



CEPM
maiz'EUROP

PROGRESS REPORT 2017 - 2018

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COMMON AGRICULTURAL POLICY POST-2020: A COMMITTED CEPM

Following the European Commission's proposals put forward on 1 June 2018 for the post-2020 CAP, the European institutions have worked on their respective positions for their future dialogues. CEPM has made proposals which have been placed before MEPs. With the spring elections, Brexit and the beginning of the next Commission at the end of the year, Brussel's schedule is uncertain. The CEPM remains totally committed to an ambitious CAP that tackles the challenges facing European maize production.

A LESS AND LESS COMMON CAP

On 1 June 2018, the European Commission presented its draft regulation for the post-2020 CAP. The wide flexibility offered to Member States in its implementation is likely to call into question the common nature of the only integrated policy of the EU. In view of the challenges faced during the last reform, the European Commission wanted to ease

the European regulations and allow member states to adapt measures passed in Brussels. More specifically, the EU will define the common aims of the new CAP, but the Member States will decline the possibilities offered by Brussels in national plans that will include direct subsidies and second pillar interventions. CEPM, deeply committed to European integration, believes there is a major risk of inequality among producers operating on the single market. As regards content, CEPM regrets to find a lack of ambition in terms of protection on the one hand and competitiveness on the other, as the environmental orientation of the CAP is clearly strengthened to the detriment of economic interventions. It is with this in mind that CEPM has made proposals for the consideration of the Parliament and the Council.

CEPM'S PRIORITIES

CEPM, along with its stakeholders, has put forward 4 main proposals:

- **A subsidiarity framework** for direct payments by allocating at least 60% of the 1st pillar envelope to basic payments.
- **A strict limitation of conditionality** to the current requirements of conditionality and greening. In particular, CEPM is opposed to the integration of crop rotation into conditionality and advocates the recognition of alternative practices that are favourable to soils.
- **A ceiling of 15% on all transfers from the 1st to the 2nd pillar**, and not 32% as allowed by the Commission's proposal.
- **A more economic approach to the second pillar**, with priority given to investment support and risk management. To this end, CEPM proposes that at least **30% of the second pillar budget** be dedicated to these interventions in order to integrate a real economic dimension and to promote the stability and competitiveness of farms. For CEPM, the wording of the article that governs the implementation of this investment aid in strategic plans is too restrictive as it could limit access to second pillar funds for certain investments in water resource storage. Supporting these investments is a necessity in order for farms to adapt to climate change: this requires change in agronomic practices but also an

ambitious policy for the storage of water resources.

Finally, CEPM regrets that the Commission has once again ignored the issue of crisis management in the cereals sector, especially the maize sector. CEPM therefore expects the EU to include concrete proposals for the next dialogues.

WHAT ARE THE CONSEQUENCES?

The EU has made advances during recent months in both the Parliament and the Council.

Nevertheless, Parliament was unable to record its position in plenary, as only the COM Agri (the lead committee) had completed its work. Otherwise, and as a reminder, the Environment Committee issued an opinion that was significantly different from that of the Agriculture Committee. In its opinion, the Environment Committee has toughened the Commission's text, particularly on the environmental aspects. Examples: 30% of compulsory 1st pillar payments for the eco-scheme, abolition of the CANH in the second pillar transferred to the 1st pillar, crop rotation over 4 years including a legume crop in GAEC 8, 40% of the second pillar for the environment, continuation of the additional P1/P2 15% transfer for the environment, 7% EFA... Unacceptable proposals for CEPM.

CEPM welcomes the willingness of the Agriculture Committee to provide a framework for subsidiarity in its proposal. Nevertheless, on certain subjects, it is necessary to go further, in particular on the envelope dedicated to basic payments. Proceedings will resume after the beginning of the new Parliament.

At Council level, the significant discussion points concern the capping, conditionality and mandatory nature of the eco-scheme for Member States. Despite the political awareness of the stakes involved in high subsidiarity, Member States seem to be satisfied with the room for manoeuvre granted. It seems unlikely that an agreement on the subsidiarity framework can be reached at this stage as long as an agreement on the budget is not reached.

CEPM will remain strongly engaged in view of the upcoming deadlines to make its proposals.

MARKET: EU MAIZE IN DANGER

EU maize imports reached a new record in 2018/2019, confirming the EU's position as the world's leading maize importer. The situation reflects a structural imbalance and highlights EU maize's lack of competitiveness in its own market. CEPM has alerted the European Commission and is waiting for action to be taken.

