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THE STATE OF THE GLOBAL AND RUSSIAN MARKETS FOR VEGETABLE OILS

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Vegetable oils are one of the most important segments of the global food market. Since the beginning of the century, their global production has grown 2.5 times, with palm oil production showing the best dynamics. Overall, more than 90% of the market is concentrated on a limited list of oils: palm, soybean, rapeseed, and sunflower. Prices for vegetable oils are rising in real terms, both in comparison with inflation and with other types of food, reaching a three-year high in August 2025. Despite steady production growth and favorable forecasts for the current and future seasons, global export dynamics are unstable amid expanding demand, which is putting upward pressure on prices. The Russian vegetable oil market is growing rapidly under the influence of external demand, with production being highly export-oriented. The higher profitability of oilseed production compared to grain production is causing a redistribution of acreage.

Vegetable oils take up a big part of people's diets, agribusiness production, and global food trade. In Russia, for example, the recommended daily intake of food includes 12 kg of vegetable oils per person per year, which covers more than 10% of the energy value needed from food. Oilseed production accounts for nearly 10% of global agricultural production. The share of oilseeds and their processed products in global food trade also consistently exceeds 10%.

The main types of vegetable oils produced by the global economy are palm (including palm kernel), soybean, rapeseed, and sunflower oils. On average, over the past 5 years, their share in global vegetable oil production has been 92% in physical terms. The remainder is accounted for by less common olive, cottonseed, coconut, and cottonseed oils.

Over the past 25 years (*Fig. 1*), global vegetable oil production has grown 2.5 times, with the largest increase observed for palm and palm kernel oils (+229%). The growth rates for soybean and sunflower oil are similar (+164% and +166%, respectively), slightly behind the growth rate for rapeseed oil (+149%). The growth rate for vegetable oils not included in the main group is significantly lower, at 25%. This trend has led to an increase in the expected share of palm oil in global production by 8 percentage points to 38% in the 2025/2026 season compared to the 2000/2021 season. and to a reduction in the share of other oils, with soybean, rapeseed, and sunflower oils remaining relatively stable.

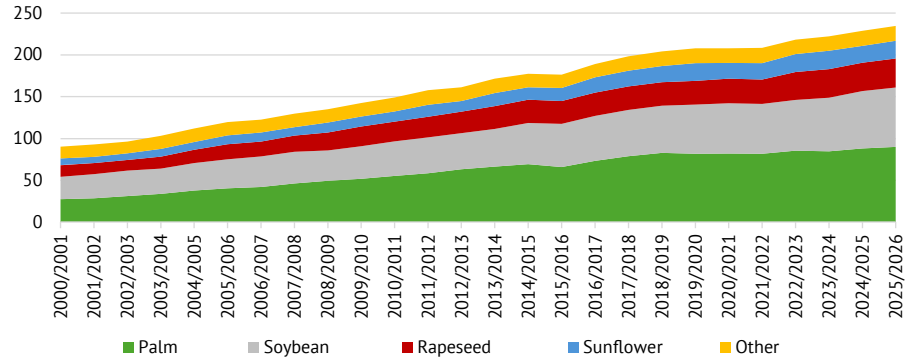

Fig. 1. Global production of vegetable oils in 2000–2026 (by marketing year), mn t

Source: own calculations based on PSD FAS USDA data.

Parallel to the growth in production, there has also been an increase in global trade in major vegetable oils. It is expected that in the 2025/2026 season, the volume of exports in physical terms will double compared to the 2000/2001 season. Exports of sunflower and rapeseed oils will increase more than sixfold, while trade in palm oil will grow by 175% and soybean oil by 91%. This situation has been made possible by the development of export-oriented production. Thus, the share of exports in the total volume of sunflower oil produced during the period under review increased from 28% to 64%, while for rapeseed oil the corresponding figures are 9% and 22% (*Fig. 2*). Meanwhile, the share of exported palm and soybean oils, on the contrary, decreased. Russia and Ukraine made the main contribution to the growth in sunflower oil exports, while Canada contributed to the growth in rapeseed oil exports. Against the backdrop of stagnating exports by major suppliers of soybean oil to the world market (Brazil, the US, and the European Union), Argentina, the largest exporter, has more than doubled its supplies of this product. There has been a change in the leader in palm oil exports: having been twice as small in terms of supply volumes in the early 2000s, Indonesia now exports 50% more palm oil than the former leader, Malaysia.

