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Report Highlights:

FAS/Ottawa forecasts oilseed crush capacity (the estimated maximum rate of crushing at which a mill can operate continuously while maintaining a proper level of efficiency) reached 12.99 million metric tons (MMT) in March 2024 and will reach 15.14 MMT by the end of the 2025 calendar year, up from 11.23 MMT in 2023. Project delays in 2023, 2024, and into 2025 have slowed the growth of crush capacity. In marketing year (MY) 2024/25, Canada's net total production of oilseeds (canola, soybean, and sunflower seeds) is forecast to decrease by two percent to 24.86 MMT, based on government planting-intentions survey results. Total meal production (soymeal and canola meal) is forecast to increase by 3.8 percent on increased canola crush volumes, which comprises 85 percent of all domestically produced crush. Canada-U.S. bilateral trade flows of soy and canola meal will be determined, as always, by feed cost differentials.

EXECUTIVE SUMMARY

Marketing Year 2024/25 and Beyond

In MY 2024/25, Canada's net total production of oilseeds (canola, soybean, and sunflower seeds) is forecast to decrease by two percent to 24.86 million metric tons (MMT) on reduced planting of all three commodities.

This report incorporates Statistics Canada's initial area intentions data, which was published on March 11, 2024. This release date falls earlier than in previous years and reflects changes to Statistics Canada's collection strategy where seeding intentions are collected in their December crop survey. Up until this year, initial area intentions were published in late April, after the publication of FAS/Ottawa's Oilseeds GAIN report.

Across the Prairie Provinces (Alberta, Saskatchewan, and Manitoba) – where 84 percent of Canada's oilseed volume is produced – low snowpack combined with warm temperatures throughout the winter and lingering impacts from previous droughts are creating a risk of worsening drought intensity. In eastern Canada, soil moisture levels are satisfactory, and indications of an unseasonably early spring conditions may allow for early seeding. In recent years, Ontario and Quebec have been prone to excess water in the root zone (waterlogging) more so than to dryness.

Total vegetable oil production is forecast to increase five percent, largely on increased canola oil processing. Canola oil is forecast to comprise 93 percent of vegetable oil production. Total meal production (soymeal and canola meal) is forecast to increase by 3.8 percent on increased canola crush volumes, which comprises 85 percent of all crush.

Total exports of oilseeds are forecast to fall by three percent as the percentage share of canola going to domestic processors increases. Canada is the third largest exporter of oilseeds in the world, by volume, after Brazil and the United States. Its share of exports has shrunk in recent years, in part because of increased domestic processing, but also because of production gains in other canola-growing countries, such as Australia.

In export markets with low dockage requirements, such as China, Canada remains advantaged by its established seed-cleaning facilities. National canola crush capacity is projected to increase 24 percent from the March 2024 level of 12,992,500 MT to 16,092,500 MT in year-end 2025, with two more planned projects slated for completion in 2026 and beyond. No firm dates for the latter two projects have been announced. FAS/Ottawa's 2025 forecast incorporates known project delays described by industry contacts. The downside risks to this forecast include further project delays.

Investment in crush capacity is largely being driven by the biodiesel and renewable diesel industries. Canada is actively exploring export markets for the increased domestic supply of canola meal, which is crucial to supporting crush margins. Research is also being done to increase the nutritional content of canola meal to increase its marketability and value.

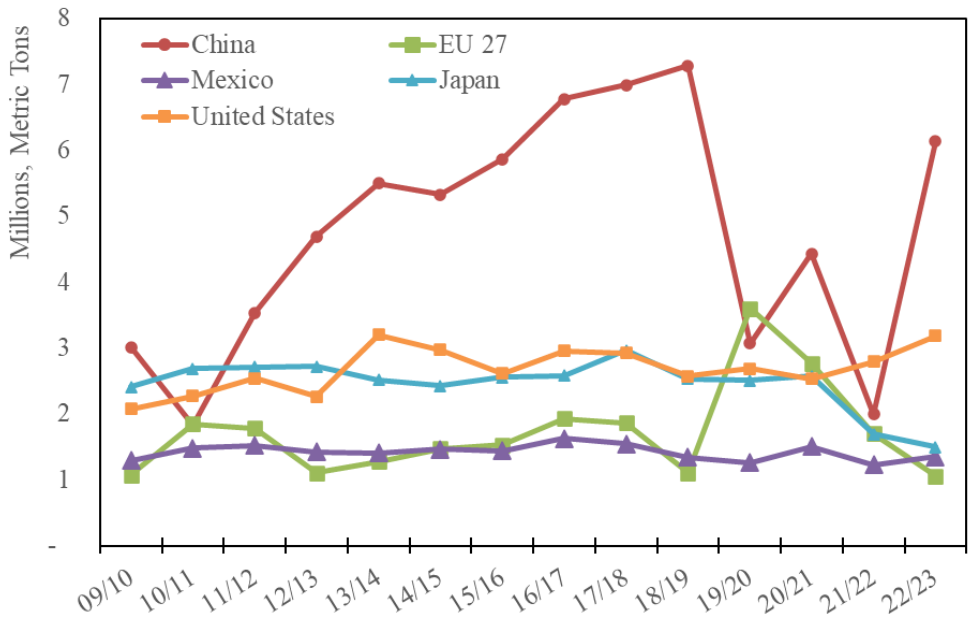
This report refers to marketing years, which for oilseeds run from August to July, except for peanuts which run from October to September.

Marketing Year 2023/24

Canola production fell two percent in MY 2023/24 on worsening soil moisture levels in the prairies that led to decreased canola yields over the previous year, from 2.175 MT/hectare to 2.07 MT/hectare.

Exports of canola seed are forecast to decrease five percent on increased domestic crush levels and reduced domestic supplies. However, demand from Canada's top buyer of canola seed (and aggregate seed and oil), China, has been strong.

Figure 1: China Resumes Top Export Market Ranking for Canadian Oilseeds and Vegetable Oil



FAS/Ottawa, with data from Trade Data Monitor, LLC

Note: Aggregate includes canola seeds, canola oil, soybeans, soybean oil, sunflower seeds, sunflower oil; Marketing Years run from August to July

Canada's new Clean Fuel Regulations (CFR) require that any feedstock harvested after January 1, 2024 must meet Land Use and Biodiversity (LUB) criteria to generate carbon credits under the CFR. Market

Year 2023/24 saw an increase in canola seed imports, possibly due to buyers of renewable fuel feedstock building stocks of the previous year's harvest to avoid the burden of having to demonstrate that feedstock meets LUB criteria and to ensure that credits will be generated on eligible feedstock if eligible, specified 2024 feedstock falls short of demand.

