



**Environment, Food
and Rural Affairs
Committee**

Tuesday, 28 April 2026

Emma Reynolds MP
Secretary of State for Environment, Food and Rural Affairs
London
By email

Subject: Fertiliser, fuel and energy cost pressures and risks to UK food security

Dear Emma,

Thank you for your letter of 1 April 2026 regarding the implications of the Iran conflict for UK food security and rural communities. Following the Committee's evidence session on this issue on 21 April, we have several follow up queries.

Action on fertiliser price increases

The Committee noted your assessment that recent fertiliser price increases reflect volatility in global benchmarks rather than direct supply disruption to the UK. We also welcome Defra's ongoing engagement with industry, its monitoring of domestic and international markets, and the launch of the consultation and call for evidence to modernise fertiliser regulations, support innovation, and strengthen resilience to future shocks, as set out in your letter.

During oral evidence, we heard from the Agricultural Industries Confederation, which identified four areas where further government clarity or action was considered important in mitigating current risks in fertiliser markets. These were early clarity on the application of the Carbon Border Adjustment Mechanism to fertiliser and ammonia; concerns that farmer cashflow and access to credit are affecting purchasing decisions; uncertainty around sanctions and banking arrangements affecting fertiliser produced in Russian-owned facilities operating in Europe; and proposals for a national fertiliser recording system to improve oversight of volumes and carry-over stocks.

Noting that these issues were also set out in correspondence previously sent to you, the Committee seeks a clear response on the Government's position in relation to each.

AME

The Committee further discussed the UK's reliance on imported ammonia following the mothballing of the last domestic ammonia production plant in 2023. While witnesses explained that this decision was taken on economic grounds, Members questioned whether sufficient weight was given to wider strategic considerations, including food security and exposure to global volatility, given that the UK is now wholly dependent on imported ammonia feedstock.

In light of these concerns the Committee therefore asks you to set out:

- What is the Government position on each of the four fertiliser-related requests raised by industry, including which warrant further action, what consideration has already been given to them and, where no action is planned, the reasons for that decision, including any assessment of implications for farm business confidence, food production, and supply chain resilience?
- What is its assessment of the consequences of ending domestic ammonia production and whether continued reliance on imports is sustainable in the current geopolitical context?
- Has the Government has considered, or does it intend to consider, measures to support or incentivise domestic ammonia or fertiliser feedstock production as part of a longer-term approach to supply chain resilience?

Access to red diesel

While we welcome your acknowledgement that prices have risen by close to 75 per cent above pre crisis levels, evidence we have heard suggests that the official picture may be understating the scale and variability of the problems being experienced by farmers.

The AHDB highlighted that red diesel operates as a less transparent market, and that Defra's published figures rely on formulaic adjustments from road diesel pump prices rather than reflecting actual transaction prices. Furthermore, the AHDB reports significant divergence in prices at farm level, alongside anecdotal evidence of supply constraints and inconsistent availability. This discrepancy raises concerns that the impacts on primary producers' input costs may be both more severe and more uneven than current monitoring suggests. Given the importance of fuel costs to farm viability, food production, and wider rural resilience, the Committee asks you to outline:

- What steps Defra is taking to improve real-time visibility of red diesel prices and availability at regional and farm level?
- How Defra is assessing whether market conditions are functioning effectively, particularly in relation to supply constraints and pricing behaviour?

AMC.

- Are further mitigation measures being considered should elevated prices and availability issues persist?

Energy costs affecting food and farming production

We heard compelling evidence that rising gas and electricity costs are now among the most significant pressures affecting agricultural input supply chains, farm viability, food manufacturing, and distribution. Witnesses highlighted that energy costs underpin fertiliser prices, food production and processing costs, and the movement of food around the country, and warned that they are likely to drive renewed food price inflation over the coming year.

Evidence made clear that energy costs are a core determinant of confidence, investment, and domestic production capacity across food and farming. Witnesses argued that targeted action on energy costs represents one of the most immediate and effective levers available to mitigate impacts on farm businesses, food producers, and consumers. In the light of this evidence, we would therefore be grateful for answers to the following questions:

- What assessment Defra has made of the impact of current gas and electricity prices on agriculture, food processing, and fertiliser production?
- What specific representations Defra is making across government to secure targeted energy support for food and farming sectors?
- What steps Defra is taking to ensure that the urgency and scale of these pressures are fully reflected in decisions on energy policy and support, given the risks to food security, supply chain resilience, and future food price inflation if action is not taken promptly?

I would be grateful for your response by Wednesday 13 May.

Yours sincerely,

*Yours ever,
Alistair*

Rt Hon Mr Alistair Carmichael MP
Chair, Environment, Food and Rural Affairs Committee

House of Commons
Palace of Westminster
London
SW1A 0AA

efracom@parliament.uk
+44 (0)20 7 219 1119