

Call for Government Action - Urgent

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E-mail: Jonnie.hall@nfus.org.uk

Direct dial: 07770 934 898

Executive Summary

The disruption in the Middle East, particularly to the Strait of Hormuz, is now a direct and immediate threat to UK and Scottish food production.

Surging oil prices (>\$110/barrel) and rising fertiliser costs are creating a cost shock that farmers cannot absorb. Without urgent intervention, this will translate into reduced domestic food production within the next 12 months.

This is not a theoretical risk. It is already impacting on-farm decisions.

Failure to act risks:

- Reduced UK food output within the next production cycle (2026–27)
- Increased food price inflation for consumers
- Increased farm business failure risk
- Greater reliance on volatile imports

This briefing sets out immediate actions required to stabilise the sector, alongside medium- and long-term measures to strengthen food security.

International Context

Other governments are already acting to protect domestic food production.

The UK is not.

Country	Government action taken to support the farming sector
UK	<ul style="list-style-type: none"> • None
France	<ul style="list-style-type: none"> • Subsidising the price of fuel for farmers • Suspended all excise taxes on non-road diesel for farmers
Spain	<ul style="list-style-type: none"> • Supporting the purchase of fertilisers for agricultural holdings • Subsidising the purchase of agricultural diesel • Providing loans for farmers
Ireland	<ul style="list-style-type: none"> • Reducing the cost of green diesel • Increased Diesel Rebate Scheme
Italy	<ul style="list-style-type: none"> • 20% tax credit on fuel for agricultural businesses
Greece	<ul style="list-style-type: none"> • Subsidising fertiliser prices • Support measures for agricultural production and transport costs across the agri-food chain

This creates a growing competitiveness gap for UK and Scottish producers.

The Problem

Farmers and crofters are facing sustained and volatile increases in input costs, particularly fuel and fertiliser. These pressures are already driving changes in production decisions, with many reducing fertiliser use and scaling back output to limit losses. At the same time, rising costs are creating acute cashflow pressures, especially for livestock and mixed farms.

These increases are severe, externally driven, and beyond producers' control. Without intervention, farm businesses cannot absorb them and remain viable.

Failure to act will result in:

- Lower crop yields (due to reduced fertiliser application)
- Contraction in energy-intensive sectors (notably dairy, pigs, poultry, horticulture)
- Increased reliance on imports from equally volatile global markets

Immediate Government Action Required

Immediate action is required to stabilise production. Ministers are asked to implement the following measures without delay:

1. **A Targeted Input Support Package** - Introduce time-limited financial support to offset exceptional fuel and fertiliser costs. Options include:
 - Enhanced red diesel rebate mechanisms
 - Direct fertiliser support payments or vouchers

2. **Energy Cost Relief Extension** - Extend energy support schemes to agriculture-specific use cases, particularly:
 - Horticulture and fresh produce
 - Intensive livestock systems

3. **Market Oversight and Transparency** – Commission urgent work to improve price transparency in fertiliser and fuel markets and establish a UK-wide monitoring mechanism to identify market dysfunction.

4. **Supply Assurance Measures** - Engage directly with suppliers and distributors to ensure continuity of supply and prepare contingency plans for priority allocation to agriculture if shortages emerge.

5. **Fuel Supply Prioritisation** - Designate agriculture and food production as priority sectors in any fuel rationing or emergency allocation framework, ensuring continuity of domestic food production and supply chains

Building Short-Medium Term Resilience

There is also a need for the UK and Scottish governments to act decisively to build short to medium-term resilience. Ministers are asked to:

1. **Develop and implement a UK Fertiliser Security Strategy** to effectively
 - Restore and support domestic fertiliser production capacity
 - Explore the feasibility of strategic fertiliser reserves
 - Reduce dependence on geopolitically sensitive supply routes
 - Support the development of domestic green fertiliser production using the UK's renewable energy capacity
2. **Drive farm efficiency and resilience by accelerating capital grant support for**
 - Precision nutrient application
 - Soil health and nutrient efficiency measures
3. **Ensure greater fairness in all supply chains** by
 - Accelerating the roll out of Fair Dealings regulations across all agricultural sectors
 - Strengthening enforcement to ensure farmers can recover input cost increases
 - Preventing cost absorption at primary producer level

Long-Term Strategic Action

Food production must be treated as a matter of national strategic importance.

Long-term structural reform is required to build resilience at both the micro (farm) and macro (sector or industry) levels. Both the UK Government and the Devolved Administrations must prioritise food security in the national interest.

Food production should be formally recognised as part of the nation's Critical National Infrastructure (CNI) and measurable domestic production targets should be introduced. There is also a need to drive energy resilience across the agricultural sector by scaling up support for on-farm energy generation and decarbonisation, and reducing long term exposure to fossil fuel volatility and dependency on fossil fuel use.

Role of the Scottish Government

Devolved action can and should be taken immediately. Opportunities include:

- Targeted use of devolved funding for the most exposed sectors
- Aligning future support with food production and resilience outcomes
- Working jointly with the UK Government on a coordinated response

Conclusion

The risk is clear, immediate, and avoidable.

Without intervention:

- Domestic production will fall
- Food prices will rise
- Food security will weaken

The cost of intervention now will be significantly lower than the economic and political cost of inaction.

This is a decisive moment. Immediate, visible intervention will protect production, stabilise farm businesses, and demonstrate clear government commitment to UK food security.

Both the UK and Scottish governments are urged to agree on the immediate stabilisation measures outlined above and commission further work on building resilience.