Overall, the global market is seeing positive supply dynamics (*Table 1*), However, certain problems with the export volumes of the most common types of oil-palm and soybean-against a backdrop of stable demand have led to global vegetable oil prices (as measured by the FAO Vegetable Oil Price Index) reaching their highest level since July 2022 in August 2025 (*Fig. 3*).

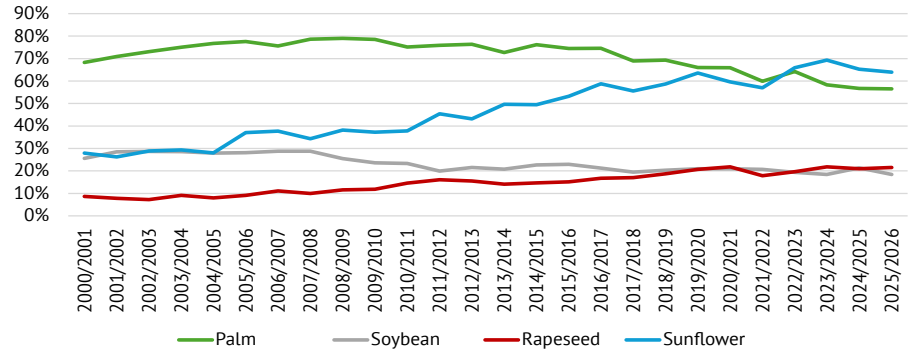

Fig. 2. Share of exports in the distribution of production volumes of major vegetable oils in 2000–2026 (by marketing year), %

Source: own calculations based on PSD FAS USDA data.

Table 1

Forecast of global production and exports of major vegetable oils in the 2025/2026 season compared to previous levels

Type of oil	Indicator	Average for previous 5 years	2024/2025	2025/2026 (forecast)		
		Mn t			On five-year average, %	On previous year, %
Palm	Production	74.6	78.9	80.8	8.3	2.4
	Export	46.9	44.8	45.7	-2.6	2.0
Rapeseed	Production	30.9	34.1	34.7	12.2	1.8
	Export	6.3	7.1	7.5	18.7	4.7
Soybean	Production	60.7	68.7	70.9	16.7	3.2
	Export	12.2	14.7	13.1	7.4	-10.7
Sunflower	Production	20.7	20.1	21.3	2.7	6.2
	Export	13.1	13.1	13.6	3.7	4.1

Source: own calculations based on PSD FAS USDA data.

The dynamics of world prices for vegetable oils demonstrate their fairly steady growth, both in real terms, taking into account dollar inflation, and in relation to world food prices. As of August 2025, vegetable oils are the commodity group that has risen the most in price compared to 2014–2016: 147.6 points in real terms, compared to 118.5 points for global food trade as a whole, 101.3 for grain, 101.9 for sugar, 113.4 for meat, and 140.1 for milk and dairy products.

At the same time, price dynamics for different types of vegetable oils are uneven. The expansion of exports and the geography of sales of sunflower oil, mainly Russian, has led to the fact that in the last two years, following the shocks of 2020 and 2022, it has been trading without a premium to the price of palm oil, which had been consistently observed in previous years.

The Russian vegetable oil market has experienced rapid growth in recent decades (*Fig. 5*). The main driver of this growth is export deliveries. While domestic consumption of the main types of vegetable oils in Russia grew by 38.5% in the 2024/2025 season compared to the 2011/2012 season, net exports increased almost 3.5-fold. For all types of vegetable oils, the export market takes priority over the domestic market. Net exports in the current season exceed domestic sales of soybean oil by 1.4-fold, sunflower oil by 1.9-fold, and rapeseed oil by 7.2-fold. Overall, in recent years, two-thirds of the vegetable oils produced in the country have been steadily exported.

