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Bayer and Neste build winter canola supply chain for biofuels boom

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Commercial agreement targets Southern Great Plains as Bayer prepares 2027 launch of winter canola hybrids to expand lower-carbon feedstock supply

Bayer and Neste have finalised a commercial agreement to jointly scale Bayer's newgold winter canola, opening a new agricultural feedstock pathway for the rapidly expanding renewable fuels market. The partnership will focus on increasing winter canola acreage across the Southern Great Plains of the US, where Bayer sees significant untapped potential for the crop. The objective is to build a larger supply of lower-carbon-intensity oilseed feedstocks for renewable diesel and sustainable aviation fuel (SAF), while creating an additional rotational crop and revenue opportunity for farmers.

Global demand for renewable fuels such as renewable diesel and SAF is estimated to nearly triple to approximately 40 billion gallons by 2040. As conventional feedstock supply comes under increasing pressure, the ability to bring new crops and production regions into the biofuel value chain is becoming strategically important.

From rotational crop to energy feedstock

For Bayer, winter canola is positioned as more than another seed launch. The company sees it as an intermediate biofuel crop that can add value to existing agricultural systems while creating a new source of renewable oil.

Winter canola can be integrated into rotations with wheat, potentially improving land utilisation and giving growers an alternative income stream between wheat crops. The high-protein meal generated after oil extraction will also enter the animal-feed market, supplying additional feed ingredients for dairy and beef cattle, poultry and swine.

"In times of geopolitical tensions, the need for more energy security and resilience while decarbonizing the transportation sector leads to growing demand for renewable fuel. This agreement further underscores Bayer's commitment to help scale biofuels production," said Frank Terhorst, Head of Strategy and Sustainability for Bayer's Crop Science division.

“We see the Southern Great Plains as an untapped opportunity for winter canola. The launch of newgold winter canola will provide farmers with a profitable rotational crop with wheat and improve land utilization, while offering the opportunity to participate in a growing biofuels market.”

Bayer and Neste are also establishing a newgold network with additional value-chain partners to support acreage expansion and provide farmers with an additional market for their crop.

Neste bets on a broader agricultural feedstock base

The agreement reflects a broader push to diversify and scale renewable feedstock supply. The company sees agricultural innovation as an important part of building the supply chains required to support renewable fuel growth.

“Maximizing the contribution of novel types of raw materials to support growth in renewables requires open supply chain collaboration. By building robust value chains, we can turn agricultural innovations into scalable realities for growers and energy markets,” said Artturi Mikkola, Senior Vice President, Renewable Products Feedstock Sourcing and Trading at Neste.

“Through the Bayer newgold winter canola collaboration, we are establishing a value chain in one of Neste’s key markets and developing opportunities to increase farm yields and grower income. This renewable raw material can be scaled rapidly in the coming years, which can help meet increasing biofuels demand.” The agreement effectively links three markets — crop production, animal feed and renewable fuels — around a single oilseed crop.

2027 launch puts the crop on a commercial clock

Bayer plans to launch its newgold winter canola hybrids in autumn 2027. The hybrids are being developed with several traits intended to address the agronomic requirements of growers in the Southern Great Plains. These include winter hardiness, Bayer’s second-generation TruFlex weed-management trait technology and pod-shatter resistance. Together, the company says these characteristics can support yield potential while enabling higher oil content.

The crop will be marketed as a flexible rotational option, allowing growers to determine how winter canola fits into their individual farm operations. The commercial challenge, however, extends beyond seed performance. Scaling a new biofuel crop requires coordinated investment across growers, seed suppliers, processors, aggregators and fuel producers. Bayer and Neste’s decision to establish a broader value-chain network signals that both companies see supply-chain development as critical to moving winter canola beyond a niche crop.

Biofuels widen the opportunity for intermediate crops

The push into winter canola is part of Bayer’s emerging biofuels platform, which includes a portfolio of intermediate crops such as camelina, winter canola and CoverCress. The strategic rationale is tied to the limits of electrification across parts of the transport sector. Aviation, rail, heavy-duty equipment and marine transport are among the areas where liquid renewable fuels are expected to remain important during the energy transition.

Biofuels can be produced from renewable organic materials including corn, soy and canola, alongside newer intermediate oilseed crops. Expanding that feedstock base could give renewable fuel producers greater flexibility while creating new markets for farmers. Bayer recently showcased its biofuels platform at its investor day in Huxley, Iowa, highlighting the company’s growing focus on crops that can connect agricultural production with the expanding low-carbon fuels economy.

The Bayer-Neste agreement now takes that strategy a step closer to the field. The real test will be whether winter canola can move from a promising rotational crop into a scalable commercial feedstock — without compromising farm economics along the way.