Department for Environment, Food & Rural Affairs

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Mr Alistair Carmichael MP
Chair, Environment, Food
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Committee Office
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1/4/2026

Dear Alistair,

Thank you for your letter of 17 March 2026 regarding implications of the Iran conflict for UK food security and rural communities. Please find my responses below to your questions.

You asked what assessment the Department has made of the risks to UK food supply chains arising from increased fertiliser, fuel, and shipping costs, and what immediate actions are being taken to mitigate these risks.

<u>Fertiliser</u>

We recognise the recent fertiliser price increases caused by the Middle East conflict.

The United Kingdom is not heavily dependent on direct nitrogen fertiliser imports from the Middle East, but like other countries we are exposed to global benchmark prices and international competition. The UK does import some nitrogen fertiliser from Egypt, and significant amounts of phosphatic and potassic fertiliser from Israel.

We are actively monitoring the developments in the Middle East and the impacts for our food and farming sectors, including conducting ongoing discussions with industry leaders to gather evidence. We are also consulting now on bringing new types of fertiliser onto the market to diversify supply in future and improve resilience.

Recent market volatility has seen US dollar global benchmark nitrogen fertiliser prices increase by 30-40%, reflecting global conditions rather than any immediate disruption in the UK. UK prices track changes in global benchmark prices closely (after allowing for exchange rate movement). Defra continues to monitor domestic and global prices.

Our latest intelligence shows that most arable farms already have fertiliser on farms. But grassland farmers may not have purchased as much to date as they typically purchase much later in the year.

We have raised concerns about prices and price transparency for agricultural inputs with the Competitions and Market Authority and have asked them to monitor the situation. We have also asked the Agriculture and Horticulture Development Board (AHDB) to consider what more they can do to support greater market transparency for farmers and growers, in respect of fertiliser and red diesel supply and use across the sectors. We welcome the AHDB’s move to publish this data on a weekly basis. In addition, on 19 March we launched a consultation and call for evidence to update our outdated fertiliser regulations and support innovation in the sector to diversify supply and strengthen our resilience to global market shocks.

Fuel

The UK benefits from strong and diverse security of fuel supplies.

In 2025, around 90% of the crude oil refined in the UK was imported, and only around 1% of that imported crude came from the Middle East. Most is sourced from long-standing partners such as the United States (30%) and Norway (27%) supplemented by smaller volumes from other producers.

UK refinery production of petrol, from crude oil, in 2025 exceeded demand. We had surplus to export. For diesel, our production was equivalent to 70% of the demand.

Petrol stations in the UK are well-stocked and any suggestion otherwise is incorrect. Both the AA and Fuels Industry UK have been clear drivers should fill up as normal, with fuel production and imports continuing across the UK as usual with no issues reported.

We are monitoring the impact of the Middle East conflict on red diesel price and availability. Red diesel is available, but we are aware prices have risen close to 75% above pre-crisis levels, which is affecting farmers’ and fishers’ overall input costs.

Shipping Costs

The UK has a resilient food system, producing around 65% of the food it consumes, supported by a diverse range of import partners and well-established trade routes.

The Middle East is not a significant source of UK imports, nor a primary shipping corridor to the UK agri-food supply chain. This means any disruption in the region is not expected to directly affect physical flow of food into the UK.

Disruption across major shipping routes continues to pose economy-wide risks. Brent crude oil prices have increased significantly since pre-conflict levels, indicating broader upward pressure on global transport and input costs.

The global shipping market is integrated, and current pressures, such as vessel rerouting, higher insurance premiums, and rising fuel costs, could feed through into UK import prices across traded goods, including food. While these pressures are not disrupting supply chains directly at present, we continue to monitor developments. At present, there are no significant impacts to the supply of food to consumers, and we do not expect any short-term disruption. We are assessing potential impacts and consumer prices by working with industry and across Government to assess potential impacts on supply chains and consumer prices.

We are aware that increased input costs from fertiliser and energy have the potential to increase food prices in the medium to long term. Given this concern, we are closely monitoring the impacts of the conflict on food businesses and working with stakeholders to understand the implications for consumer prices.

You asked what specific steps the Government is taking, both within Defra and across departments, to support low income households who may face food price increases as a result of the conflict's impact on global supply chains.

We are working across government to address the cost-of-living pressures facing families through targeted measures, including raising the minimum wage; extending the bus fare cap; rolling out Best Start family hubs; extending the holiday activity and food programme; the expansion of free-school-meals to provide an additional 500,000 children with a healthy school lunch; the rollout of school Breakfast Clubs, which will soon be operating in 1,250 schools and available to 300,000 children as part of a national rollout that will see free breakfast clubs in every primary school in England; removing the two-child limit on Universal Credit; and reforming crisis support though the introduction of the Crisis and Resilience Fund.