THE EU – WORLD'S NUMBER 1 IMPORTER

The EU is the world's main importer of maize for the 2nd year running. Worse still, these figures are up 35% and are now projected to be 23 Mt. These figures represent 26% of EU domestic consumption. Ukraine represents around two thirds of the supply, followed by Brazil (18%) and Canada (7%). Indeed, imported maize, the cheapest feed grain on the market, remained very attractive throughout the year, favoured by a high wheat/maize price differential on the international scene. Feed manufacturers, particularly in Western EU, were particularly active, with Spain and the Netherlands accounting for almost 50% of total import volumes. EU production is estimated at 69 Mt by the Commission due to a very good performance in Romanian and Bulgarian maize production despite the decline in production in the West. Domestic maize consumption, boosted by the extreme competitiveness of maize in animal feed, increased by 10% to 82.8 Mt. As a whole, the EU balance sheet would show a 6 Mt increase in stocks as of 30 June!

WEAKENED EU PRODUCTION

The situation demonstrates the loss of competitiveness in the EU maize market and more particularly, in the West. Based on the prices charged by international competitors on the European market, it appears only the most efficient producers are able to generate margins. This is reflected in a steady decline in EU maize sole of 1.5 million hectares between 2012 and 2018, including 1 million hectares in the EU-15. Year after year the EU loses its structural capacity to produce and consequently exposes itself to ever-increasing import needs. For CEPM, the situation requires stakeholders to be extremely aware.

ACTION IS REQUIRED

Action is required even more so as imported maize is produced in conditions that do not meet the standards that the EU imposes on its producers. Atrazine and neonicotinoids, for example, remain widely used by all international stakeholders. This is not to mention the issue of GMOs that are widely produced in the Americas and legally imported into the EU. CEPM now awaits measures at European level to rebalance the competitiveness of European maize on the Community market. These measures are of two kinds:

SORGHUM ID, BEGINNING OF THE EUROPEAN SORGHUM SECTOR

After the 1st conference in Bucharest, the founding act of "Sorghum ID", the organisation, of which CEPM is a founding member, was launched in 2017.

Following the implementation of promotional plans in the spring, the "Sorghum ID" inter-professional group was officially launched on 26 September 2017 in Brussels. This conference brought together 25 organisations and companies from many European countries (from both the European Union and Eastern Europe) from all areas of the production sector in order to advance European production of sorghum (grain - forage - energy) and its hybrid genomes with the aim of:

- representing and defending the interests of sorghum within European and national bodies in line with major crop production;
- driving promotional actions demonstrating the technical and economic advantages of sorghum at production level;
- promoting the potential uses and opportunities of sorghum for both food (both human and animal consumption) and non-food purposes;
- bringing together all the current stakeholders in order to build a synergy and a dynamic of actions over the long term.



Sorghum's European conference 7 and 8 November 2018, Milan

Daniel Peyraube is the President of Sorghum ID and Céline Duroc its Permanent Delegate.

2018 was marked by the 2nd European Sorghum Congress "Sorghum, the safe bet for the future". The event brought together some 200 specialists from all over the world (23 nationalities) and was held in Italy in Milan on 7 and 8 November.

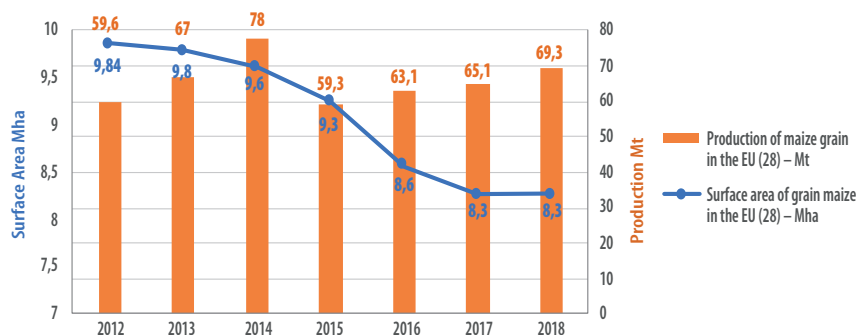
Two years after the 1st conference, the founding act of the European sorghum sector, the first results are beginning to be felt on the ground. Indeed, European sorghum production exceeded one million tonnes in 2018 and the areas for the 2019 season are expected to increase in the main production countries offering positive prospects for the 2019 harvest.



Congrès Sorghum ID, Bucarest



Sorghum ID founding conference, 26 September 2017, Brussels



Trends in surface area dedicated to maize production in Europe 2012-2018

- Consistent tariff protection vis-à-vis third-country imports, taking into account distortions of competition and the reality of European production costs. In this sense, CEPM expects the maize sector to be excluded from the ongoing negotiations between the EU and Mercosur.
- A proactive policy to promote the competitiveness of European maize

These conditions will allow EU maize producers to sustainably meet the needs of the European market and society's growing expectations with regard to the environment and adaptation to climate change.