To date, the United States is the only foreign country with legislative recognition in Canada under the CFR, making U.S. feedstocks as attractive to Canadian importers as Canadian feedstocks – from a credit generation perspective – beyond the implementation date of the LUB criteria. For more information on the CFR and LUB criteria, see FAS/Ottawa's Biofuels Annual GAIN report.

OILSEEDS

Canola (Rapeseed), Oilseeds

Table 1. Production, Supply, and Distribution of Canola

Oilseed, Rapeseed	2022/2023		2023/2024(f)		2024/2025(f)	
Market Begin Year	Aug-22		Aug-23		Aug-24	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,596	8,596	8,855	8,855		8,580
Beginning Stocks	1,325	1,328	1,506	1,505		2,053
Production	18,695	18,695	18,800	18,328		18,069
MY Imports	151	151	250	250		150
Total Supply	20,171	20,174	20,556	20,083		20,272
MY Exports	7,954	7,951	7,550	7,000		6,900
Crush	9,961	9,961	10,650	10,500		10,900
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	750	757	775	530		530
Total Dom. Cons.	10,711	10,718	11,425	11,030		11,430
Ending Stocks	1,506	1,505	1,581	2,053		1,942
Total Distribution	20,171	20,174	20,556	20,083	-	20,272
Yield	2.175	2.175	2.123	2.070		2.106

Note: 1000 HA, 1000 MT, MT/HA

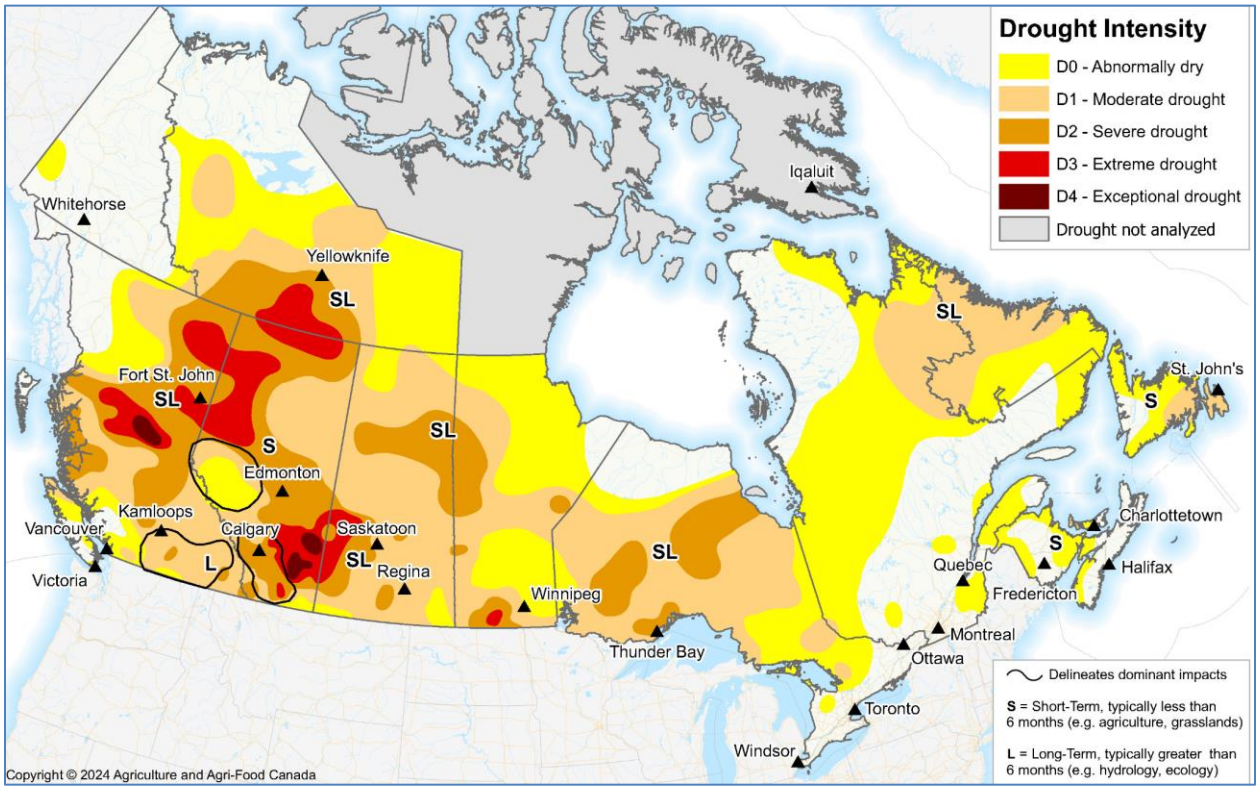
Canola Seed Production – MY 2024/25

FAS/Ottawa is forecasting MY 2024/25 canola seed production to decline marginally over the previous year, based on reduced planting intentions.

The Statistics Canada seeding intentions survey released on March 11 shows area planted to canola declining by four percent over MY 2023/24. FAS/Ottawa is forecasting MY 2024/25 yields to increase from the previous year, based on a five-year average yield rate (2018/19 to 2022/23) of 2.106 MT/hectare. The forecasted harvest rate is also based on a five-year average and falls in line with the MY 2023/24 rate.

Across the Canadian prairies, late winter snow and early spring rainfall is needed to improve drought conditions. Some producers may decide to swap out canola in favor of crops that are more resistant to drought, such as wheat. However, generally canola seed is purchased in November or December (prior to Statistics Canada's December seed survey) as farmers take advantage of early-purchase discounts. Farmers rarely request refunds on seed purchasing contracts due to concerns about spring seeding conditions, according to conversations with retail seed sellers.

Figure 2: Drought Conditions Persistent in the Canadian Prairies as of February 29



Source: [Agriculture and Agri-Food Canada]

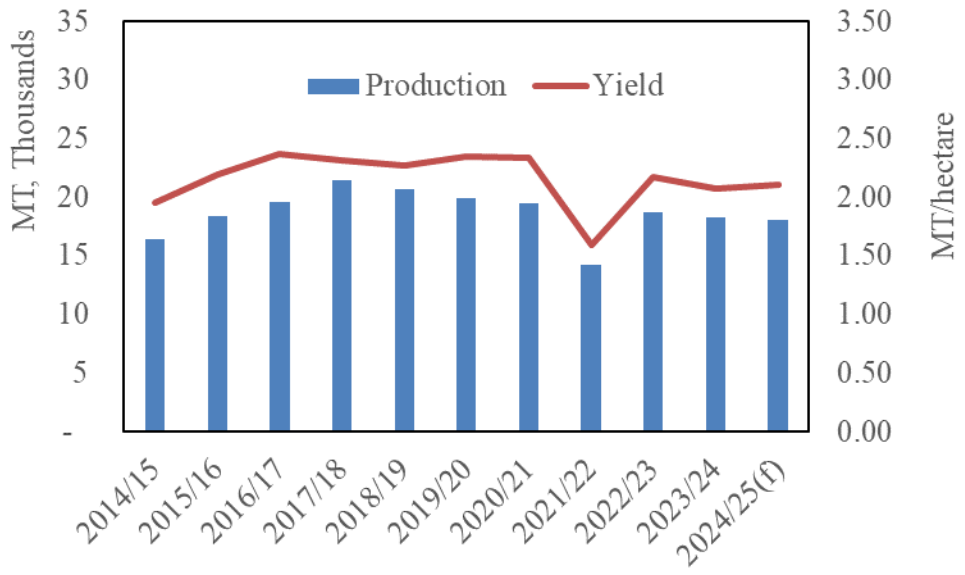
The prices of the two major chemical inputs, glyphosate and glufosinate, fell significantly from March to December 2023 and remain low, according to retail sellers. Glyphosate dropped most significantly,

