



CEPM
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ACTIVITY REPORT 2018 - 2019

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COMMON AGRICULTURAL POLICY - POST 2020

Launched in June 2018 with the European Commission's proposal, the negotiations on the post-2020 CAP are being prolonged. European elections, a new Commission, Brexit, no agreement on the multi-annual financial framework and, more recently, the Covid-19 crisis: so many events that make the outcome of the negotiations uncertain. In this context, two years of transition are now inevitable. CEPM remains mobilized on the priority topics for European maize producers with all the institutions.

REMINDER OF PRIORITIES

Following the European elections, the Parliament introduced a novel procedure to bring a compromise proposal between the Agri and Envi Committees to the plenary, without a vote in committee. The two committees agreed on the scope of the amendments reopened under this procedure, with the compromise text incorporating the other articles voted by the Agri Committee last April. The list of open articles is important and concerns priority subjects for CEPM. It is therefore necessary to consolidate the progress made in the previous report of the Agri Committee on the priority topics for the maize sector: to provide a maximum framework for subsidiarity in the distribution

of the envelopes by dedicating a compulsory minimum share to the basic payment (60%), to limit the possibilities of transfers between pillars, to make cross-compliance compatible with maize monoculture through alternative practices or equivalence schemes, to widen the possibilities for eco-schemes or to dedicate a compulsory share of the second pillar to risk management and investment.

BUDGET: DIVERGENCE BETWEEN MEMBER STATES

The last Summit of Heads of State highlighted the divergent views of the Member States, firstly on the overall amount of the future Multiannual Financial Framework, and secondly on the envelope allocated to the Common Agricultural Policy. For CEPM, farmers will not be able to meet the challenges posed by the future Green Deal, including the Farm to Fork agricultural pillar, without a real ambition for the budget of the future CAP. An overall increase in the European budget and the CAP budget are indispensable. Will the current health crisis in the world be conducive to the emergence of a real willingness on the part of the EU to commit more resources to this strategic sector for the sovereignty of the EU and its Member States?

AN INEVITABLE 2-YEAR TRANSITION

Faced with delays in budgetary and institutional discussions, two years of transition now seem inevitable. The objective announced a few months ago of a political agreement in trilogue by the end of 2020 seems to be in jeopardy, and the Commission will have to define all the secondary regulations at the end of the process. At the same time, the Member States will also have to draw up their National Strategic Plans, a new tool for implementing the CAP. The transitional regulation, currently under discussion, could therefore apply for two years... at the very least!

INTERNATIONAL TRADE TALKS

The year 2019 will have been marked by the political conclusion of the EU-Mercosur agreement. Once again, European maize was affected by concessions offered to major players on the international scene. Similarly, the revision of the abatimentos system will

be simplified, to the benefit of third countries! Finally, the Commission could re-engage in discussions with Ukraine, with a risk of further concessions on agricultural products.

MERCOSUR: A NEW QUOTA!

The European Commission validated an unprecedented agreement with Mercosur on 28 June 2019, in complete opacity. Although the Commission's communication is silent on the issue, a zero-duty quota of 1 million tonnes (Mt) of maize and sorghum is included in the agreement, which deals a new blow to European maize, in addition to the previous concessions. It should be reminded that these concessions really take effect when tariffs are in force at European level, i.e. when international prices are depressed. No duties have been applied on entry into the EU since March 2018! CEPM has denounced this new concession offered to origins that are not subject to the same production rules as in the EU. It is in all legality, with preferential conditions, that European importers will be able to buy GMO maize protected with neonicotinoids and weeded with atrazine, which are all techniques already banned in Europe (except Mon 810 for GMOs). Political mobilization to prevent the ratification of this agreement remains the only solution!

ABATIMENTOS: TOWARDS A CHANGE OF RULES

In the context of a delegated act concerning the management of import and export quotas, the Commission has proposed an amendment to the so-called «Abatimentos» mechanism aimed at simplifying the procedure. In very concrete terms, the proposed version provides that the quotas concerned automatically benefit from a zero rate of duty from 1 April of each calendar year.

The rules for accounting for the volumes will remain unchanged, except that the new trade concessions granted (Ukraine and CETA in particular) will not fulfil the EU's commitments and will not be accounted for. This rule change further contributes to the weakening of EU maize to the benefit of third country maize.

UKRAINE: A REVISION OF THE FREE TRADE AGREEMENT?

