

CALL FOR IMMEDIATE UK GOVERNMENT ACTION STABILISING FARM INPUT COSTS

17th April 2026

Executive Summary

Northern Ireland's agri-food sector is facing an immediate and externally driven cost shock, with rising fuel, fertiliser and energy prices placing unsustainable pressure on farm businesses. Driven by global instability and disruption to energy markets, these increases are already influencing production decisions and risk reducing domestic food output within the next production cycle.

The Ulster Farmers' Union is calling for immediate, targeted and time-limited intervention to stabilise farm input costs and maintain production. Specifically, the UFU calls for:

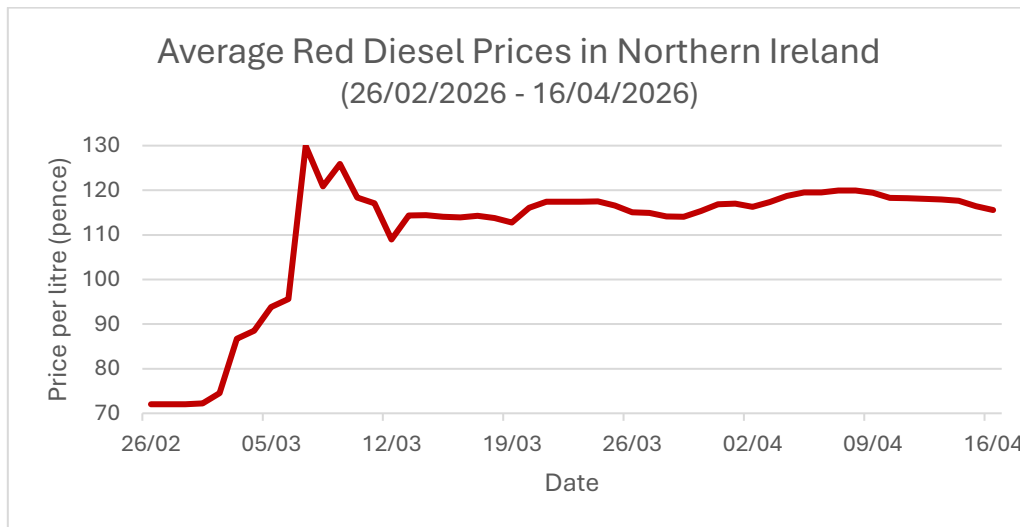
- A further temporary reduction in fuel duty to impact diesel costs, including retention of the existing fuel duty cut beyond September 2026 and a pause to the planned phased reintroduction
- A one-off, time-limited fertiliser support scheme for the 2026 season, delivered through direct payments or vouchers
- The extension or reintroduction of targeted energy cost relief schemes for agricultural businesses, particularly in energy-intensive sectors
- The establishment of a UK-wide market monitoring and transparency framework for fuel and fertiliser pricing
- The designation of agriculture and food production as priority sectors in any fuel supply disruption or emergency allocation framework

These measures are necessary to protect farm viability, safeguard domestic food production, and maintain food security. Without intervention, there is a clear risk of reduced output, increased food price inflation, and growing reliance on volatile imports.

Background

Northern Ireland's agri-food sector is facing a sharp and immediate increase in input costs, driven by global instability and disruption to energy markets. Rising oil prices, which soared to more than \$120 a barrel for the first time in four years, are feeding directly into higher fuel, fertiliser and energy costs, placing real pressure on farm businesses. The International Energy

Agency has described the current situation as one of the most significant global energy shocks in recent history, with disruptions already removing around 1.5 million barrels per day from global supply¹. Red diesel rose by approximately 80% at its peak, from 72.03ppl on 26th February 2026 to 129.95ppl on 7th March 2026, settling to an average of 118.11ppl so far in April 2026².



Similarly, fertiliser prices have risen sharply. Urea is typically trading around £430–£490 per tonne, while calcium ammonium nitrate is in the region of £360–£400/t, with compounds broadly £430–£480/t. Prices between February and March 2026 reflected increases of between 13% and 36%³. Overall, nitrogen fertiliser prices are now in the range of £350–£500/t, placing significant pressure on farm input costs.

This is already being felt across all sectors. Many farms are operating on tight margins and have limited ability to absorb further cost increases, particularly given Northern Ireland’s reliance on imported inputs. These pressures are beginning to influence on-farm decisions and, without intervention, risk reducing production in the next cycle.

At the same time, other European governments have moved quickly to support their agricultural sectors through targeted measures, including fuel supports, tax reliefs and fertiliser schemes. In contrast, there has been no equivalent, agriculture-specific response from the UK Government. Existing measures remain either too broad or insufficient to address the scale of the current challenge facing farm businesses.