falling from CAD 150 ($110.09 USD) per sale unit to CAD 70 ($51.37 USD) per retail sale unit during this period, according to contacts. All major inputs are readily available.

Canola Seed Production – MY 2023/24

In MY 2023/24, canola seed production fell two percent over the previous marketing year on a five percent reduction in yield due to wide-spread drought conditions in the Prairie Provinces and despite a three percent increase in area harvested.

Figure 3: Canadian Canola Production and Yield



Source: FAS/Ottawa with data from Statistics Canada

Each year, the Canadian Grain Commission (CGC) reports quality data and information based on their Harvest Sample Program results for western Canadian canola. The CGC reports that in 2023:

> Saskatchewan showed the lowest percent of samples graded Canola, No. 1 Canada with 89.4 percent (88.2 percent in 2019), followed by Alberta-Peace River area with 90.8 percent (75.6 percent in 2019) and Manitoba with 92.2 percent (97.0 percent in 2019). The census agricultural regions 16 (69.6 percent) and 17 (78.6 percent) of Saskatchewan, in the northwest area of the province, showed the lowest percent of samples graded Canola, No. 1 Canada.

Average percent of oil content fell in the 2021 and 2022 crops, due to drought conditions. This may have impacted the purchasing decisions of countries who are willing to pay a higher price for quality product.

Table 2: Western Canada Samples: Canola, average percent oil content

Grade Name	2016	2017	2018	2019	2020	2021	2022	2023
No. 1	44.3	45	44.1	44.7	44.1	41.3	42.1	43.6
No. 2	42.7	43.9	44.7	44.6	44.3	40.6	41.7	43.1
No. 3	45.2	43.7	44.7	44.9	44.6	39.2	42.7	40.9

Source: FAS/Ottawa with data from the Canadian Grain Commission (CGC)

Note: The definitions for CGC's canola grades can be found here: https://www.grainscanada.gc.ca/en/grain-quality/official-grain-grading-guide/10-canola-rapeseed/primary-grade-determinants-tables.html

Table 3: Percent of samples graded No. 1 Canada Canola from CGC's

2023	90.5
2022	85.1
2021	92.9
2020	90.6
2019	85.3
2018	74.8
2017	94.4

Source: FAS/Ottawa with data from the Canadian Grain Commission

The quality of Canada's canola increased significantly in 2023 over the previous year, due to improved soil moisture conditions in canola-growing regions. The CGC reports that the percent of samples graded Canola, No.1 Canada increased to 90.5 percent in 2023, up from 85.1 percent in 2022. The five-year average (2018 to 2022) is 85.7 percent.

Canola Seed Exports – MY 2024/25

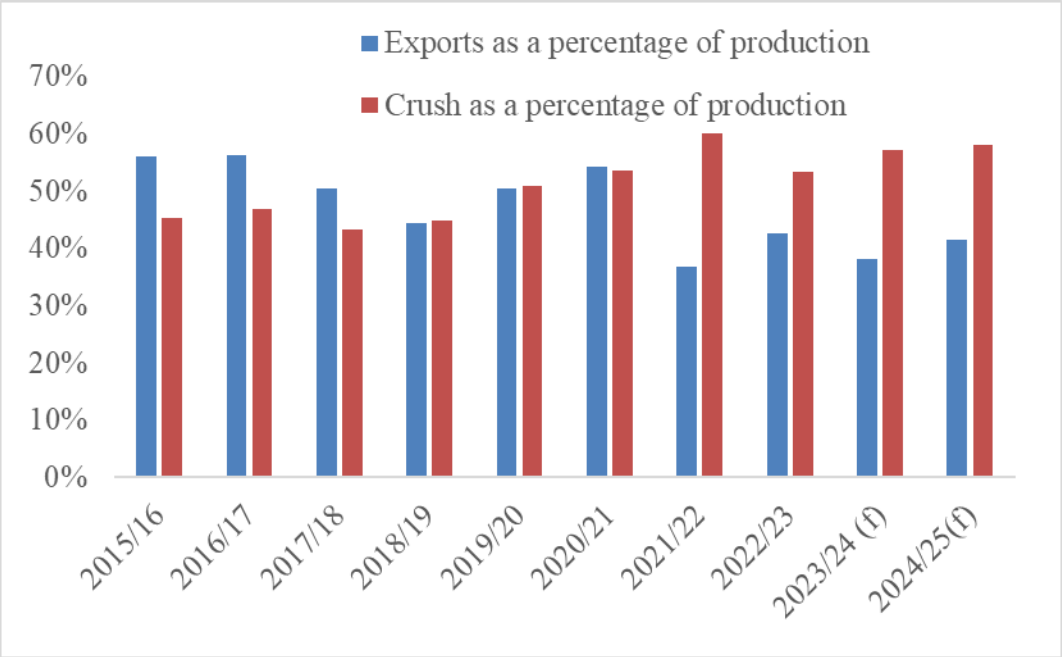
In MY 2024/25, exports of canola seed are forecast to continue to decline as a percent of annual canola production while the percent of production used for domestic crush is forecast to increase due to increased crushed capacity and demand for renewable fuel feedstocks. Canola exports are heavily dependent on Chinese demand and susceptible to large swings from year to year.

Historically, China has shown a preference for importing canola seed and processing it in-country. However, as Canadian industry intends to ramp up canola processing, seed exports will now have to compete with domestic buyers. Currently, China has very low dockage allowance for canola and, according to industry contacts, Canada is the only country that has the cleaning technology to meet

dockage limits under certain time constraints and at the lowest cost. If Chinese importers desire canola seed from another country, the country could consider raising its dockage limit.

