

Newsletter CEPM

LES DERNIÈRES NOUVELLES DE LA PRODUCTION EUROPÉENNE DE MAÏS • THE LATEST NEWS IN EUROPEAN MAIZE PRODUCTION



CEPM
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N° 30 – October - December 2021

> Editorial: If agriculture is really a priority for Europe, it will have to be demonstrated!

Green deal, taxonomy, CAP reform... so many concerns about the way agriculture is really considered at a high level in the European Union. The ideology of degrowth cannot be a guide, when we see what is at stake with the health crisis, or when we see how much unhappiness in the rest of the world makes our continent an Eden, which some people are ready to do anything to join.

The first freedom is to have enough to eat. In Europe, we are lucky enough to be able to produce, a lot, if we are not prevented from doing so. And even better, if we are given the means. And by being efficient with regard to the climate issue... So what are we waiting for?

The markets are high for crop production, reflecting an economy that is starting up again after the crisis, ever greater geopolitical tensions and climatic uncertainties that weigh on agricultural raw materials throughout the world. Energy is soaring, and its cost is creating even greater uncertainties for agricultural production... Europe cannot remain on the sidelines on these issues. It must be ambitious and contribute to the world's major balances. It must therefore support its agriculture, but also defend it and even protect it from the jolts it has to face, whether economic or climatic. The CEPM has long been calling for more protective markets, access to innovation and a production ambition based on "happy" growth. It is high time.

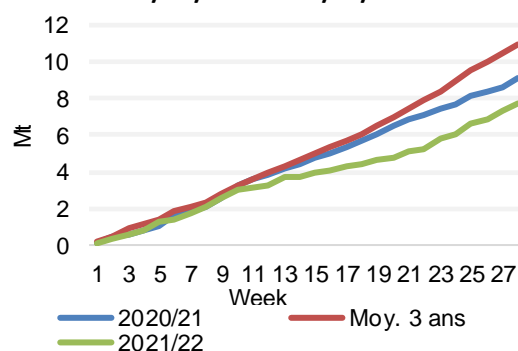
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Contents

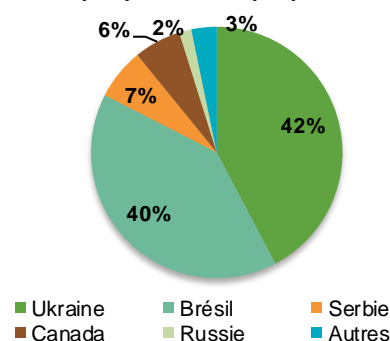
- Editorial: 1
- Maize key figures: 1
- Maize farmers as key players in restoring sustainable carbon cycles 2
- Recent developments in the EU Soil Strategy..... 2
- Distortions of competition: What is the EU doing? 3
- Fertiliser prices: The European Union under dependence.. 3
- Agriculture and Progress: Review of the platform's activities in 2021 and key projects for 2022 4
- CEPM Members 4

MAIZE KEY FIGURES:

Cumulative European imports of grain maize from 01/07/2021 to 10/01/2022



Origin of European grain maize imports from 01/07/2021 to 10/01/2022



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MAIZE FARMERS AS KEY PLAYERS IN RESTORING SUSTAINABLE CARBON CYCLES

The Commission has published a communication on its action plan to restore sustainable carbon cycles by developing technological and natural solutions.

Carbon removals through forests, agricultural practices or technical solutions will play a crucial role in achieving climate neutrality by 2050, as they will offset the emissions from agriculture, aviation or specific industries that are the most difficult to eliminate.

In this context, field crops and in particular maize are among the tools available to the EU to naturally capture CO₂ from the atmosphere and thus achieve its decarbonisation objectives. The Commission's Communication should therefore underline the major role that the agricultural bioeconomy can play and its complementarity between food uses, fossil carbon substitution and carbon sequestration in the soil (and materials). This would be the perfect opportunity to give the agricultural bioeconomy the place it deserves in the Green deal and the Fit-for-55 package, this place being minimal today because it is limited to its circular economy part.

Furthermore, carbon farming must be supported by a rigorous, solid and scientific framework for the generation of carbon credits. The "low carbon" label created in France and the recently adopted field crop method are examples of a solid carbon farming mechanism.

However, the economic model of the low carbon label still needs to be improved. Carbon credits should indeed be valued on voluntary carbon markets or benefit from incentives complementary to the CAP or public aid. The Communication could therefore assess the conditions of access to regulated markets, thus offering potential additional flexibility to value the credits, as well as their transferability between operators to bring more value. The production costs of carbon credits in France and in the EU are indeed high, which must be taken into account in the development of any voluntary European carbon market to avoid unfair competition, from outside or via other competing international methodologies.