The growth in vegetable oil production in Russia, with the minor exception of soybean imports (which peaked in 2015–2021), is based on an increase in

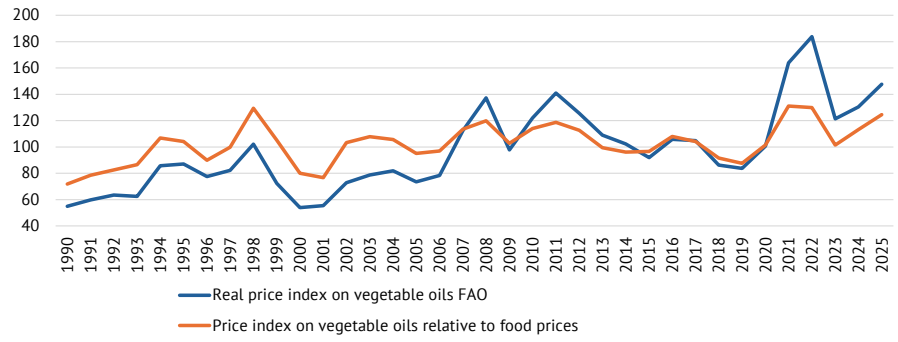

Fig. 3. Dynamics of world prices on vegetable oils in 1990–2025 (2014–2016 = 100)

Source: own calculations based on FAO data.

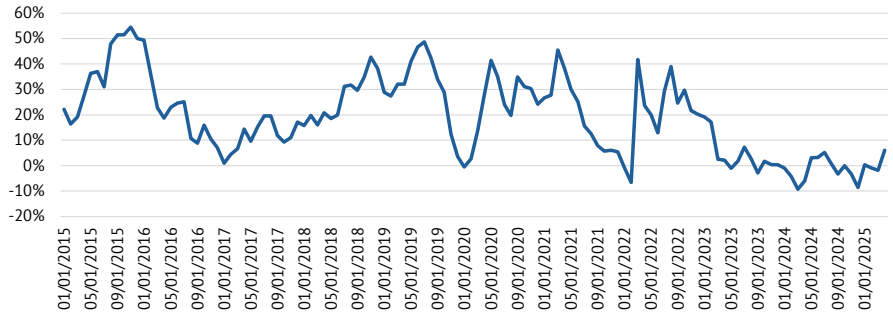

Fig. 4. Premium of sunflower oil (Sunflower oil, f.o.b. North West European Ports) over palm oil (Palm oil Crude, c.i.f. Rotterdam), %

Source: own calculations based on FPMA data.

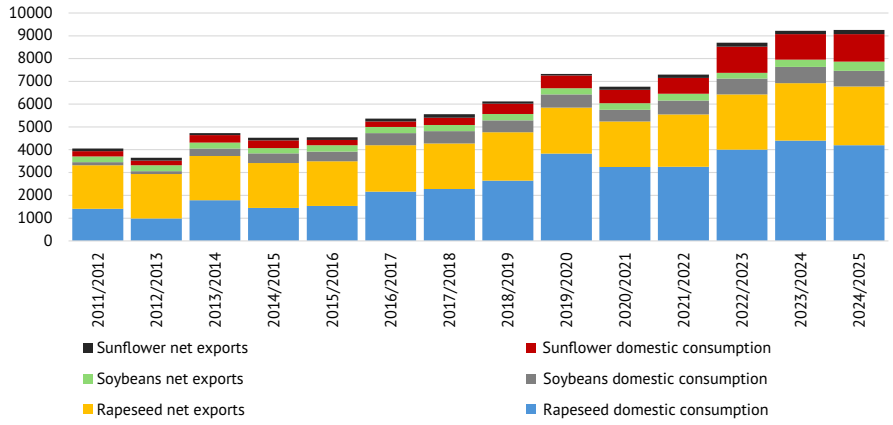

Fig. 5. Domestic consumption and net exports of major vegetable oils in Russia in 2011–2025 (by marketing year), %

Source: own calculations based on PSD FAS USDA data.

domestic oilseed harvests, which are mainly processed within the country. The outpacing growth of world vegetable oil prices relative to grain prices and the more lenient regulations on vegetable oil exports compared to grain have led to an increase in the profitability of oilseed production relative to grain and, as a result, to a redistribution of acreage. According to Rosstat, at the local peak in 2017, oilseed crops accounted for 26.5% of the area sown with grains and legumes, while in 2024, this figure will reach 41.1%. The area under grain crops decreased by 3.4% during this period, while the area under oilseeds increased 1.5-fold. The leaders in terms of crop area dynamics are rapeseed (2.7-fold increase) and oil flax (2.9-fold increase).