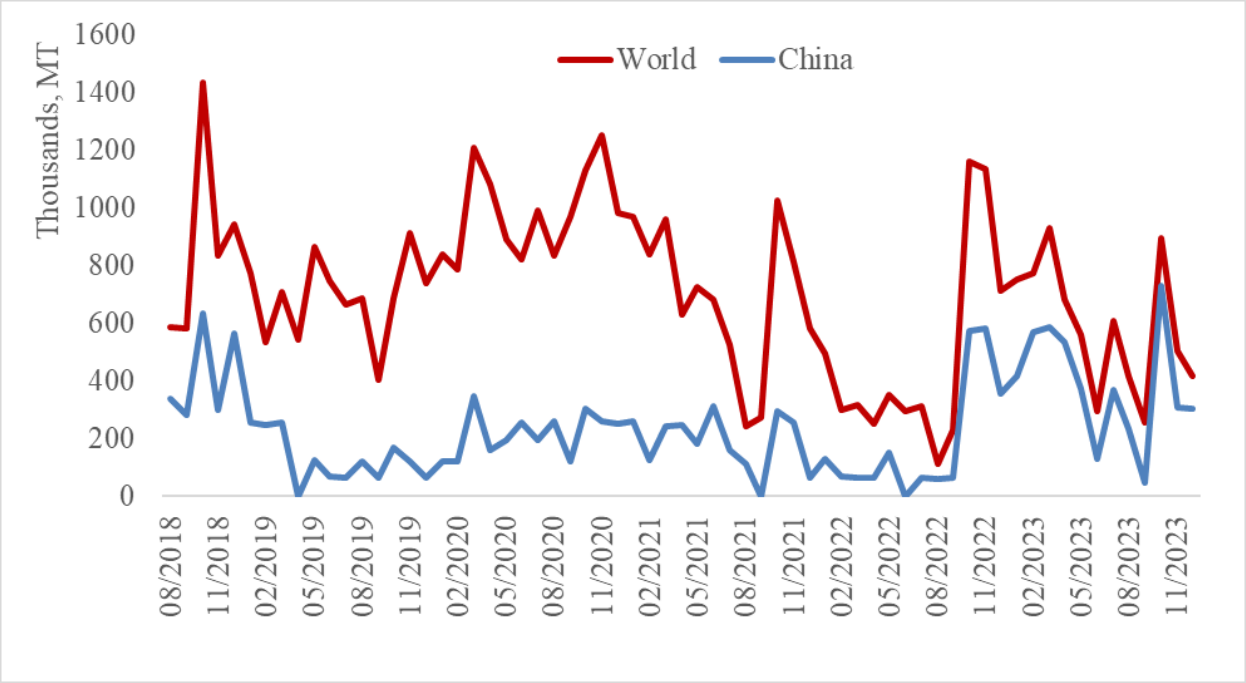
The strong market signals created by the 2022 U.S. Inflation Reduction Act (IRA) for renewable fuels in the United States, and current lack of similar policies in Canada, have quelled the appetite for expanding renewable fuel production in Canada. Canada's increased crush capacity was motivated by renewable diesel announcements but is not dependent on it. In the current North American policy environment, it is not unthinkable that China outbids Canadian processors for seed.

Figure 4: Exports as a percentage of annual production remain low since 2021



Source: FAS/Ottawa with data from Statistics Canada and Trade Data Monitor, LLC

Figure 5: Canadian Exports of Canola Seed to China



Source: FAS/Ottawa with data from Trade Data Monitor, LLC

Canola Seed Exports – MY 2023/24

MY 2023/24 exports are forecast to decline from the previous year on lower domestic supplies and large global supplies. Export levels have remained low since MY 2021/22, compared to levels seen over the previous ten years, due to persistent drought and the subsequent reduction in domestic supplies.

International Grains Council export pricing shows Canadian canola export prices have remained higher than Australian rapeseed since May 2023. While Canada may lose markets in price sensitive countries, industry contacts say that Japan and Mexico (Canada's number two and number three buyers, respectively, year-to-date) generally have a willingness to pay more for quality product.

In MY 2021/22 and MY 2022/23, exports to Japan dropped below recent historical levels. Japanese crushers cited lower canola seed supplies in Canada and reduced oil content (both of which were caused by drought) as reasons why Japan purchased less canola from Canada during these marketing years.

Table 4: Canola Seed Exports by Marketing Year and Year-to-Date (MT, '000)

Partner	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 YTD (Aug to Jan)
World	9,202	10,041	10,485	5,246	7,951	2,983
China	3,119	1,926	2,713	1,265	4,608	1,951
Japan	2,137	2,140	2,265	1,383	1,101	540
Mexico	1,266	1,155	1,346	1,034	1,209	259
United Arab Emirates	457	989	997	307	169	110
United States	514	496	429	538	319	88
EU 27	642	2,177	1,751	625	215	31
Pakistan	778	691	660	64	267	0
France	403	1,140	952	457	123	0
Germany	115	405	234	0	68	0
Bangladesh	209	321	232	0	53	0
Belgium	84	294	148	126	23	31

Source: FAS/Ottawa with data from Trade Data Monitor, LLC

Canola Seed Imports – MY 2024/2025

If the 2024 canola seed crop is of sufficient volume for domestic crushers, canola seed imports are forecast to fall back in line with historic levels. Canadian importers may be resistant to using seed grown outside of Canada and the United States unless Canada's new Clean Fuel Regulations (CFR) Land Use and Biodiversity (LUB) criteria are met.

Canola Seed Imports – MY 2023/2024

Year-to-date, MY 2023/24 imports (August 2023 to January 2024) remain low but are 48 percent higher than the entire previous marketing year on low domestic supplies, relative to previous years, and increased demand for renewable fuel feedstocks.

Canada's new Clean Fuel Regulations require that any feedstock harvested after January 1, 2024 must meet Land Use and Biodiversity criteria to generate carbon credits under the CFR. One possible explanation for the increase in canola seed imports is that buyers of renewable fuel feedstock might be building stocks of last year's harvest to avoid the burden of having to demonstrate that feedstock meets LUB criteria and to ensure that credits will be generated on eligible feedstock if the domestic 2024 harvest falls short of feedstock demand.

To date, the United States is the only foreign country that has legislative recognition in Canada under the CFR, making U.S. feedstocks as attractive to Canadian importers as Canadian feedstocks from a credit generation perspective, all else being equal.

Table 5: Canadian Canola Imports Jump

Partner	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 YTD (Aug to Jan)
World	146,466	154,982	125,052	104,741	151,358	224,081
United States	139,444	150,012	120,945	98,896	140,690	113,204
EU 27	6	14	391	19	209	110,781
Chile	6,564	4,417	3,156	5,632	10,161	54
Germany	2	14	391	13	166	89
Australia	161	69	313	137	218	3

Source: Trade Data Monitor, LLC

Canola Seed Consumption

Domestic seed consumption is forecast to increase year-over-year in MY 2023/24 and MY 2024/25 on increased crush capacity. FAS/Ottawa forecasts that Prairie Province canola crush capacity increased 12 percent to 10.26 MMT in March 2024, from a year ago. This forecast is based on industry conversations and public announcements.

