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MARKET

Despite a further increase in European maize acreage in the 2020/2021 crop year, the situation of the European maize sector remains delicate due to the difficult economic context.

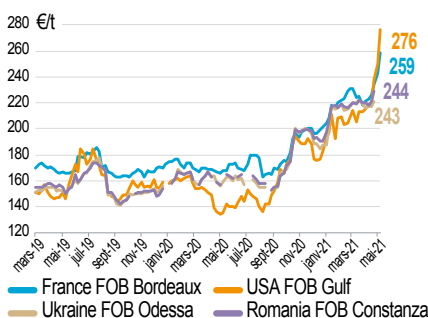
AREAS UP, IMPORTS DOWN

Although EU maize acreage has increased by almost 200,000 hectares in 2020-2021 to a total of 8.9 Mha, this increase is cyclical. It can be explained in part as a response to specific climatic problems that have prevented the planting of autumn crops in a number of countries for the second consecutive crop year. It should not be repeated in 2021-2022 due to the good establishment of winter cereals in particular.

For the 2020-2021 crop year, imports should decrease significantly with a projection of 16 Mt imported at the end of the crop year compared to 19.7 Mt imported in 2019-2020. For the first time since 2017, the EU should lose its status as the world's leading importer of maize to China! However, this situation is not structural. It is due in particular to the drought that has hit Ukraine hard (29.5 Mt produced compared with 35.9 in 2019-2020) and to unprecedented purchases of maize by China (almost 30 Mt compared with an average of 5 Mt in recent crop years).

HIGH PRICES THAT HAVE NOT NECESSARILY BENEFITED PRODUCERS

After a drastic fall in prices between March and August 2020, due to lower maize ethanol production in the United States because of the restrictions on movement linked to the health crisis, prices rose sharply from September-October 2020 to reach levels not seen for eight years.



This high price situation is linked to a tighter global balance sheet. The main maize exporters in the world (United States, Brazil, Argentina, Ukraine) have experienced production cuts due to climatic hazards, which has restricted supply and world stocks. On the other hand, world demand remained very strong, particularly because of the massive demand for maize in China, which is expected to become the world's leading importer of maize with around 30 Mt! This unprecedented situation can be explained by several factors: structural decline in acreage encouraged by the Chinese government, climatic hazards, reconstitution of the pig herd, lower stocks than forecast...

However, European maize producers have not necessarily benefited from this significant price increase since autumn 2020. Indeed, they were able to sell their 2019-2020 harvest before the start of this dynamic due to cash flow needs. The price outlook for the 2020-2021 crop year remains more favourable even if it is subject to very high volatility.

POST 2020 COMMON AGRICULTURAL POLICY

Launched in 2018, the negotiation process for the future Common Agricultural Policy (CAP) accelerated in the course of 2020 after the Heads of State reached an agreement in July 2020 on the European budget. However, given the delay in the negotiations, it was decided

to extend the application of the current CAP by two years in order to ensure the transition pending the future reform which will come into force in 2023. CEPM continues to lobby all the institutions on the priority issues for European maize producers.

BUDGET: A LIMITED REDUCTION

A budgetary agreement was finally reached in July 2020 on the amount of the 2021-2027 multiannual financial framework which determines the funds allocated to the CAP over this period. There were many differences between Member States and the negotiations were lengthened by the Brexit. However, the heads of state finally agreed on a budgetary framework. This will be lower than the 2014-2020 CAP, even more so if inflation is taken into account, but the massive cuts demanded by the Commission and supported by certain states in order to finance new priorities have been avoided. However, this reduction highlights the lack of real European agricultural ambition at a time whereas the global health crisis has underlined the strategic importance of agricultural and food sovereignty and when the green deal and the «farm to fork» strategy, its agricultural component, will multiply the challenges for EU maize producers.



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THE FUTURE GREEN ARCHITECTURE, A MAJOR ISSUE

The European co-legislators (European Parliament and Council of Agriculture Ministers) gave their position on the reform of the CAP in October 2020 and validated the broad lines of the reform proposed by the European Commission in June 2018. Since then, at European level, the last phase of negotiations («trilogues») has begun, and it should lead to an agreement on the future CAP reform by mid-2021. The three European institutions must agree on the last points of debate between them, which concern the three European regulations that will make up the future CAP...

One of the main points of debate concerns the future green architecture (conditionality of aid and a new «eco-scheme» aid programme in the first pillar of the CAP). In this respect, CEPM is opposed to mandatory crop rotation in the future cross-compliance scheme, which would pose a serious threat to all players in the maize sector in the European Union. Furthermore, it considers the limitation of subsidiarity in the distribution of budgetary envelopes as well as in the measures that could be taken by the Member States in the framework of their national strategic plans to limit distortions of competition between European producers to be essential.

