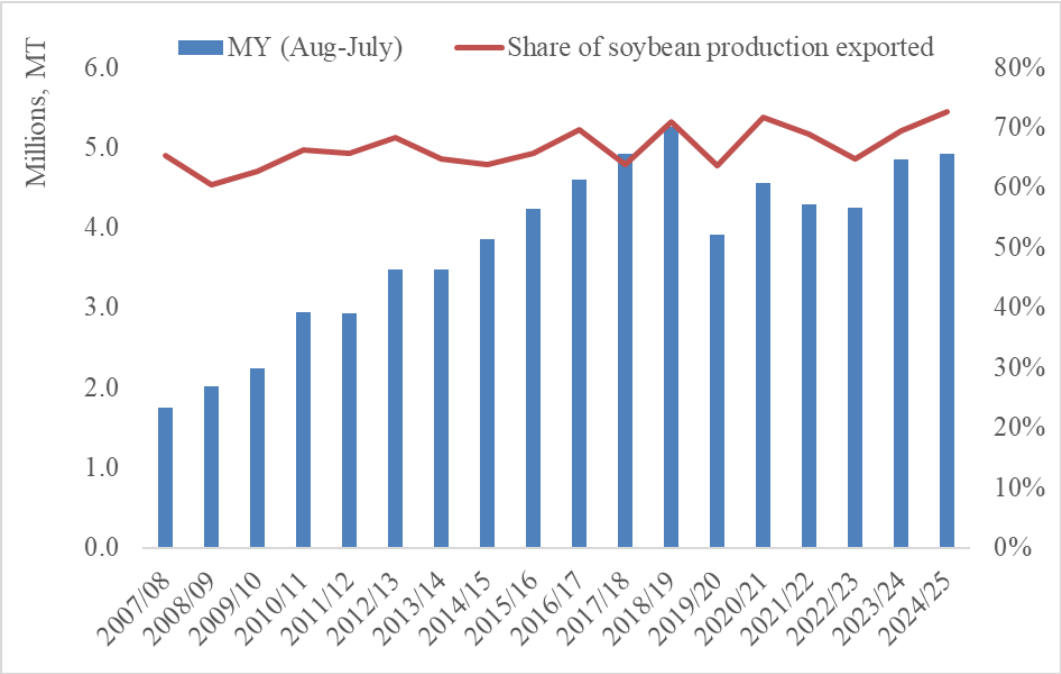
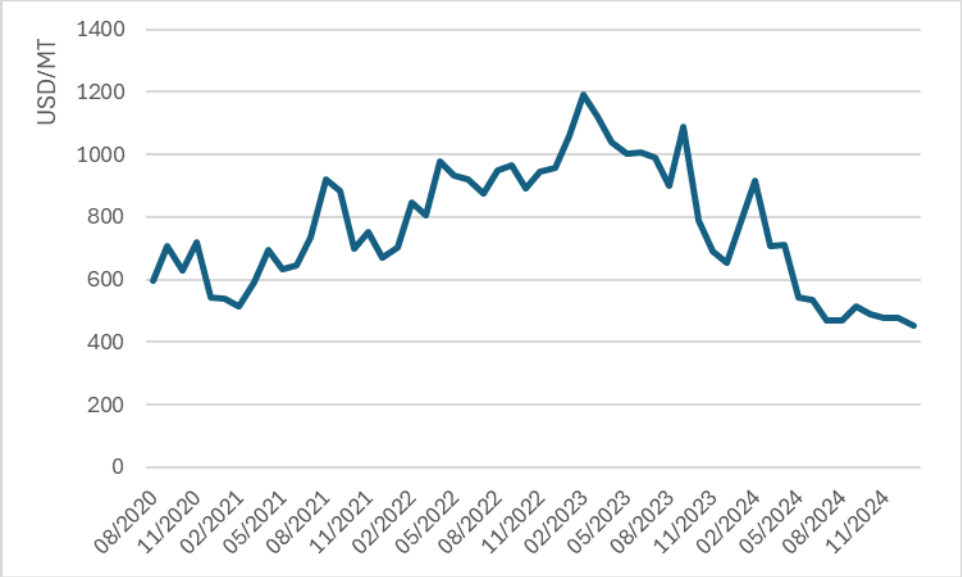