The new Commissioner for Enlargement and European Neighbourhood Policy, Oliver Varhelyi, confirmed on 11/02, following a

meeting with the Ukrainian Prime Minister, that the EU was carrying out preparatory work for a revision of the free trade agreement for 2021. CEPM opposes any further concessions on maize. It should be recalled that the current FTA provides for a quota of 650 Kt at zero duty for the year 2021, to which is added a quota of 625 Kt at zero duty under the autonomous trade measures granted by the EU since 2018. If a review were to take place, it would have to lead the Commission to terminate these autonomous trade measures. It should be recalled that Ukraine exported 14 Mt of maize in 2019 to the EU.

MARKET

Despite a rise in European maize acreage in the 2019/2020 crop year, the situation of the European maize industry remains gloomy due to a difficult economic context.

A DIFFICULT CROP YEAR FOR EUROPEAN PRODUCERS

Hopes raised by the spring weather difficulties in the United States were quickly disappointed by the price correction and the production dynamics of the main exporters.

The increase in maize acreage continues year after year in Brazil, Argentina and Ukraine and, thanks to ever more efficient means of production, production records are regularly beaten. Brazil produced 101 Mt of maize, Argentina 51 Mt and Ukraine 35.8 Mt. Moreover, because of their relatively weak domestic demand, production costs that are out of all proportion to those of European producers, and the value of their currencies, these producing countries export a considerable share of their production: 40 Mt for Brazil, 37 Mt for Argentina and 32 Mt for Ukraine. International and European prices are therefore largely constrained by these countries' exports.



Even if European imports are expected to decrease in 2019-2020, with a projection of 19.4 Mt imported by the end of the crop year vs 24.1 Mt imported in 2018-2019, the EU will remain the world's leading maize importer ahead of Mexico and Japan. The European maize deficit is structural, in particular due to Spanish and Dutch imports, which account for nearly 54% of European maize imports. Furthermore, the drop in the volume imported in 2019-2020 is mainly due to the good straw cereal harvest and lower demand for maize in the cattle feed manufacturing sector.

Similarly, while the maize acreage increased by nearly 400,000 hectares in 2019-2020 for a total of 8.7 Mha, this increase is partly explained as a response to specific climatic problems that have prevented the establishment of autumn crops in a number of countries.

CYCLICAL IMPROVEMENTS

The noted improvements – an increase in acreage and a decrease in maize imports – are therefore cyclical, and maize acreages should increase again in 2020 to reach 9 Mha. These increases are once again linked to the problems encountered by other crops.

Similarly, imports could rebound again due to the difficulties encountered by straw cereal crops in the western EU. Ukrainian maize should once again meet part of the needs of European consumers and weigh on the prices paid to producers. In addition, the main exporting countries (United States, Brazil, Argentina, Ukraine) are increasing their acreage and their carryover stocks are expected to increase in 2020-2021, depressing world prices further.

MEASURES MUST BE TAKEN

In the face of the EU's structural deficit, strong policy measures must be taken to aim for a supply/demand balance in the medium term.

EU trade policy must be consistent with the decisions taken for European producers. Production conditions for maize in the EU are tightening to meet environmental expectations while at the same time an agreement with Mercosur is signed providing for a duty-free quota of 1 Mt of maize.

The EU must promote the competitiveness of European maize production. This requires a reform of the CAP that is also economical and encourages investment by maize producers. It also requires access to new means of production, in particular NBTs, which allow a gain in competitiveness while meeting environmental and climatic requirements.

SORGHUM MARKET

3 years after the birth of the Sorghum ID association, the first results are there, the acreages are increasing in many European countries, the overall increase being around 10% per year for both grain and fodder sorghum.

These increases are both structural (longer rotations, resistance to water stress, efficient genetics) and cyclical, as autumn sowings have been disrupted, many hectares are available for spring crops.

In addition, sorghum benefits from innovative projects and energy outlets: pigmentation, methanisation, ethanol, etc.



The year 2019 was marked by the creation of the «star sorghum» concept to highlight the qualities of European



sorghum (genetics and seeds) and give it additional value.

Several documents aimed at producers and processors (posters, guides, etc.), some of which are generalist (concern all targets) and others are more specific to a processing chain (animal feed, human food, etc.). They are translated into several languages.

This year, SORGHUM ID has carried out numerous promotional actions throughout Europe to promote sorghum. At the same time, many articles have been published through the newsletter (which is sent to more than 5,000 recipients in Europe), on the website and on social networks.

All these actions are carried out in Spain, France, Italy, Austria, Hungary, Romania, Bulgaria, Ukraine, Russia, Turkey and Iran.