2021 will be the decisive year to promote a CAP that supports the competitiveness of European maize producers and strengthens the resilience of their farms.

INTERNATIONAL NEGOTIATIONS

The market crisis at the beginning of 2020, linked to the health situation, has once again highlighted the fact that the system of European customs duties on maize is no longer effective. Reforming the protection of the European market is essential as trade concessions increase and the EU's demands on maize producers become more stringent. Imports remain massive due to distortions of competition.

INCREASED TRADE CONCESSIONS

Since the 2017/2018 crop year, the European Union has been the world's leading importer of maize, ahead of Japan and Mexico, with an average of 20 Mt of maize imported per crop year. Most of these imports come from the Black Sea area (Ukraine) and South America (Brazil), even though the environmental and social production standards are well below European standards, which the European Commission wishes to drastically reinforce in the context of the Green Deal (carbon neutrality by 2050, reduction in the use of fertilisers and plant protection products, etc.). The distortions of competition are therefore becoming more and more pronounced, yet the European Commission continues

to increase the number of trade concessions on maize (corn, sweetcorn and maize seeds) and processed products (starch, ethanol, semolina, etc.). Concerning corn, the European market is already wide open (Abatimento, zero duties for Serbia and Canada, increased quotas for Ukraine, etc.) but new concessions are being introduced, partially at present, with the agreement with Mercosur. All these trade concessions weaken the already inefficient import tariff system due to an extremely low trigger threshold.

BREXIT

2020 saw the formalisation of the Brexit after many months of negotiations between the EU and the UK. For European maize producers, there is a lot at stake. A clear administrative framework must be put in place to be able to export easily to the UK, which is now outside the common market. Furthermore, the EU must be vigilant to ensure that the UK does not become a hub for re-exports to the common market under its trade agreement with the EU. Finally, the Brexit raises the question of the distribution of trade concessions. While the Commission has renegotiated the WTO quotas with its partners (280 Kt at zero duty for maize) to distribute them equitably between the UK and the EU, it is not doing so on bilateral trade agreements. As a result, the EU will now have to bear the burden of concessions defined for 28 countries on 27 Member States!

THE NEED FOR COHESION BETWEEN AGRICULTURAL AND TRADE POLICIES

While the CAP is being negotiated, CEPM continues to mobilise at European level to demand that the EU's agricultural policy and its trade policy be made consistent. The already significant distortions of competition with third countries are reinforced by the multiplication of trade concessions which render an already weakened market protection inoperative. To this end, CEPM is calling for the exclusion from the negotiations of products deemed sensitive for the sector with the main

maize-producing countries, or «at the very least» to obtain the lowest possible quotas at reduced duties, as in the discussions with Mercosur (corn, sweetcorn, starch, ethanol, semolina). In addition, CEPM wants to obtain safeguard clauses in these various agreements. It also calls for anti-dumping measures to be maintained for sweetcorn production from certain origins such as Thailand in order to combat distortions of competition. Lastly, CEPM is calling for a review of the operation of the customs duty system, which is relevant because of its countercyclical nature (triggering a serious price crisis) but which is not very effective because of an extremely low trigger threshold (necessary revaluation), as shown in the first half of 2020.

UKRAINIAN SEED EQUIVALENCE : A BARRIER TO COMPETITIVENESS

Since 2011, Ukraine has been trying to obtain equivalence of its field inspection and certification system from the European Union. This is a real threat to the competitiveness of the European production chain, as the Ukrainian network benefits from a much lower production cost and has access to plant protection products banned in Europe. During the year 2020, on the basis of the conclusions of technical audits, the Commission published a favourable decision submitted to the European Parliament and the Council, and in parallel, a public consultation was opened. CEPM has therefore stepped up its activities with the various European bodies and during this public consultation in order to express its firm opposition to such a decision and to request that an impact study be carried out before any decision is taken. Despite support from the EESC and MEPs, the Parliament did not follow this request and supported the Commission's request. A similar position was also adopted by the Council, which definitively ratified the equivalence for Ukrainian cereal seeds in force since 15 November 2020. CEPM will continue to monitor this decision and its impact on maize seed producers and, more generally, on the European seed industry.