RECENT DEVELOPMENTS IN THE EU SOIL STRATEGY

The European Commission adopted, as part of the EU Biodiversity Strategy for 2030, a new EU Soil Strategy on the 17 November 2021, encompassing non-legislative and legislative actions. The Strategy is preparatory to a legislative proposal on soil health that the Commission will table by 2023, allowing the strategy's objectives to be met and good soil health to be achieved across the EU by 2050, together with the upcoming Commission proposal for Soil Health Law which aims to address transboundary impacts of soil degradation and achieve policy coherence at EU and national level. The Strategy also outlines the goal of creating a "soil passport" for excavated soil and envisages the introduction of a soil health certificate for land transactions. The European Commission announced a first of its kind strategy for the protection of European soils. Regarding the Soil Health Law's timeframe, the Commission stated that it is hoping to launch the call for evidence in 2022 Q1, followed by the public consultation in 2022 Q2. Further efforts to engage with stakeholders and European legislators can be foreseen to make sure that the voices of the maize sector are sufficiently taken into account.

As the healthy soils are crucial to meet climate and biodiversity goals, the Strategy concretely translates some of the European Green Deal's objectives and integrates with a series of strategies and policies already decided by the European Commission: from Farm to Fork to the Zero Pollution Action Plan, from the Biodiversity Strategy to the new CAP. In this regard, the European Parliament's Plenary on 23 November 2021 adopted the new Common Agricultural Policy (CAP) (2023-2027) Regulation. The Commission will continue to disseminate successful sustainable soil and nutrient management solutions within the CAP framework and in close collaboration with Member States, including through the national rural networks of the rural development program, farm advisory services and AKIS, and the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI).

DISTORTIONS OF COMPETITION: WHAT IS THE EU DOING?

The year 2022 should be rich in legislative activity at European level. Indeed, the European Commission must begin to translate the major objectives of its 2019 Green Pact into regulatory texts, with the objective for the EU to achieve carbon neutrality by 2050. The agricultural component, the "Farm to Table" strategy, includes numerous objectives for reducing the use of inputs, fertilisers and plant protection products by 2030.

Although the European Commission has long concealed the JRC's impact study, citing various methodological pitfalls, the studies carried out reveal a threat to the EU's food sovereignty, higher prices for consumers and lower incomes for farmers, without even achieving the desired environmental objectives! Indeed, the possible climate benefits would be altered by the increase in imports from third countries, which are less favourable in environmental terms. These studies predict a drop in maize production of up to 20%, while the EU is already one of the world's leading importers of maize, with an average of 18 million tonnes of maize imported each year since 2016, mainly from Brazil and Ukraine.

The European Commission has promised to make its trade policy consistent with its new environmental ambitions. It has to be said that this has yet to happen, even though the Covid pandemic has highlighted the importance of a strong European agriculture for the resilience of the population's supply!

Indeed, trade concessions on maize could continue to grow. In 2020, Ukraine, the EU's largest supplier of maize, activated its review clause in the 2015 association agreement with the EU. This agreement already gives Ukraine a duty-free maize quota of 650 Kt. In addition to this initial concession, the European Union made unilateral concessions in 2017 for 625 Kt of maize. As these unilateral measures expire in 2021, Ukraine will certainly support their definitive integration into the framework of the association agreement with the EU, thus bringing the duty-free quota to over 1 Mt.

These ever-increasing trade concessions render ineffective the system of European customs duties on maize, the last safety net for European producers since the dismantling of market management instruments.

This is untenable, as the demands made on European maize growers, who are already virtuous, cannot be accompanied by further trade liberalisation with countries that do not respect our production standards, leading to ever greater distortions of competition. The French presidency of the EU, which begins in January 2022 and which intends to focus on the issue of "mirror clauses", will be a key moment for European maize producers.

FERTILISER PRICES: THE EUROPEAN UNION UNDER DEPENDENCE

Over the past few months, fertiliser prices have exploded, increasing more than fourfold compared to the beginning of 2020, especially for nitrogen fertilisers. This situation is extremely worrying for European producers, who are suffering the full force of this increase in their production costs without any guarantee that maize prices will remain high for the 2022 harvest.

This is primarily due to strong global demand for nitrogen fertilisers, particularly in South America and India, in a context of high freight prices and production line disruptions due to the ongoing pandemic. In addition to this initial tension in the fertiliser market, since mid-2021 there has been a massive increase in the price of gas, which accounts for 80% of the production costs of nitrogen fertilisers. As a result, the price of fertilisers, and nitrogen in particular, has soared.