PLANT PROTECTION

While the European Union continues to import nearly 20 million tons, the maize industry must ensure that production is in line with domestic needs, in compliance with exemplary sanitary quality, but under the constraint of increasingly stringent regulations. Today, the sector's arsenal of phytosanitary protection is being reduced as products are re-approved, even though new approvals remain limited due to long and costly processes. Regulation 1107/2009 of the European Parliament, which introduced two notions for active substances: the notion of active substances «candidates for substitution», and the notion of substances with exclusion criteria, brings out many active ingredients, and limits the solutions for maize producers. Thus in maize, since the ban on neonicotinoids, we are facing a complete dead end with regard to the *Geomyzes* and *Oscinia* flies, but many other uses are also in a technical dead-end (Birds, molehills, Skullcaps...). The situation is particularly marked in sweet corn and seed maize, faced with foliar diseases (*Helminthosporiose*, *Fusarioses*). In addition, there is a general tightening of consumer safety policy. Thus, on a European scale, more and more contaminants will be regulated, with stricter health requirements. The CEPM, the AGPM and the interprofession are mobilized to identify occurrences and negotiate thresholds limiting the impact on the maize sector, while preserving consumer health.

In this overall context, the actions carried out by CEPM at the European level aim to maintain a diversified range of pest control products, as well as access to innovative products while limiting distortions of competition. The competitiveness of the maize sector can only be guaranteed through effective and sustainable plant health protection.

MYCOKEY, AGAINST MYCOTOXINS CONTAMINATION

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

The consortium, which ended in March 2020, aims to develop an operational IT tool - the «MycoKey App» - based on advanced technologies (probes, aerial images) and new analysis methods. The «MycoKey App» will provide stakeholders with rapid and customized forecasts on risk levels, production, storage and processing solutions that are the most favorable in economic terms. Alternative and secure solutions will also be proposed for contaminated shipments.

Due to specific funding rules imposed by the European Commission, AGPM, the French member of CEPM, has carried the commitments initially planned by CEPM and which are focused on the dissemination of results to European

producers. This took place in particular via a workshop organised on 18 February 2020 in Mont-de-Marsan (France) on the theme «*Mycotoxins in maize: knowing and understanding their development for better agronomic management*». This symposium, organized in collaboration with Arvalis, brought together around fifty participants, technicians from the maize industry and farmers. The participants were able to learn about the conclusions of the MycoKey project on mycotoxins in maize, the latest work by Arvalis on the subject, and to follow the debates of a round table bringing together various stakeholders in the industry on the issues related to health protection.

BIOTECHNOLOGIES: CEPM MOBILISED

Continuing its actions developed in 2018, CEPM carried on with its efforts to guarantee access to biotechnologies for European producers, in a context of legal insecurity linked to the decision of the European Court of Justice on New Breeding Techniques (NBTs).

CEPM used the Agriculture & Progress platform, developed with the Beet and Sugar sectors, to promote its expectations on this subject, to enable the development of innovation in Europe, its deployment and the limitation of distortions of competition for our producers compared to the cultivation methods used in other parts of the world.

Several meetings with Members of Parliament and European Commission officials have enabled us to develop our arguments in this area. And the mobilization of all agricultural stakeholders around this issue led the European Council, at the initiative of a group of countries

under the leadership of the Netherlands, to ask the Commission to carry out an analysis concerning the application of the GMO regulation on new techniques. In this context, the Commission has set up a rather exceptional procedure in order to deliver an impact study in April 2021. To this end, it launched a consultation of competent and relevant stakeholders in early 2020, via a specific questionnaire. CEPM is one of the nearly 100 European organisations that were asked to participate, as representative of the interests of its members and of European maize production. It is committed to demonstrating the interest of new varietal selection techniques as well as the limits of current regulations and the need for a renewed regulatory framework to allow access to innovation through the use of these biotechnologies in the processes of selecting crop varieties for European farmers.

AGRICULTURE & PROGRESS PLATFORM AT THE HEART OF THE EUROPEAN DEBATE

At the beginning of 2019, CEPM joined forces with CIBE and CEFS, faced with the common challenge of a dead-end in terms of available tools to produce more and better and to respond to the various challenges facing producers.

The platform has thus positioned itself during the year 2019 on several key issues for the sector in the context of the European policy renewal and has undertaken activities at several levels in this regard:

- Creation of a visual identity and communication tools (Twitter, LinkedIn, website)
- Implementation of info-pack and meetings with other agricultural sectors with a view to expanding the platform.
- Documentation, positions, meetings:
 - On 1 February 2019, first external meeting with the unit of DG SANTE in charge of NBTs;
 - Elaboration of a post-electoral memorandum reflecting common positions on new breeding techniques, plant protection products, EFSA's guidance document on pesticide risk assessment for bees, the innovation principle and climate;
 - 4-page article to promote the role of the Platform in the specialised magazine IAA - Industries Alimentaires et Agricoles, for their special bulletin on sugar summer 2019);
 - Maize Congress 2019: official presentation of the Platform and participation in the debate on the current and future challenges of the agricultural community;
 - Series of meetings with Members of the European Parliament, Commission officials and Member States' Permanent Representations.