¹ Reuters, *IEA warns Iran war oil shock will cut supply, cause demand to shrink* (April 14, 2026), <https://www.reuters.com/business/energy/iran-war-upends-ieas-global-oil-market-outlook-2026-04-14/>

² BoilerJuice.com, *Average Red Diesel Prices / Gas Oil Prices in Northern Ireland (2 months)* (April 17, 2026), <https://www.boilerjuice.com/red-diesel-prices-northern-ireland/>

³ AHDB, *Nitrogen fertiliser prices significantly up since the start of the Middle East conflict* (March 27, 2026), <https://ahdb.org.uk/news/nitrogen-fertiliser-prices-significantly-up-since-the-start-of-the-middle-east-conflict/>

Country	Government action taken
UK	<ul style="list-style-type: none"> • No action taken.
Spain	<ul style="list-style-type: none"> • Financial support for fertiliser purchases by agricultural businesses • Subsidies to offset agricultural diesel costs • Provision of low-interest loans to support cashflow
France	<ul style="list-style-type: none"> • Direct subsidies to reduce fuel costs for farmers • Suspension of excise duties on non-road (red) diesel used in agriculture
Republic of Ireland	<ul style="list-style-type: none"> • Measures to reduce the cost of green diesel • Enhancement of the Diesel Rebate Scheme
Italy	<ul style="list-style-type: none"> • Introduction of a 20% tax credit on fuel costs for agricultural businesses
Greece	<ul style="list-style-type: none"> • Subsidies to reduce fertiliser costs • Wider support measures to offset production and transport costs across the agri-food supply chain

Government action taken across Europe. Source: NFU Scotland

This lack of targeted action risks placing Northern Ireland and wider UK producers at a clear competitive disadvantage, while undermining domestic production capacity at a time when food security should be a priority. In this context, there is a clear need for immediate, targeted intervention to stabilise input costs and support continued food production.

Further Targeted Reduction in Red Diesel Costs

Fuel is a fundamental and unavoidable input in agricultural production. The sharp increase in diesel prices is directly increasing the cost of field operations, transport, and livestock management.

The UFU calls for a further temporary reduction in duty applied to standard and red diesel, alongside the retention of the existing fuel duty cut beyond September 2026. The currently proposed phased reintroduction of fuel duty should be paused in light of ongoing market volatility.

Without intervention, increased fuel costs will lead to reduced activity on farms, directly impacting output and productivity in the short term and undermining farm business resilience.

Time Limited Fertiliser Support

Fertiliser is central to productive agriculture, yet current prices remain elevated and volatile. Some farmers are already reducing application rates to manage costs, which will have direct consequences for yields and output in the next production cycle.

The UFU calls for a one-off, time-limited fertiliser support scheme for the 2026 season, delivered through direct payments or voucher-based mechanisms to offset exceptional costs.

This intervention is necessary to prevent a contraction in production and to maintain the productive capacity of Northern Ireland agriculture in the immediate term.

Energy Support Schemes

Energy costs remain a significant and often under-recognised pressure across agriculture, particularly in energy-intensive sectors such as arable, poultry, dairy, pigs, and horticulture. Electricity and heating costs are directly affecting production viability, with limited ability for farms to pass these increases through the supply chain.

The UFU calls for the extension or reintroduction of targeted energy cost relief schemes for agricultural businesses, building on previous UK-wide support mechanisms. This should include consideration of support for energy-intensive agricultural activities, alongside measures to ensure that farms are not disadvantaged relative to other sectors in accessing support. For example, the British Industrial Competitiveness Scheme, which is a cut of 25% off electricity bills and has been expanded for over 10,000 businesses, neither extends to agriculture across the UK or Northern Ireland at all⁴.

Market Monitoring and Transparency

The UFU calls for the introduction of a formal market monitoring and transparency framework for key agricultural inputs, particularly fuel and fertiliser. At present, there is limited visibility over how global price movements translate into costs at farm level, creating uncertainty and limiting the ability to plan effectively.

This should include the establishment of a UK-wide monitoring mechanism to track fertiliser and fuel prices across the supply chain, improved transparency between wholesale, distribution and farmgate pricing, and regular, accessible reporting to provide timely market information to farmers. It should also include the capacity for government to identify and respond to potential market dysfunction or abnormal pricing behaviour.

Greater transparency will support informed decision-making, improve confidence across the sector, and help ensure that price movements are proportionate and reflective of underlying market conditions.

Fuel Supply Prioritisation

In the event of any fuel supply disruption or the introduction of rationing or emergency allocation measures, it is essential that agriculture and food production are formally designated as priority sectors. Farm businesses rely on consistent access to fuel for core operations, including fieldwork, livestock management, and the movement of goods across the supply chain. Any interruption to fuel availability would have immediate and direct consequences for domestic food production and distribution.

⁴ UK Government, *Government cuts electricity bill for 10,000 manufacturers in boost for UK competitiveness* (April 15, 2026), <https://www.gov.uk/government/news/government-cuts-electricity-bill-for-10000-manufacturers-in-boost-for-uk-competitiveness>

The UFU therefore calls for agriculture to be explicitly recognised within any fuel prioritisation or contingency planning framework, ensuring that farm businesses retain reliable access to fuel during periods of constraint. This designation should be clearly defined and communicated in advance, providing certainty to producers and supporting continuity planning across the wider agri-food sector.

Conclusion

Northern Ireland's agri-food sector is facing a clear and immediate pressure that is largely outside its control. Rising input costs are already affecting decisions on farm and, without action, will reduce production in the near term. The measures set out in this paper are practical, targeted and time-limited. They are designed to stabilise the situation, give farmers confidence to continue producing, and avoid longer-term damage to domestic food supply. Failure to act now risks lower output, higher prices and increased reliance on imports. It also risks undermining the UK's food security, increasing exposure to volatile global markets, and weakening the long-term resilience of domestic production. Acting early will help maintain production, support farm businesses and protect the resilience of the UK's food system.

The Ulster Farmers' Union stands ready to work with government to deliver these measures quickly and effectively.