From 1st April, the energy price cap will fall by £117, thanks to the action we took at the Budget. Those savings are locked in until the start of July, and we have given a legal direction to the energy companies that every single penny must passed on to consumers. This saving represents a decrease of 6.6% compared to the cap set between 1 January and 31 March 2026.

We will continue to closely monitor the impact of the conflict on food prices to consider whether any additional measures might be needed.

You asked what mechanisms the Government intends to use to prevent any temporary conflict related price pressures from becoming embedded in long term UK food prices once global conditions normalise.

UK consumer food prices depend on a range of factors, including agri-food import prices, domestic agricultural prices, domestic labour and manufacturing costs, and Sterling exchange rates.

The Government recognises that temporary supply shocks can lead to higher prices becoming embedded in structural pricing. The Government's approach to this operates through different mechanisms.

First, the Groceries Code Adjudicator oversees compliance with the Groceries Supply Code of Practice, which governs the relationship between designated large retailers and their direct suppliers. Although the Groceries Code does not cover the prices agreed between retailers and suppliers (which remains a matter of commercial negotiation), it does help ensure that negotiations are conducted fairly and transparently and the GCA has an interest in ensuring that negotiations around cost price pressures do not lead to non-compliance with the Code.

Additionally, the Agricultural Supply Chain Adjudicator (ASCA) is responsible for enforcing and will investigate any complaints from producers about any contracts which may breach the Fair Dealings Obligations Regulations in Milk and Pigs Sectors. Whilst these regulations do not directly regulate prices, the regulations do introduce important new obligations on processors to ensure transparency and fairness in how price changes are implemented in accordance with contractual obligations.

Secondly, as mentioned, the Government works closely with the CMA, which has powers to investigate where competition concerns arise in retail markets, including on pricing conduct.

Thirdly, Defra maintain ongoing engagement with major retailers, manufacturers and trade bodies. These provide a direct line of sight into how cost movements are being experienced across the supply chain and allow the Government to maintain an informed view.

The Government is committed to bearing down on inflationary pressures and cutting the cost of living. As noted above, we will continue to monitor any impact and to work closely with retailers to mitigate any impacts and prevent any temporary increases becoming embedded in long-term UK food prices.

You asked what contingency plans the Department has in place to support farmers facing increased input costs, particularly fertilizer and red diesel, and whether additional financial or regulatory support is under consideration, given that the Basic Payment Scheme is no longer available.

We remain committed to delivering a profitable farming sector, while reaffirming Government's cast-iron commitment to food production. We have committed to a record £11.8 billion farming budget in this spending review period.

We have announced plans for our new Sustainable Farming Incentive (SFI) offer, which will ensure more farmers can access funding; we have announced plans for £225 million in Environmental Land Management (ELM) Capital Grants and £120 million in innovation and productivity grants this year; and we have extended the Farming in Protected Landscapes (FiPL) programme for another three years until March 2029.

We continue to accept applications for the new Countryside Stewardship Higher Tier (CSHT) offer and continue to progress Landscape Recovery projects.

You asked what assessment the Government has made of the impact of rising oil and fuel prices on off grid rural households, and what additional measures, beyond the recently announced £50 million support fund for low income families, are being developed to protect these households from disproportionate cost increases.

Nearly 1 in 3 homes in majority rural constituencies in England are off the gas grid, and more likely to be reliant on fuels such as heating oil for domestic heating; we understand the disproportionate impact on these households of increases in oil prices. We do not have concerns over the supply of heating oil (there is plenty available), however we recognise the pressure rising prices puts on vulnerable households, which is why we announced £53 million of immediate support for vulnerable heating oil customers, helping those that are most exposed. England will receive £27 million, the Northern Ireland Executive, where this issue hits the hardest, will receive £17 million, Scotland £4.6 million, and Wales £3.8 million. Funding will be delivered by Local Authorities, whom individual households will need to contact directly to establish whether they are eligible for support.

Low-income heating oil households are also eligible for the £150 Warm Home Discount, which has been expanded to now help six million families – and until 2030.

The supply of heating oil is subject to general competition and consumer protection laws overseen by the Competition and Markets Authority (CMA). The Chancellor has written to the CMA requesting that it remains vigilant across heating oil prices and recommending they act to tackle unjustified price increases.

We have made it clear we will not tolerate profiteering or unfair practices, and we are urging customers to share any evidence of price manipulation with the CMA. We are monitoring the situation and will not hesitate to take further action if appropriate.
My colleague, the Energy Secretary has written to the heating oil industry setting out our expectations that they adhere to the industry's Code of Practice, which ensures fair pricing mechanisms.

I trust that this letter addresses all your questions and I look forward to continuing to work together constructively across all of Defra's vital areas of responsibility.

Yours sincerely,

THE RT HON EMMA REYNOLDS MP