AGRICULTURE & PROGRESS PLATFORM

Within the framework of a breakfast cycle, the European platform «Agriculture & Progress», of which CEPM is a member together with the European sugar beet and sugar organisations, organised a first meeting on 23 January 2020 on the theme of integrated crop protection. This event at the European Parliament with the sponsorship of MEP Anne Sander (EPP Member) brought together various stakeholders: MEPs, parliamentary attachés, agricultural organisations...

On this occasion, Céline Duroc and Franck Laborde, who represented the European maize industry, recalled the many advantages of maize, as well as the need for access to innovations, particularly in the field of genetics. It was also an opportunity to underline the current technical dead-ends encountered by producers.



Event of the « Agriculture & Progress » Platform in the European Parliament under the patronage of MEP Anne Sander (EPP MEP) – 23 January 2020

Within the framework of the activities of the Agriculture & Progress Platform, it was decided to develop a series of meetings on topics of interest for the Platform through meetings hosted by Members of the European Parliament. The first meeting (see plant protection section) focused on integrated crop protection and was held under the patronage of Anne Sander MEP (Fr, EPP). The CEPM is of course still mobilized on these major actions to defend its positions, which will resume as soon as the sanitary crisis is over.

NEW OUTLETS

The 2018/2019 period saw the conclusion of the energy package and the start of its implementation. CEPM contributed to the European Commission's classification of palm oil as a high deforestation impact product on carbon-rich land. By 2030, palm oil will no longer be eligible for EU biofuel targets unless it complies with derogatory conditions.

But since then, the context has changed with a new EU Commission structure around the Green Deal. The strengthening of ambitions on greenhouse gas reductions in 2030 and 2050 will impose a total decarbonisation of transport. The ink is not yet dry on the RED2 directive, but the new climate package already proposes to possibly review it by 2021, as part of a larger review package of the regulatory framework, including the directive on energy taxation.

CEPM believes that these opportunities should be seized to develop maize bioethanol. CEPM already encourages compliance with existing renewable energy targets for transport and hopes that the Climate Law will provide an opportunity to increase these targets for first-generation biofuels, particularly maize bioethanol. CEPM encourages its members to defend the use of E10 and E85 biofuels in their countries. CEPM will work with its European partners to strengthen the position of maize bioethanol at the heart of transport solutions.

These ambitions can only be achieved if the EU develops an anti-distortion policy on imports. This is why CEPM has responded to the EU consultation on the draft reflection on a border carbon adjustment mechanism. Indeed, the biofuels consumed must all comply with the same environmental rules, not only on carbon but also on production factors. CEPM fought in early 2019 against the lifting of anti-dumping duties on US bioethanol. If the tension on bioethanol prices at the end of 2019 has reduced the impact of the return of US bioethanol, the oil and Covid-19 crises are changing everything. CEPM has written to the Commission to ensure that Member States do not derogate from their incorporation obligations. CEPM also wants the Commission to protect the market against imports from the US at knock-down prices.

A STRONG UNION COMMUNICATION...

CEPM is active throughout the year in expressing its positions. To do so, the organisation uses various tools, in particular Press Releases, a quarterly Newsletter and a weekly economic newsletter (Corn Market), which enable it to increase its audience and relay its actions.

All of these publications can be found on the www.cepm.org website.

... AND EXPRESSED IN THE CIVIL DIALOGUES 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.

This is useful on the one hand to alert partner organisations (in particular COPA COGECA) on issues potentially harmful to maize, and on the other hand to be a source of proposals at the EU level. CEPM also participates in CDG meetings on cross-cutting issues, such as the impact of the Brexit negotiations on agriculture, or the evaluation of the role of CDGs in involving civil society in decision-making at European level.

CEPM under the spotlight in Brussels

In terms of public events, CEPM was very active in 2018/2019 with an event at the European Parliament «CAP Reform - what place for maize?» showing the geostrategic importance of maize and the interest of preserving monoculture where it exists, on 22 May 2018 hosted by MEP Angélique Delahaye, and the 2nd European Maize Congress on 26 June 2019 in Brussels highlighting common issues related to innovation in agriculture.

CEPM was also very active with 17 meetings on the role of maize in the future of the CAP and 3 meetings on European trade policy in 2018-2019, not to mention the various initiatives - meetings and events - taken jointly with members of the «Agriculture & Progress» Platform.

These meetings were accompanied by 5 press releases and an updated leaflet on the occasion of the European elections in May 2019.

And finally, of course, CEPM is registered in the European Transparency Register to conduct all these activities.



CEPM Congress 2019