Aside from actual crush volumes provided from Statistics Canada, there is limited data available on canola seed consumption. The feed, seed, and waste estimate is a residual.

Canola Seed Storage Stocks

According to the Statistics Canada February grain and oilseed stocks report, stocks of canola were up 1.3 percent year-over-year to 12.9 MMT as of December 31, 2023. The increase was attributable to a 5.6 percent increase in on-farm stocks to 11.7 MMT, which offset lower commercial stocks (a decline of 27.7 percent to 1.2 MMT).

The increase in on-farm stocks is because of the slow pace of exports so far in marketing year 2023/24, which is in part due to high global stocks of canola/rapeseed and soybeans. Canola seed export prices have declined 32 percent over a twelve-month period to USD 515/MT in January 2024.

Soybeans, Oilseeds

Table 6. Production, Supply, and Distribution of Soybean

Oilseed, Soybean	2022/23		2023/24		2024/25	
Market Begin Year	Aug-22		Aug-23		Aug-24	
Canada	USDA Official	Post	USDA Official	Post	USDA Official	Post
Area Harvested	2,118	2,118	2,261	2,261		2,240
Beginning Stocks	428	281	646	372		408
Production	6,543	6,543	6,981	6,981		6,716
MY Imports	500	500	500	490		490
Total Supply	7,471	7,324	8,127	7,843	-	7,614
MY Exports	4,240	4,237	4,550	4,900		4,600
Crush	1,785	1,785	1,900	1,785		1,900
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	800	930	1,000	750		750
Total Dom. Cons.	2,585	2,715	2,900	2,535		2,560
Ending Stocks	646	372	677	408		364
Total Distribution	7,471	7,324	8,127	7,843		7,614
Yield	3.09	3.09	3.09	3.09		3.00

(1000 HA) ,(1000 MT) ,(MT/HA)

Data for beginning stocks, exports, feed waste, and ending stocks differ between FAS/Ottawa and USDA Official. FAS/Ottawa uses official government of Canada data for each of these lines, except for feed waste, which is a residual.

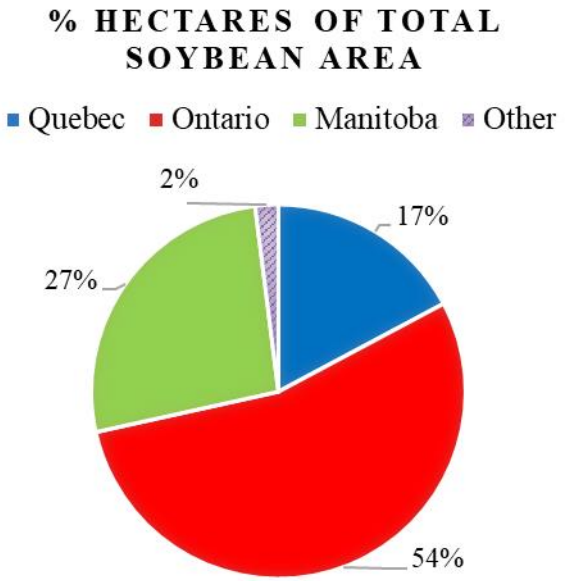
Soybean Production - MY 2024/25

FAS/Ottawa is forecasting MY 2024/25 production to decrease over the previous year based on a forecasted decline in area planted over the previous year. FAS/Ottawa's harvested area forecast incorporates Statistics Canada's seeding intentions survey released on March 11, the five-year average (2018/19 to 2022/23) harvest rate of 99.2 percent, and the five-year average yield rate of 2.998 MT/hectare. Statistics Canada's seeding intentions survey indicates a year-over-year decrease in soybean area in Quebec (15,800 fewer hectares) and Manitoba (46,400 fewer hectares) and an increase in Ontario (50,500 more hectares).

Soybean Production - MY 2023/24

In MY 2023/24, production increased 6.7 percent over the previous year on increased area planted in Manitoba.

Figure 6: 2024 Forecasted Soybean Area, by Province



Source: FAS/Ottawa with data from Statistics Canada

Soybean Trade – MY 2024/25

Export volumes are forecast to decrease as exportable supplies are drawn down. Imports of soybeans remain limited by soybean processing capacity and sufficient domestic oilseed supplies. Most soybean commodity volume is imported in meal form for animal feed.

Soybean Trade – MY 2023/2024

More than 75 percent of the forecasted exports were transported to their export destination in the first six months of the marketing year, which is common in Canada. Storage capacity for soybeans faces limitations, and the St. Lawrence Seaway (the main transportation route for soybean exports) shuts down each season around December 24. In 2024, it is slated to re-open on March 24.

Soybean Ending Stocks

According to the Statistics Canada February grain and oilseed stocks report, soybean stocks rose 9.8 percent year-over-year to 3.8 MMT as of December 31, 2023, because of increased domestic production. On-farm stocks increased seven percent to 2.2 MMT, while commercial stocks rose 13.5 percent to 1.7 MMT. Ending stocks are recorded in July of each year.

Sunflower Seeds, Oilseeds

Table 7. Production, Supply, and Distribution of Sunflower Seeds

Oilseed, Sunflowerseed	2022/2023		2023/24		2024/25	
Market Begin Year	Aug-22		Aug-23		Aug-24	
Canada	USDA Official	Post	USDA Official	Post	USDA Official	Post
Area Harvested	38	38	40	40		34
Beginning Stocks	41	118	56	150		153
Production	84	84	92	92		76
MY Imports	40	40	35	30		30
Total Supply	165	242	183	272		259
MY Exports	31	31	50	50		45
Crush	0	0	0	0		0
Food Use Dom. Cons.	10	9	10	9		9
Feed Waste Dom. Cons.	68	52	70	60		60
Total Dom. Cons.	78	61	80	69		69
Ending Stocks	56	150	53	153		145
Total Distribution	165	242	183	272		259
Yield	2.21	2.21	2.30	2.30		2.24

(1000 HA) ,(1000 MT) ,(MT/HA)

Sunflower Seed Production – MY 2024/2025

Area planted to sunflower seeds is forecasted to fall in MY 2024/25 because of relatively large domestic supplies, compared to previous years, and depressed market prices. Industry contacts state that the hope is to build up confection hectares (confection is primarily used in the food market) as supply is not high and there is a key processor in Manitoba that is hoping to re-build the acreage.

Sunflower Seed Production – MY 2023/2024

In Manitoba, where more than 90 percent of Canada's sunflower area is located, farmers planted 6,880 hectares of confection sunflowers, and 25,090 hectares of sunflower oilseed. These estimates are derived from insurance data and may not sum to the official government production estimate for Manitoba in part because not all acres are insured. By comparison, industry contacts estimate that MY 2022/23 Manitoba sunflower seed production consisted of 94 percent oilseed variety and six percent confectionary.