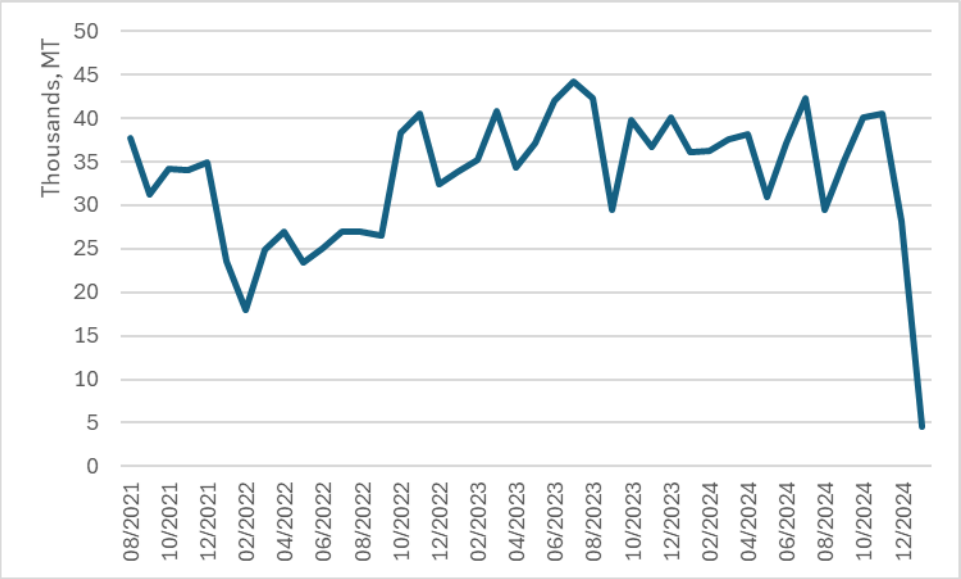
Figure 12: U.S. import prices of Canadian soybeans, USD/MT



Source: Trade Data Monitor, LLC

There is no biodiesel production data available for January 2025, as of writing, but Canadian biodiesel exports have plummeted 23,568 MT in January, month over month, to just 4,564 MT. Each year, nearly 100 percent of Canada's biodiesel production has typically gone to the United States due to the now sunset blenders' tax credit, and nearly 100 percent of its imports come from the United States.

Figure 13: Exports of pure diesel & Biobased Blends >B30



Source: Trade Data Monitor, LLC

A 30,000 MT decline in exports of biodiesel is roughly equivalent to 167,000 MT of soybeans (equivalent to 2.21 percent of 2024 production) or 71,000 MT of canola (equivalent to 0.38 percent of 2024 production).

Table 18: Canadian soybean imports, MT '000

Partner Country	Marketing Year					Year to Date		
	2019/20	2020/21	2021/22	2022/23	2023/24	08/23-01/24	08/24-01/25	%Δ
World	263	516	541	500	335	170	142	-16
United States	236	452	441	395	262	147	135	-8
Togo	0	7	33	49	27	13	0	-99
Ghana	-	-	1	2	20	3	2	-24
Nigeria	-	-	1	13	16	3	1	-52
China	3	3	3	3	4	2	2	-5

Data source: Trade Data Monitor, LLC

Soybean imports remain small because Canada has significant oilseed supplies from its canola production; however, in MY 2024/25 year-to-date (i.e. August to January), imports of soybeans reached their lowest level for the period since MY 2015/16, falling 16 percent year over year to 142 thousand MT as of January-end, 2025. This decrease could be attributed to record soybean production in Canada and an alleged reduction in in biodiesel production in January 2025.

Oilseeds - sunflower seed trade

Sunflower seed is not a major oilseed in Canada and imports remain limited due to limited processing capacity.

Oilseeds – peanut trade

Canada will remain a net importer of peanuts, with the United States and China being the top suppliers. Imports remain steady.

Oilseeds - canola seed ending stocks

MY 2025/26 ending stocks are forecast to fall from the previous year on lower supplies and attractive prices for buyers. However, this forecast could change drastically based on the release of the seeding intentions report and the future of on-going trade disputes with China and the United States.

According to official government statistics from Statistics Canada, total stocks of canola were down 19.2 percent year over year to 11.4 million MT as of December 31, 2024. The decrease was attributable to on-farm stocks declining 23.5 percent to 9.9 million MT, while commercial stocks rose 28.3 percent to 1.5 million MT.

Oilseeds - soybean ending stocks

Canada's storage stock levels will continue to remain low because soy crush in Canada is low and the crushers run a just-in-time system.

Statistics Canada reports that soybean stocks rose 10.9 percent year-over-year to 4.2 million MT as of December 31, 2024. On-farm stocks increased 34.3 percent to 2.8 million MT, while commercial stocks fell 18.0 percent to 1.4 million MT.

Attachments:

No Attachments