Without an appropriate response, European authorities, citizens and producers will be able to do nothing but regret the EU's growing dependence on Brazilian and Ukrainian maize imports.

MYCOKEY EUROPEAN PROJECT FIGHTING AGAINST MYCOTOXIN CONTAMINATION



The MycoKey consortium (Integrated and innovative key actions for mycotoxin management in the food and feed chain), supported by the European Union and led by the ISPA-CNR (Institute of Sciences of Food Production) in Bari, Italy, aims to reduce mycotoxin pollution in Europe and China both in the production and the trade of those cereals most at risk: maize, wheat and barley. The consortium consists of 34 partners from the industry, from research and from associations (of which 11 members are Chinese).

Due to funding rules specific to European projects, the AGPM (Association of French Maize Producers), a French member of CEPM, will be responsible for the commitments initially made by CEPM, which will eventually contribute to the publication and distribution of the project results to European maize producers by means of seminars, workshops and an information brochure.

The consortium, which will end in March 2020, aims to develop a concrete IT tool - the "MycoKey App" - based on advanced technologies (probes, aerial images) and new analysis methods. The "MycoKey App" will provide stakeholders with quick and customised forecasts of risk levels, production, storage and processing solutions that are the most favourable in economic terms. Alternative and secure solutions will also be proposed for contaminated cargoes.

At the end of 2019, CEPM will organise outreach seminars to present the results of the overall project to stakeholders in the research field, as well as to companies, farmers and experts in the maize sector.

PHYTOSANITARY PROTECTION CONSTRAINED

Maize is the most economical crop in terms of plant protection products. Its IFT is the lowest after that of grasslands.

Nevertheless, the industry must preserve the most strategic solutions that are subject to regulatory challenges when re-registering products. Approvals are still as difficult to obtain and increasingly limited! In addition, the multiplication of constraints nowadays raises real questions about the durability of approvals. Societal and media pressure remains very strong on the issue of bees, water quality and the safety of local residents. The context of climate change is increasing the pressure from pests and diseases. As a result, the maize sector must ensure the availability of means of protection, otherwise, it will no longer be able to meet the challenges of competitiveness, productivity and quality expected. CEPM is committed at European level to maintaining a diversified range of pest control products and access to innovative products while limiting distortions of competition. Action is being taken with the support of the AGPM on ongoing litigation at the European Court of Justice following the suspension of molecules from the neonicotinoid family. CEPM regularly exchanges with the European Commission on the enforcement and management of mycotoxins, as well as on alkaloid levels in the cereal sector.

BIOTECHNOLOGY

SUITABLE PRODUCTION METHODS: DEFEND SCIENTIFIC ADVANCES FROM GENETICS!

CEPM has always been committed to the protection of production methods and their accessibility to European maize producers. Thus, if the GMO dossier remains a real difficulty with development of the regulations in 2015 which makes it possible to approve them only in the countries that wish to do so, in the last few years the NBT dossier has made an appearance in the legal sphere.

Indeed, the European Directive introduced at the beginning of the 2000s provided for the exemption of certain selection techniques from GMO obligations (evaluation, traceability, labelling), including mutagenesis, a technique already widely developed at the time. However, scientific progress has led to the development of new selection methods (including some mutagenesis methods), methods unexpectedly listed in the Directive or its exemptions. Thus, a certain legal

uncertainty surrounds these new techniques and CEPM has widely expressed its interest in highlighting the strategic challenge of having these tools at its disposal to adapt and select varieties that are suitable not only for the challenges that agriculture must face, but also the legal difficulty with a GMO directive that does not allow all these new techniques (and those yet to come) to be calmly considered. Reality is a legal vagueness and therefore both a principal issue for opponents of progress and an insecurity for operators. This is a condemnation of both the research effort and the effective development of new varieties using these techniques!

The decision of the European Court of Justice in July 2018 provided a very restrictive analysis of the directive. It requires all plant breeding techniques to apply the GMO legislation. This situation leads to a de facto ban on these techniques in Europe, even though their result will not always be detectable in imports. It has therefore become clear that the European regulatory framework is no longer tenable.

CEPM has therefore spoken widely on the subject, both through press releases and at conferences and meetings with the European institutions to demand a framework conducive to innovation and access to progress in genetic selection for European maize producers.