Sunflower Seed Imports

Sunflower seed is not a major oilseed in Canada, and any shortfall in supply of seed will not have a major impact on the overall supply of oilseeds.

Sunflower Seed Ending Stocks

FAS/Ottawa's estimate of sunflower seed storage stocks is larger than USDA Official's estimates, likely due to differences in data sources. FAS/Ottawa derives its storage stocks data from Statistics Canada's grain and oilseed stocks report. This is consistent with FAS/Ottawa's method of estimating all oilseed storage stocks.

Peanuts, Oilseeds

Table 8. Production, Supply, and Distribution of Peanuts

Oilseed, Peanuts	2022/2023		2023/2024		2024/2025	
Market Begin Year	Oct-22		Oct-23		Oct-24	
Canada	USDA Official	Post	USDA Official	Post	USDA Official	Post
Area Harvested	0	0	0	0		0
Beginning Stocks	5	5	5	5		5
Production	0	0	0	0		0
MY Imports	166	166	175	175		175
Total Supply	171	171	180	180		180
MY Exports	2	2	3	3		3
Crush	0	0	0	0		0
Food Use Dom. Cons.	164	164	172	172		172
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	164	164	172	172		172
Ending Stocks	5	5	5	5		5
Total Distribution	171	171	180	180		180

(1000 HA) ,(1000 MT) ,(MT/HA)

Peanut production is less than 500 MT and limited to a few farms in Southern Ontario. Canada will remain a net importer of peanuts, with the United States and China being the top suppliers.

Peanut production is constrained by climatic conditions, with insufficient heat limiting quality and yield potential. Imports remain steady.

OIL

Table 9. Production, Supply, and Distribution of Canola Oil

Oil, Canola	2022/2023		2023/2024		2024/2025	
Market Begin Year	Aug-22		Aug-23		Aug-24	
Canada	USDA Official	Post	USDA Official	Post	USDA Official	Post
Crush	9,961	9,961	10,650	10,500		10,900
Extr. Rate, 999.9999	0.42	0.42	0.42	0.42		0.43
Beginning Stocks	525	74	630	85		70
Production	4,151	4,151	4,500	4,452		4,665
MY Imports	26	26	20	30		30
Total Supply	4,702	4,251	5,150	4,567	-	4,765
MY Exports	3,017	3,016	3,600	3,300		3,400
Industrial Dom. Cons.	340	210	350	350		350
Food Use Dom. Cons.	715	940	705	847		935
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	1,055	1,150	1,055	1,197		1,285
Ending Stocks	630	85	495	70		80
Total Distribution	4,702	4,251	5,150	4,567		4,765

Table 10. Production, Supply, and Distribution of Soybean Oil

Oil, Soybean	2022/2023		2023/2024		2024/2025	
Market Begin Year	Aug-22		Aug-23		Aug-24	
Canada	USDA Official	Post	USDA Official	Post	USDA Official	Post
Crush	1,785	1,785	1,900	1,785		1,900
Extr. Rate	0.190	0.189	0.19	0.187		0.186
Beginning Stocks	28	6	104	3		11
Production	337	337	358	333		354
MY Imports	147	147	175	180		180
Total Supply	512	490	637	516		545
MY Exports	138	138	200	155		155
Industrial Dom. Cons.	0	100	0	100		120
Food Use Dom. Cons.	270	249	335	250		250
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	270	349	335	350		370
Ending Stocks	104	3	102	11		20
Total Distribution	512	490	637	516		545

(1000 HA) ,(1000 MT) ,(MT/HA)

Table 11. Production, Supply, and Distribution of Sunflower Oil

Oil, Sunflowerseed	2022/23		2023/24		2024/25	
Market Begin Year	Aug-22		Aug-23		Aug-24	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0		0
Extr. Rate	0	0	0	0		0
Beginning Stocks	5	5	3	5		5
Production	0	0	0	0		0
MY Imports	55	53	55	55		55
Total Supply	58	58	58	60		60
MY Exports	2	3	2	3		3
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	53	50	53	52		52
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	53	50	53	52		52
Ending Stocks	5	5	3	5		5
Total Distribution	58	58	58	60		60

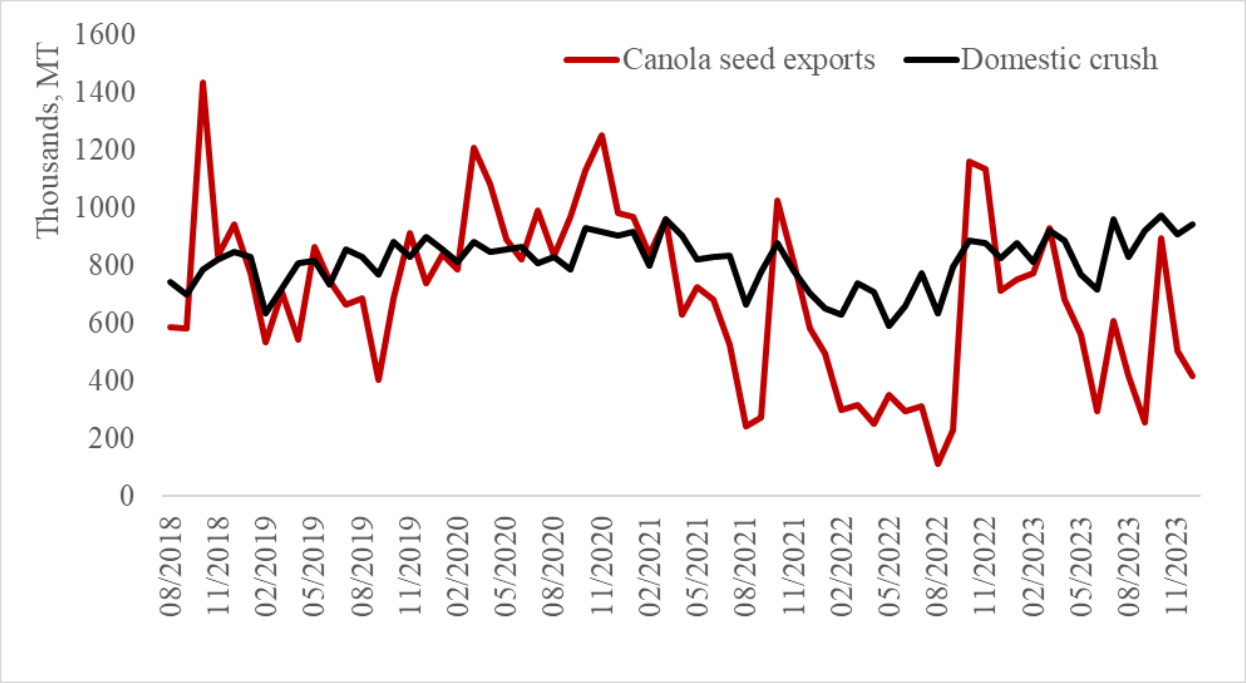
(1000 HA) ,(1000 MT) ,(MT/HA)

Vegetable Oil Production – Crush Capacities

FAS/Ottawa forecasts that Prairie Province canola crush capacity will reach 10,262,600 MT by the middle of the 2024 calendar year and 11,262,000 MT by the end of the 2025 calendar year. Oilseed crush capacity across Canada is forecast to reach 12,992,500 MT by the middle of the 2024 calendar year and 15,142,500 by the end of 2025, barring no further delays. These forecasts are based on industry conversations and public announcements.