PLANT PROTECTION

In a context where world trade is growing, the European Union has been the world's largest importer of maize since 2017. Most of its imports come from the Black Sea area and South America, even though the environmental and social production standards in these regions are much lower than in Europe. Thus the distortion of competition for European producers is increasing, and should be further reinforced under the Green Deal. The range of chemical solutions to protect maize is gradually being reduced. Today, the maize sector is faced with technical deadlocks with regard to certain pests and diseases. The timetable for the renewal of the various substances suggests that there may be further difficulties ahead. In 2020, CEPM mobilised to ensure that the renewal of the active substance Cypermethrin was supported by the Member States. Cypermethrin is one of the last effective solutions authorised for the control of many pests: wireworms, but also *Diabrotica virgifera virgifera* and *Tanymecus dilaticollis*, as the possible alternatives are subject to restrictions on use or are less effective. The vote is scheduled for May 2021 and should lead to the renewal of the substance. The timetable for the review in the coming years is particularly tight, as 286 active substances will expire by 2026, taking all uses together. In addition, there is an overall tightening of consumer safety policy. At the European level,



■ Corn, sweetcorn, starch, ethanol, corn meal: CEPM asks to exclude these products from bilateral agreements.

more and more contaminants will be regulated, and with higher health requirements. In 2020, CEPM responded to the European Commission's consultation on the revision of DON and T2-HT2 thresholds, pointing out that in a context of climate change and reduced control solutions, maize growers are calling for the current regulations to be maintained, i.e., identical limits for DON and the maintenance of recommendations for T2&HT2 toxins.

CEPM's actions at European level aim to maintain a choice of diversified and effective control solutions, as well as access to innovative products while limiting distortions of competition.

IRRIGATION: ACTIONS OF IRRIGATORS OF EUROPE

The Irrigants d'Europe association, which was launched in 2016 and which currently brings together France, Italy, Spain and Portugal, continues to deploy these actions to make its positions known and to bring the voice of irrigators to the various European political dossiers. Although the current health situation has unfortunately prohibited several of the planned communication actions, a «position paper» has been updated and sent to the main European decision-makers. Recalling that the maintenance of a viable agricultural income and resilience on the territory of the European Union to improve food security require support for irrigation, Irrigants d'Europe calls for the decisions of the CAP and more generally the European orientations to be coherent with the issues related to irrigation, in particular in a context of climate change.

MYCOKEY: COMBATING MYCOTOXINS



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 CNR ISPA in Bari, Italy, aims to reduce mycotoxin contamination in Europe and China, both in production and in trade of the most at-risk cereals: maize, wheat and barley. The consortium consists of 34 partners from industry, research and associations (including 11 Chinese members).

The consortium officially ended in March 2020 but was extended until October 2020 due to COVID-19. One of the objectives of the consortium was the development of an operational IT tool - the «MycoKey App» -

based on advanced technologies (probes, aerial images) and new analysis methods. The «MycoKey App» provides stakeholders with rapid and personalised forecasts on the levels of risk, production, storage and processing solutions that are most favourable in economic terms. Alternative and secure solutions will also be offered in the future for contaminated cargoes. The application can be downloaded from the Akkerweb platform (<https://akkerweb.eu/en-gb/>) on condition that a personal account is created (free of charge). The application itself is regularly updated and works worldwide.

For reasons of funding rules specific to European projects, AGPM, the French member of CEPM, has carried out the commitments initially planned by CEPM, which focus on disseminating the results to European producers. This took place via a conference 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 conference, organised in collaboration with Arvalis, brought together around fifty participants, technicians from the maize sector and farmers. 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 follow the debates of a round table bringing together various stakeholders in the sector on the issues related to health protection.

AGRICULTURE & PROGRESS PLATFORM AT THE HEART OF THE EUROPEAN DEBATE



The Agriculture & Progress platform brings together maize producers, sugar beet growers and sugar manufacturers to promote sustainable agricultural production in Europe. The mission of the platform is to improve the understanding of society and decision makers, but also to provide them with suggestions on the needs and challenges to ensure sustainable agricultural production based on innovation. Since CEPM joined the Agriculture & Progress Platform as a founding member alongside CIBE and CEFS in 2019, the Platform has grown. In 2020, the Platform welcomed new members: the APPR - Association of Romanian Maize Producers - as a member; and the European Confederation of Agricultural, Rural and Forestry Contractors (CEETAR) - as a supporter of the Platform.

In 2020, the Platform positioned itself on several key issues for the sector in the context of the European political renewal and undertook activities at several levels:

- Social media presence (Twitter, LinkedIn, website), including a series of «#FromTheField» tweets.



Conference on integrated crop protection combining ambition, realism and innovation in the framework of the «Farm to fork» strategy.

- Documents, positions : opinion articles, contributions to various public consultations and roadmaps, ...
- Various meetings with MEPs, Commission officials and Permanent Representations of Member States.
- Events and webinars.
 - Webinar on «Carbon farming - How to bring this innovative concept to life» under the patronage of MEP Irène Tolleret (EPP, FR). Speakers included Nicola Di Virgilio from the European Commission's DG Agriculture, Dr Rolf Sommer, Director of WWF Germany, and Edouard Lanckriet from Agrosolutions.
 - Webinar on «Innovative breeding techniques: The crucial role of sustainable agriculture in achieving the ambitions of the Green Deal» under the patronage of Paolo De Castro MEP (S&D, IT), with speakers including Céline Duroc. Originally scheduled for spring 2020, it has been postponed to spring 2021 due to the pandemic.