This crisis also reveals the EU's dependence. According to Fertilizer Europe, the European Union imports nearly 30% of its nitrogen fertilizer needs, a figure that is much higher for certain forms of fertilizer that are little or not produced within the EU (urea, nitrogen solution). However, the European nitrogen market is doubly protected: by customs duties and, depending on the origin, by anti-dumping duties which greatly increase the cost of nitrogen for producers. For some fertilisers, the weight of these duties is as high as 30% of their cost. This reinforces the distortion of competition with third countries that can obtain supplies at world market prices and aggravates the situation in the case of market crises such as the one we are experiencing today.

This is why CEPM has joined the COPA-COGECA campaign launched last September. Entitled #DumpTheAntiDumping, it calls for a temporary suspension of duties on nitrogen fertilisers in order to reduce the significant cost increases that producers are likely to face in 2022. It was successful at the end of 2021 with the opening of an investigation by the European Commission, prior to the lifting of the duties. It is hoped that this investigation will now be completed quickly in order to reduce the pressure on the European fertiliser market.

AGRICULTURE AND PROGRESS:

REVIEW OF THE PLATFORM'S ACTIVITIES IN 2021 AND KEY PROJECTS FOR 2022

The Agriculture & Progress platform brings together sugar beet growers, sugar manufacturers and maize producers in order to promote sustainable agricultural production. The Platform's mission is to provide society and decision-makers with a good understanding and suggestions on the needs and challenges of guaranteeing sustainable agricultural production and the important role of innovation for the farming community. Since CEPM joined the Agriculture & Progress Platform as a founding member alongside CIBE and CEFS in 2019, the Platform has been expanding and is looking to continue doing so in the next year.

In 2021, the platform has positioned itself on several key issues for the maize sector, including on new breeding techniques, the taxonomy for sustainable activities, the EU soil strategy, and the sustainable use of pesticides. In addition, the platform's social media identity (Twitter, LinkedIn, Website) has been greatly expanded with various social network engagement campaigns documenting growers' daily life.

Under the circumstances of the global pandemic and its subsequent restrictions, the Platform took its conference series online, presenting educational webinars in close cooperation with Members of the European Parliament. CEPM actively participated during these events and let maize growers' voice heard on topics such as Innovative Breeding Techniques (with MEP Paolo de Castro) and Healthy Soils (with Nathalie Sauze-Vandevyver, Director of Directorate-General for Agriculture of the European Commission).

For the new year, the platform, led by CEPM, will continue to position itself on key issues for the maize sector, and has already a new interesting webinar series in the pipeline.

Meetings of the CEPM and its member organisations 1st quarter 2022

- ✓ **CEPM:**
 - **1^{er} February 2022 afternoon:** General Assembly
- ✓ **France:**
 - **11-12 January 2022:** Meeting ATS – technical seed actions FNPSMS, Montauban
- ✓ **Germany:**
 - **4 March 2022:** Board of Directors DMK
- ✓ **Portugal:**
 - **9-10 mars 2022:** XIII National Maize Congress, Santarém

Civil Dialogue Groups Provisional calendar 1st quarter 2022

- 25-02-2022:** Arable Crops - Sugar
- 02-03-2022:** CAP
- 07-03-2022:** Arable Crops - COP & Seeds
- 15-03-2022:** Arable Crops - COP – Flax & Hemp
- 16-03-2022:** Environment and climate change
- 18-03-2022:** Direct payments and greening
- 20-04-2022:** International aspects of agriculture
- [or 06-05-2022:** International aspects of agriculture]
- 01.06.2022:** Arable Crops - Dried Fodder and Energy Crops
- 27-06-2022:** PAC

CEPM Members



GERMANY	<i>Deutsches Maiskomitee (DMK)</i>
BULGARIA	<i>National Grain Producers Association (NGPA) et Conseil des Organisations Agricoles</i>
SPAIN	<i>Asociacion General de Productores de Maíz de España (AGPME)</i>
FRANCE	<i>Association Générale des Producteurs de Maïs (AGPM)</i>
HUNGARY	<i>Vetőmag Szövetség Szakmaközi Szervezet és Terméktanács (VSZT)</i>
ITALY	<i>Associazione Italiana Maiscoltori (AMI)</i>
POLAND	<i>Polski Związek Producentów Kukurydzy (PZPK)</i>
PORTUGAL	<i>ANPROMIS</i>
ROUMANIA	<i>Association Roumaine des Producteurs de Maïs (APPR)</i>
SLOVAKIA	<i>Zväz pestovateľov a spracovateľov kukurice (ZPSK)</i>