Canola is the main oilseed processed in Canada. Soybean oil production is constrained by limited soybean crush capacity in Canada, primarily located in Eastern Canada. Sunflower seed processing remains very limited in Canada. FAS/Ottawa anticipates that sunflower seeds grown for oil in Manitoba will continue to be exported to North Dakota for crushing.

Figure 7: Domestic Crush versus Canola Seed Exports



Source: FAS/Ottawa with data from Statistics Canada and Trade Data Monitor, LLC

The MY 2023/24 canola oil extraction rate is higher than the past two years but below the five-year average. Extraction rates were depressed by drought conditions in vast canola-growing regions of Alberta and Saskatchewan.

Vegetable Oil Consumption

Canada's first renewable diesel facility, owned by Tidewater, LLC and located in Prince George, British Colombia, became commercially operational in November 2023. The company publicly stated that the facility reached capacity in early December 2023, but operational challenges meant that the complex's daily throughput averaged approximately 1,700 barrels per day, between the commencement of commercial operations and December 31, 2023. Challenges have since been resolved. Its capacity is 170 million liters of renewable diesel. In previous announcements, the company stated that feedstocks will include used cooking oil, tallow, canola oil, soybean oil. The company is assessing Sustainable Aviation Fuel (SAF).

In February 2024, Braya announced that it is now operational and producing renewable diesel. Braya is in Come-By-Chance, Newfoundland and has a capacity of 824 million liters of renewable diesel. The company is assessing SAF. Industry states that feedstocks to date are primarily soy oil.

After the announcement of the U.S. production tax credits within the U.S. IRA, and the announcement of the future retraction of the U.S. Blenders Tax Credit (the BTC has drawn nearly 100 percent of Canada's biodiesel to the United States), Canadian renewable fuel production could be significantly reduced from what was initially announced unless the Canadian government offers similar announcements to incentivize renewable fuel production or investment.

Statistics Canada does not track vegetable oil consumption (for food nor any type of industrial use). Statistics Canada's fuel survey tracks aggregate vegetable oil for biofuel feedstock use only, which is published in Table: 25-10-0082-01. FAS/Ottawa estimates canola oil biofuel feedstocks (a component of canola oil for industrial use) for its annual biofuels report by surveying industry and using known production capacity levels and feedstock types of renewable fuel facilities in Canada and applying known feedstock-to-fuel conversion rates that apply to various fuel production processes.

Industrial use of soybean oil is derived from conversations with industry and knowledge of origins of imports and import destinations. For example, all soy oil imports from Argentina to Quebec and Newfoundland and Labrador are likely biofuel feedstocks.

Vegetable Oil Exports

Year-to-date vegetable oil exports are made up of canola oil (96 percent) and soy oil (4 percent), in line with historic shares.

Canadian oilseed crushers welcomed the U.S. Environmental Protection Agency's (EPA) December 1, 2022 determination to approve Renewable Fuel Standard (RFS) pathways for certain biofuels that are produced from canola/rapeseed oil. With this action, these fuel pathways will be 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 conjunction with the market signal triggered by the U.S. IRA, and state-level initiatives like those in place in California and Oregon, the announcement signifies a potential increase in the exports of Canadian canola oil to U.S. renewable diesel facilities.

Table 12: Vegetable Oil Exports by Marketing Year and Year-to-Date, MT, '000

Partner	18/19	19/20	20/21	21/22	22/23	YTD 23/24 (Aug-Jan)
World	3,337	3,583	3,577	2,735	3,163	1,720
United States	1,909	2,002	1,915	2,073	2,735	1,629
China	1,004	970	1,192	246	145	15
Mexico	78	101	160	183	142	54
South Korea	137	143	154	95	79	8
Japan	19	46	14	21	17	2
Chile	103	151	94	71	15	0
Taiwan	10	10	8	10	8	0
United Arab Emirates	1	1	7	5	5	4
Colombia	2	1	2	10	3	0

Source : FAS/Ottawa with data from Trade Data Monitor, LLC

Vegetable Oil Imports

Table 13: Vegetable Oil Imports by Marketing Year and Year-to-Date, MT

Partner	18/19	19/20	20/21	21/22	22/23	YTD 23/24 (Aug-Jan)
World	282,499	290,596	338,005	349,209	432,750	305,717
United States	80,854	79,485	99,996	124,365	109,570	46,364
Argentina	648	810	604	756	90,375	140,693
Malaysia	60,711	68,971	73,315	76,578	79,700	38,450
Indonesia	58,778	43,766	37,824	35,867	35,170	18,932
EU 27	41,241	48,745	53,359	44,390	53,759	25,190
Ukraine	2,124	5,211	20,310	18,556	14,877	10,354
Philippines	15,228	13,297	15,765	13,852	15,061	7,116

Source : FAS/Ottawa with data from Trade Data Monitor, LLC

Year-to-date vegetable oil imports are made up of soybean oil (54.2 percent), palm oil (18.7 percent), sunflower (9.9 percent), coconut oil (3.6 percent), canola/rapeseed oil (3.3 percent).

Imports of soy oil from Argentina into Quebec and Newfoundland and Labrador increased in MY 2022/23 and continue to grow in MY 2023/24. Industry contacts speculate that a renewable diesel facility in Newfoundland and Labrador and a biodiesel plant in Ontario are importing the oil as fuel feedstock.

Canada's renewable fuel requirements will be partly met by U.S. imports of feedstock or fuel (in addition to Canadian feedstocks and fuel) unless Canada can match or at least come close to U.S. incentives provided under the IRA.

Vegetable Oil Storage Stocks

Soybean oil storage stocks remain low as a direct result of low soybean crush capacity and domestic crushers running just-in-time systems -- an industry analyst states that Canada's soybean crush plants are located within 200 to 300 km of most southern Ontario-located food processing operations. Further, proximity to U.S. soybean oil supplies reduces the need for large storage stocks, helping industry manage operating costs.