This dossier gave rise to a Common Position on Agriculture & Progress (see below) and CEPM co-signed the joint initiative of more than 20 organisations on 23 April 2019, in an open letter to the Member States and the European Commission, calling² on the EU to change its regulations so that plants resulting from new techniques for plant breeding by mutagenesis are not subject to the requirements of the GMO Directive.



CREATION OF AGRICULTURE AND PROGRESS PLATFORM

In early 2019, CEPM joined forces with CIBE and CEFS to create a common platform for Agriculture & Progress. This initiative responds to the need for common consensus in order to have an impact at European level and make the needs of the production sector heard in terms of access to progress. Indeed, for several years, the application of the precautionary principle and the successive tightening of regulations have gradually led production to a deadlock in terms of the tools available to produce more and better and to respond to the various challenges faced by producers. Examples include the ban on neonicotinoids, difficulties with biotechnology, the suppression of a very large number of plant protection molecules, etc.

NEW PROSPECTS

The 2017/2018 campaign ended in mid-June with the political agreement on the RED2 Directive, and the preservation of the use of first-generation biofuels, including corn bioethanol. The text is now entering the phase of secondary legislation. Without delay, the Commission should have taken action to draft, by end of February 2019, a decisive delegated act, on the one hand on first-generation biofuels that lead to high deforestation on land with high carbon stocks, and on the other hand, on criteria for said land's recovery. Otherwise, RED2 plans to cap their use by 2023 at the 2019 level, and a total elimination by 2030. CEPM has been involved as a stakeholder in protecting maize. It responded to the public inquiry by

demanding credible, sound and beneficial means that would uphold the entry of palm oil biofuels which is as harmful as it is unregulated.

Still on biofuels, CEPM also worked with its European partners to maintain anti-dumping duties against US bioethanol. These duties of €5/hl, or about 10% of the European average price, had been introduced in 2013 for 5 years, and the European bioethanol industry had initiated a renewal procedure in February 2018, ending in May 2019. CEPM has advocated for the maintenance of this necessary protection against an American industry that takes advantage of better agricultural and energy production factors, as well as a vast market. Unfortunately, the European Commission has chosen to go against its industry. CEPM will be very vigilant

about the consequences of this choice, particularly on prices, while agriculture lacks income, and will sound the alarm as soon as necessary.

CEPM has also been committed to bio-economy. Together with COPA-COGECA, it has advocated taking into account bio-economy and innovative crop systems in the recommendations of the "Horizon Europe" Framework Programme, a 7-year €100 billion research and innovation funding programme (2021-2027), of which €10 billion will be dedicated to the "food and natural resources" cluster. Always supporting plant chemistry, CEPM has defended the contribution of bioplastics in the context of the directive on the reduction of certain single-use plastics. CEPM has proposed amendments to MEPs to this effect.

ONGOING TRADE UNION COMMUNICATION...

CEPM is active throughout the year to express its positions. CEPM uses various methods to do this: in particular press releases as well as quarterly newsletters and a weekly business letter (Corn Market) which make it possible for CEPM to increase its audience and relay its actions.

The website

www.maizeurop.com/structure/cepm/ provides access to all these publications.

... AND IN CIVIL DIALOGUE GROUPS

CEPM's presence in 5 Civil Dialogue Groups (CDGs) (Direct Payments and Greening / CAP / Arable Crops / Environment and Climate Change / International Aspects of Agriculture) is a permanent opportunity to make the voice of European maize heard. On the one hand, to alert partner organisations (notably COPA-COGECA) on issues potentially harmful to maize, and on the other hand, to be a source for proposals.



Event at the European Parliament on 22 May 2018



1st European Maize Conference on 5 June 2018 in Brussels

CEPM at the forefront in Brussels

In terms of public events, CEPM was not to be outdone in 2017-2018. It held a conference with the title "*L'innovation et le maïs, pour le pire ou pour le meilleur?*" (Innovation and maize, for better or worse?) affirming the commitment of maize growers to a Europe open to innovation on 27 September 2017. Other events such as that held at the European Parliament "*Réforme de la PAC – quelle place pour le maïs?*" (CAP Reform - What place for maize?) highlighted the geostrategic importance of maize and the importance of preserving monoculture where it exists on 22 May 2018 hosted by MEP Angélique Delahaye. There was even the 1st European Maize Conference on 5 June 2018 in Brussels looking at the role of maize in the future CAP.

CEPM remained active with 17 meetings focusing on the future of the CAP and the role of maize, 5 meetings focusing on European trade policy, and 18 meetings focusing on renewable energy in 2017-2018. These meetings came with 6 press releases, contributions at 4 public consultations, and 1 letter addressed to all European Commissioners.

And of course, CEPM has signed up to the European Transparency Register in order to push ahead with activities.

