

Impacts of Eastern Europe Unrest

What started as seemingly a regional conflict last winter can still have a major impact on the worldwide food supply, including the vegetable oil market at-large and, more specifically, the soybean oil market.

Chad Hart, Iowa State University economist, stated in an interview [with Radio Iowa](#) that vegetable oils are all interchangeable. The disruption in the shipping of vegetable oils from Ukraine and Russia, while for different reasons, is a reality due to the Russian war waged in Ukraine. Ukraine is a major exporter of sunflower seed oil, which indicates an opening for other vegetable oils to take over due to a disrupted export market.

Worldwide, sunflower seed oil exports are expected to account for nearly 12% of all country exports in the [September 2022 Oilseeds: World Market and Trade report from the USDA Foreign Ag Service](#). By contrast soybean oil is projected to slightly more than 14% of the total vegetable oil export market.

The exports of sunflower seed oil from [Ukraine in February 2022](#) were projected at 7.5% of the worldwide vegetable oil export market. While the reaction from the western world reflects different motives, the market from Russia is also a major factor. Russian sunflower seed exports account for 4.2% of the worldwide projected total overseas shipments for the 2022-23 marketing year.

The market is also projected to see substantial growth in the near future. [Projections for the global sunflower seed oil market](#) in 2020 were at \$18.5 billion, and it is expected to surge to \$29.59 billion in 2028. Recent geopolitical unrest will change that, and the U.S. market must be positioned to capitalize on that.

In the 2020-21 marketing year, Ukraine alone accounts for nearly 47% of the worldwide sunflower seed oil market. Russia was No. 2 with 28% of the worldwide sunflower seed oil export market. That's 75% of the worldwide sunflower seed oil market being disrupted. The September 2022 Oilseed: World Market and Trade report from USDA's Foreign Ag Service projects 2022-23 marketing year exports for those two countries at 69%.

If Iowa State University's Hart is correct in his statement that vegetable oils are interchangeable, that means nearly 8% of the world vegetable oil market is available due to lack of a consistent and reliable market.

This, of course, means that sunflower seed oil, canola (rapeseed) oil or other High Oleic oilseeds stand to gain share as well. U.S. soybean producers must be ready to grow their own domestic market. But also, with geopolitical disruption in the marketplace, there is potential to capture a greater share of vegetable oil market share worldwide.

While the reality of the war is devastating, it does not discount the opportunity for U.S. soybean producers to capitalize. With an interchangeable supply of vegetable oil, a strong commitment from U.S. soybean growers and the industry to supplying seed can be impactful for years.