This webinar was important to express the positions of the platform members on the eve of the publication of the Commission's opinion at the request of the Council, expected at the end of April 2021 and which should lay the foundations for a future discussion on the regulatory status of NBTs. The CEPM will obviously remain attentive to these discussions during 2021.

In the context of the global pandemic and the resulting restrictions, the platform has put its lecture series online, allowing a wide audience to access the educational webinars organised in close collaboration with Members of the European Parliament.

Website: <https://www.agriprogress.info/blog-agriculture/>

Twitter account: @AgriProgress

NEW OUTLETS

The Green Deal is the European Commission's compass for moving the EU towards carbon neutrality by 2050. The key words are acceleration and systemic change to respond to the climate emergency. The health crisis is just one more justification for making structural changes towards a low-carbon economy, at the risk of putting aside certain agricultural and maize assets.

SOLUTION FOR DECARBONATION

CEPM is mobilised to ensure that maize and bioethanol are recognised as a solution for the total decarbonisation of transport. Faced with the climate bill tabled in March 2020 and the prospect of a revision of numerous directives concerning bioethanol in June 2021, CEPM helped to draft a common position in Autumn 2020 with its partners in the European biofuel platform. This is a real roadmap to increase the role of maize bioethanol and build a fairer regulatory framework between energies and types of mobility. CEPM has responded to various consultations on the climate law and the revision of RED2, and has asked its members to intervene in COMENVI for the

climate law. Several meetings were held with DG ENVI and the cabinets of the ENER and TRANSPORT Commissioners.

CEPM also defends a coherent framework for competition and sustainability with imports, whose raw materials and biofuels must comply with European standards and at least the commitments of the Paris Agreement. In this dynamic, CEPM responded to the consultation on the carbon border adjustment mechanism. In the context of the COVID crisis and the drop in fuel consumption due to lockdowns and other restrictions, CEPM has defended to the European Commission the maintenance of national incorporation levels and the protection of the internal market. The Commission has introduced closer monitoring of bioethanol imports from Brazil and the USA.

Lastly, in 2020, CEPM mobilised against a draft delegated act aimed at identifying green investments, known as the «Taxonomy», with its partners from the Agriculture & Progress platform. This draft excludes biofuels derived from food plants, such as maize bioethanol, and would have introduced sustainability criteria for bioenergy and maize that go beyond RED2 or the CAP under negotiation: an unacceptable situation.

by the European Commission. Obviously, the year 2020 was disrupted by the COVID crisis, which hampered the deployment of promotion programmes and limited travel, events and meetings. Despite this, a large number of actions have been carried out to promote European maize seed genetics in Russia, Belarus, Ukraine, Kazakhstan, Iran, Poland and Romania and sorghum seed genetics to the EU and the Middle East

AN AMBITIOUS CAMPAIGN

The FNPSMS and Sorghum ID are now looking ahead to 2021 with the start of an ambitious promotion campaign in 5 European countries for maize and sorghum: France, Spain, Italy, Romania and Bulgaria. It aims to highlight the qualities of European genetics and thus support production areas. For sorghum, the launch of this promotion campaign will be embodied by the 3rd European Sorghum Congress to be held on 12 and 13 October 2021 in Toulouse. CEPM will remain a partner in the deployment of these actions, and our Polish member PZPK is associated with the FNPSMS in this great campaign for European maize!



I The CEPM is working to ensure that the role of first-generation biofuels in achieving carbon neutrality in the EU by 2050 is recognised.

PROMOTING MAIZE AND SORGHUM

CEPM has been a member of Sorghum ID since its creation. Within this framework, it follows the promotion actions dedicated to sorghum cultivation as well as the promotion actions for maize cultivation, actions carried out within the framework of projects led by the FNPSMS, National Federation of Maize and Sorghum Seed Production, and financed



I Participation in the «Agros 2020» exhibition in Moscow from 29 to 31 January, aimed at Russian producers and which welcomed more than 12,000 visitors; a great showcase for European maize and sorghum seeds.

SUSTAINED UNION COMMUNICATION...

CEPM is active throughout the year to express its positions. To do so, it uses various tools, in particular press releases, as well as a quarterly newsletter and a weekly economic newsletter (Corn Market), which help increasing its audience and relay its actions.

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



Needless to say, CEPM is registered in the European transparency register to conduct all its activities.

... AND EXPRESSED IN CIVIL DIALOGUE GROUPS

CEPM's presence in five 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) to issues that could be detrimental

to maize, and on the other to be able to constructively put forward proposals. 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. Because of COVID-19, CEPM's participation in these CDGs is online, which allows different representatives to participate. Céline IMART presented maize as a solution for the environment and the climate at the Arable Crops CDG on 5 March 2021, presenting the many advantages of this essential crop to the European institutions and stakeholders.