Three-pronged pressure

Speaking at a Cereals 2026 crop plot preview at Jeremy Clarkson's Diddly Squat Farm, Ceres Rural managing partner Charlie Ireland said arable farmers may need to rethink cropping plans due to the "three-pronged pressure" from volatile markets, rising input costs and reduced support. "Farmers have to be really honest about their net margin capabilities from producing crops," he said. "Focus on those that give them the best margin with the least risk, the least volatility and the highest net margin."

The NFU is pressing government for urgent action on fertiliser and fuel cost pressures, alongside measures to maintain competitiveness ahead of key cropping decisions.

Defra farming minister Dame Angela Eagle said the government was monitoring the situation closely, but insisted there was currently no expected impact on food availability.

UK FARMS EXPOSED TO GLOBAL FERTILISER SHOCKS

UK farmers are extremely vulnerable to disruption in fertiliser supply, with geopolitical tensions and concentrated global markets posing ongoing risks to input costs and food production.

That is according to a new report from the National Preparedness Commission, authored by Antony So and Prof Tim Lang of the Centre for Food Policy at City University London.

The report notes that the UK now produces less than a quarter of its fertiliser requirement, with a huge dependence on imports, often from the more volatile parts of the world.

The fertiliser sector is also dominated by a small number of multinational companies, several of which are state-owned, meaning supply and pricing can be influenced by political as well as commercial factors. And then there is the fragility of key shipping routes, as demonstrated by the ongoing closure of the Strait of Hormuz, pushing up fertiliser prices within hours.

Prof Lang told *Farmers Weekly* a change in approach is needed. He said: "We have to get off the treadmill, understand where this NPK vulnerability is coming from, and go back to farming with less impact."

Traders expect 'massive increase' in BNG demand

Traders and brokers are anticipating a "massive increase" in demand for biodiversity net gain (BNG) units, following confirmation by Defra that the requirement to deliver environmental improvements is being extended to large-scale infrastructure projects.

Under current planning rules, developers in England are required to deliver a 10% increase in biodiversity above what they might destroy during the construction process. This can occur either on-site or at other locations, with farmers and landowners able to sell BNG credits, providing a potential source of additional income.

Two consultations were launched last May on how to finesse the fledgling system – including introducing exemptions for small-scale developments, and extending the BNG framework to nationally significant infrastructure projects (NSIPs), such as road and rail developments, reservoirs and solar farms.

Official response

The official government response to these consultations has now been published, confirming that small housing sites of less than 0.2ha will be exempt from BNG from 31 July. While not unexpected, traders have played down the likely negative impact this might have on the value of BNG credits.

The government's own figures suggest that, while around 50% of housing developments will now be exempt, this only amounts to a 10% drop in demand for BNG units, due to the small-scale nature of the projects. "The market has already discounted for the lower demand due to the 0.2ha exemption, while Defra's analysis comes with a high level of uncertainty," said BNG broker Hugh Townsend of Townsend Chartered Surveyors in Exeter.

Large-scale infrastructure projects will also have to deliver BNG

Increased demand

According to Mr Townsend, the "best news" is that Defra is doubling down on its plan to extend the BNG requirement to NSIPs, due to take effect from November. "Although delayed, the increase in demand for BNG units cannot be overestimated," said Mr Townsend, adding it will create more opportunities for farmers.

The Environment Bank, which is also deeply involved in the market for BNG, has also welcomed the government response. Chief executive Catherine Spitzer said: "These statements will provide much-needed clarity to developers, infrastructure providers and the BNG market. By bringing nationally significant infrastructure projects into a consistent BNG regime, it will create exciting new opportunities for developers and landowners to work together to restore nature."