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Soybean Industry Releases Timely Seed Oil Study
Simple Summary? A Ban Would Not Bode Well for Soy or Consumers
Impacts of Removing Seed Oils from U.S. Food Supply Striking

Washington, D.C. April 8, 2025. The results of a soy industry project to examine the impacts of a potential seed oil ban in the U.S. food supply are in—and the answers are not good. The [seed oil study](#) was funded by the United Soybean Board and conducted by the World Agricultural Economic and Environmental Services.

WAEES maintains agricultural economic models that allow it to examine potential industry changes, and what it found forecasting a ban was this: The seed oil industry, which primarily includes soybean, canola, corn, cottonseed, grapeseed, rice bran, safflower and sunflower, would see a sizable drop in consumption for domestic products while imported palm oil would likely flourish. Meantime, consumers would have a hard time making apples-to-apples substitutions given price surges, product availability, allergen issues, and usage constraints (just like you cannot use an orange in apple pie, not all fats and oils are created equal).

ASA President and Kentucky soybean farmer Caleb Ragland said of the study, “This work simply confirms what we already knew. A ban on seed oils, including soy, is going to have costly impacts for farmers and costly impacts for consumers—and I don’t just mean in the wallet. There is the potential here that we lose consumer choice based on conjecture, and that should not be something we condone in the United States or anywhere, for that matter.”

WAEES routinely projects supply and demand of agricultural products, farm income, consumer expenditures and other variables for 10 years out. Against that baseline, two scenarios for a seed oil ban were considered:

1. Flat U.S. fat and oil consumption: This scenario removed seed oils from human consumption but assumed consumption of fats and oils per capita would remain roughly unchanged—ignoring the fact that many fats and oils are not directly substitutable. For instance, tallow and palm oil cannot be used in salad dressing, as they are solid at room temperature. Certain nut oils also bring allergy concerns. Assuming people would find a way to consume fats and oils without worrying about their form, this scenario found:

- A 58-pound per-capita loss of seed oil would be filled primarily by increased palm oil consumption (53 pounds), which would have to be imported. Global palm area would likely increase by 3.3 million acres.
- The Consumer Price Index (CPI) for fats and oils would, in turn, increase by 28.7%; consumer expenditures on vegetable oils and fats would increase by \$7.7 billion per year on average—a 43% increase.

2. Substitution constraints: Again, fats and oils are not fully substitutable in practice. This scenario assumed consumers would only be willing to spend 8% more on fats and oils and would reduce consumption to fit within that budget constraint.

- In this case, the 58-pound loss of seed oils is only partially offset. Per-capita consumption of fats and oils would fall by 21 pounds, or 29%. The study did not look at any resulting health consequences of the dramatic drop.
- The Consumer Price Index (CPI) for fats and oils would increase by 35.1% amid the lack of available alternatives.

In both scenarios, the effects of reduced consumer vegetable oils and fats consumption would cause additional consumer and farm-level losses.

- Soybean prices would fall by an average of over 3% per year and farmer returns by about 7%. But, overall crop cash receipts would drop by \$3 billion per year, and farm income would fall by about \$2 billion dollars. Soybean area would decrease by a yearly average of 2.8 million acres.
- Meat supplies to consumers would also fall by over 12 pounds per year, as higher meal prices from lower oilseed processing margins would increase feed costs for animals, whose diets depend heavily on soy meal.

Dr. Scott Gerlt, ASA chief economist, explained why a switch to non-seed oils is not readily feasible:

“Simply put, there is not enough production. Fats are largely a byproduct of meat production and represent only a small share of the value of the processing. Capacity to produce tallow is also limited, even if the value of the fats increased significantly. For lard, over 80% is already used in food and 30% of white grease currently goes to food.”

Similarly, olive oil production is limited and costly, and peanut oil is not widely traded and comes with allergen issues for many persons.

The Food and Drug Administration has recognized the potential health benefits of soybean oil through a scientific review process that supports replacing saturated fats with unsaturated fats found in soybean oil to reduce the risk of coronary heart disease.

Ragland said, “FDA’s qualified health claim for soybean oil found ‘supportive scientific evidence’ to suggest soybean oil and certain foods made from it may lower “bad” LDL cholesterol and reduce the risk of coronary heart disease. Why would we rock that boat without any scientific reason if soy oil has, time and again, been found safe and even to have potential health benefits—including by European nations like Germany and Austria that also suggest using seed oil, and specifically soybean oil, over other forms of fat can have health benefits and be a part of a healthy diet? That does not make logical sense and does not seem worth taking away consumer choice and killing nearly half (43%) of our domestic soy oil market.”

ASA continues to support regulatory decisions grounded in science and risk-based assessments and that enable farmers to continue their operations while supporting consumer choice. The study points to the many concerns of the greater soy industry as to the immediate and ongoing impacts an arbitrary ban on seed oils could have for soybean farmers and the U.S. food supply and economy.

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The American Soybean Association (ASA) represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state associations representing 30 soybean-producing states and nearly 500,000 soybean farmers.

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