

U.S. Market Analysis – Impact to Alberta Wheat from Potential Tariffs.

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Canadian Wheat Exports to the U.S.:

- In recent years, Canadian wheat exports have exceeded \$1 billion, approaching 2 million metric tons.
 - Alberta contributes approximately \$250 million to this total, representing around 7 per cent of the province's wheat exports.
- The U.S. is Alberta's 4th largest market for spring and durum wheat.
- About 70 per cent of exports consists of common wheat (spring and winter varieties), while 30 per cent is durum wheat.

U.S. Wheat Background:

- Wheat is the third largest crop in the U.S, making the country the world's 5th largest wheat grower. With U.S. wheat production declining from the peak in 1981, Canadian imports allowed American farmers to shift to different profitable crops.
- 70 per cent of wheat acres are winter wheats, which have lower protein; limiting their suitability for products like artisan breads, specialized baked goods, and pasta.
 - Spring wheat accounts for 25 per cent of U.S. wheat acres, while durum wheat represents just 2 to 5 per cent, mostly grown in the Northern Plains.

How Canada Supports U.S. Wheat Value-Added Processing:

- Since 1990, American semolina and durum flour milling (for pasta) expanded by 20 per cent, while wheat flour milling has grown by 24 per cent.
- Despite this growth, durum production has declined around 25% and Hard Red Spring wheat production has remained stagnant.
- Canada supplies 98 per cent of all wheat imports into the U.S, underscoring how American millers need Canadian wheat to meet rising domestic and international demand for wheat-based products.
- Canadian wheat is valued by agri-food processors due to its consistency, higher protein and gluten content, and supply supplement during poor harvest years.
- Canada is the US' top destination for bakery goods, cereals and pasta and second for milled products totaling around \$3 billion, demonstrating the interconnected nature of trade between the two countries.

Key Considerations

- Monitor the Canadian Dollar: A weaker Canadian Dollar could lower basis but also enhance export competitiveness.
- Diversification Reduces Risks: While the U.S. is a key export market, Canada ships wheat to 80 countries, reducing dependence on any single buyer.
- There continues to be strong U.S. demand for high-protein wheat and durum.