OILSEEDS, MEAL

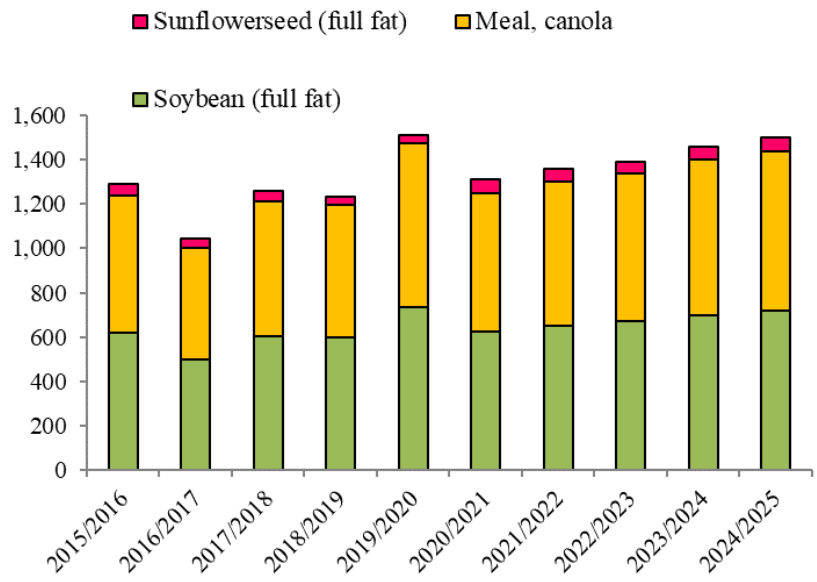
MY 2023/24 extraction rate is taken from year-to-date monthly extraction rates, which are historically indicative of average meal extraction rates for the marketing year. MY 2024/25 meal extraction rates are a five-year average (MY 2019/20 to MY 2023/24).

Table 14. 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)
Meal, Soybean	2,201	2,163	2,170	2,332	2,233	2,341	2,380
Meal, Rapeseed	597	737	625	650	670	700	720
Soybean (full fat)	1,205	823	1,003	646	930	750	750
Sunflowerseed (full fat)	38	37	64	58	52	60	60
Total in SME	**3,609**	**3,365**	**3,450**	**3,341**	**3,481**	**3,470**	**3,523**

Source: Statistics Canada; FAS Ottawa
Marketing year: Aug/ July
f = forecast

Figure 8: Protein Meal Consumption, MT, '000



Source: FAS/Ottawa with data from Statistics Canada

Canola Meal

The forecast for annual increases in domestic canola seed processing from 2024 through to 2027 means that more canola meal will be produced. Uses of canola meal outside of feed are limited due to its fiber and relatively low nutritional content, compared to soy meal and other alternatives. Therefore, the expected increase in production has prompted interest in ways to utilize canola differently, diversify exports into markets where animal feed is growing (e.g., Indochina), and increase meal's nutritional and economic value. Meal is almost exclusively exported to only China and the United States. Nearly 40 percent of MY 2022/23 exports to the United States went to California, in line with MY 2023/24 expectations.

Canada-U.S. bilateral trade flows of canola (and soy) meal will be determined, as always, by feed cost differentials.

Canola meal imports remain low, comprising less than a percent of total use. Ontario imports meal from the United States, and Quebec imports meal from India.

Table 15. Production, Supply, and Distribution of Canola Meal

Meal, Canola	2022/23		2023/24		2024/25	
Market Begin Year	Aug-22		Aug-23		Aug-24	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	9,961	9,961	10,650	10,500		10,900
Extr. Rate	0.59	0.5900	0.58	0.5830		0.5798
Beginning Stocks	183	153	136	89		117
Production	5,908	5,908	6,200	6,122		6,320
MY Imports	6	6	10	6		6
Total Supply	6,097	6,097	6,346	6,217		6,443
MY Exports	5,311	5,308	5,450	5,400		5,600
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	650	670	690	700		720
Total Dom. Cons.	650	670	690	700		720
Ending Stocks	136	89	206	117		123
Total Distribution	6,097	6,097	6,346	6,217		6,443
SME	462.48	476.71	490.94	498.05		512.28

(1000 MT) ,(PERCENT)

Table 16: Exports of Canola Meal, MT, '000

Partner	2018/19	2019/20	2020/21	2021/22	2022/23	YTD 2023/24 (Aug-Jan)
World	4,643	4,904	5,261	4,516	5,308	2,763
United States	3,213	3,466	3,581	2,920	3,480	1,734
China	1,365	1,417	1,577	1,587	1,819	1,026
United Kingdom	0	0	48	0	7	0
Mexico	14	9	21	8	1	0

Source: FAS/Ottawa with data from Trade Data Monitor, LLC

Table 17: Exports of Canola Meal to U.S. States, MT, '000

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	YTD 2023/24 Aug-Jan
All States	3,213	3,466	3,581	2,920	3,480	1,734
California	1,214	1,369	1,391	1,138	1,436	715
Nebraska	134	230	315	297	359	198
New York	205	245	285	262	291	145
Michigan	216	220	266	193	217	121
Idaho	198	174	122	119	207	95
Wisconsin	232	213	225	168	197	107
Texas	138	182	179	137	161	46
Indiana	105	117	121	117	123	68
Vermont	84	79	79	64	81	43
New Mexico	111	96	103	75	58	22

Source: FAS/Ottawa with data from Trade Data Monitor, LLC

Soybean meal

Soybean processing in MY 2024/25 is forecast to remain steady but high on strong crush margins and robust demand for vegetable oils. Similar factors are driving up the MY 2023/24 soymeal production forecast. Soymeal production is constrained by domestic soybean supply and limited crush capacity, located primarily in eastern Canada.

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.

Table 18. Production, Supply, and Distribution of Soybean Meal

Meal, Soybean	2022/2023		2023/2024		2024/2025	
Market Begin Year	Aug-22		Aug-23		Aug-24	
Canada	USDA Official	Post	USDA Official	Post	USDA Official	Post
Crush	1,785	1,785	1,900	1,785		1,900
Extr. Rate	0.78	0.7788	0.7800	0.7780		0.7779
Beginning Stocks	228	37	121	22		25
Production	1,390	1,390	1,480	1,389		1,478
MY Imports	1,207	1,207	1,300	1,250		1,200
Total Supply	2,825	2,634	2,901	2,661		2,703
MY Exports	379	379	350	295		300
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	2,325	2,233	2,350	2,341		2,380
Total Dom. Cons.	2,325	2,233	2,350	2,341		2,380
Ending Stocks	121	22	201	25		23
Total Distribution	2,825	2,634	2,901	2,661		2,703
SME	2,325	2,233	2,350	2,341		2,380

(1000 HA) ,(1000 MT) ,(MT/HA)

Attachments:

No Attachments