

ACTIVITIES REPORT 2021-2022

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MARKET

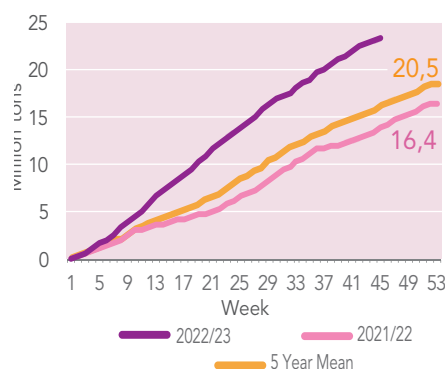
The 2021/2022 crop year was marked, after a difficult 2020 harvest, by good weather conditions over a large part of the EU. Thanks to a relatively stable area, this has made it possible to achieve a production of 73 Mt. Although some countries were able to achieve record yields, the situation remains contrasted, with difficulties particularly in the centre of the EU. This good level of production made it possible to limit the level of imports (16.4 Mt) for the second consecutive campaign.

Already high during the first part of the crop year due to a tense world balance sheet, European maize prices reached their highest level since the 1980s from March 2022. This is due to the invasion of Ukraine by Russia, Ukraine being the 4th largest exporter of maize in the world and the main supplier to the EU. From March to July 2022, this invasion greatly reduced Ukraine's export capacity and blocked the 2021 maize harvest in the country, leading importers to increase their demand for European origins and to find alternative

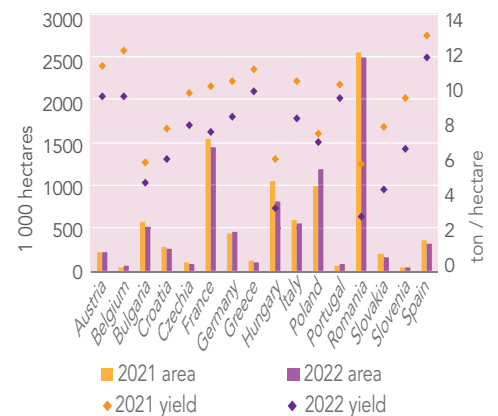
suppliers for the end of the campaign (USA, South Africa, etc.). Given the European sanctions on Russia, a major world exporter of gas and oil, this invasion has also caused energy and input prices (fertilisers, drying, etc.) to rise.

The establishment of «solidarity corridors» by the EU from May 2022 and an international agreement on Ukrainian exports from July 2022 have enabled Ukraine to re-export significant volumes of agricultural products, particularly maize, to the EU. This has put strong pressure on maize prices in the EU, particularly in border countries where it has competed strongly with local production and caused prices to plummet. At the same time, the EU had its worst maize harvest since 2007/2008 with 52 Mt due to an almost widespread summer drought. This situation and the very high competitiveness of Brazilian and Ukrainian maize led to record imports. The drop in maize prices from the second half of 2022 onwards, coupled with poor yields and high costs, leads to fears of a price squeeze for the 2022/2023 crop year. This situation could be prolonged for the 2023/2024 crop year, while at the beginning of 2023, maize prices continue to fall due to a gloomy macroeconomic context in the United States and prospects, for the first time since autumn 2020, of an easing of the world balance sheet (fall in demand, record production in Brazil, sharply increased areas in the United States).

→ European maize imports



→ Area and yield of grain maize



COMMON AGRICULTURAL POLICY

After more than three years of discussions, in June 2021 the European institutions reached a compromise on the reform of the CAP, which came into force on 1 January 2023. This agreement was then translated at the level of each Member State into the National Strategic Plans (NSP), which were definitively approved by the European Commission at the end of a final phase of negotiations in 2022.

CEPM worked hard throughout the European process to obtain progress for maize producers that takes account of the specific characteristics of their sector.

CROP ROTATION REQUIREMENTS: MAJOR ADVANCES IN THE EUROPEAN AGREEMENT

While the initial draft of the June 2018 CAP reform provided for a cross-compliance measure (GAEC 7) requiring a strict plot rotation with a change of main crop each year, CEPM worked tirelessly to obtain some flexibility in the application of this new measure in order not to penalise maize production.

As a result, the European regulation that was finally adopted allowed winter cover to be included in the rotation and, in certain regions, depending on soil and climate constraints, a crop diversity measure to be maintained instead of the compulsory rotation.

These beneficial guidelines for maize producers then had to be translated into the NSPs of each Member State in order to be effective. While several countries chose to apply the openings obtained in the European regulation, unfortunately others did not include this possibility in their NSP.

UKRAINE DEROGATIONS: AN INADMISSIBLE EXCLUSION OF MAIZE!

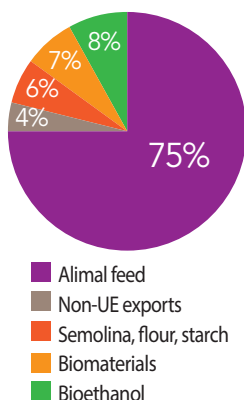


In the context of the war in Ukraine, which is deeply destabilising for agricultural markets and the world food system, several Member States have requested a derogation from GAEC 7 and 8 for the year 2023. The European Commission's proposal, presented on 22 July, responded to this request but excluded maize and soya from consideration on the grounds that these crops are intended for animal feed.

CEPM denounced this inadmissible exclusion of maize in a context where the global and European maize markets have been severely destabilised by the invasion of Ukraine and where the European Union has imported a record level of maize in 2022 from third countries with more than 25 million tonnes. This requires the European Commission to ensure consistency between its trade, agricultural and environmental policies, otherwise it will reinforce the trend observed over the last few years of the European Union's agricultural and food sovereignty being called into question and the share of maize imports from countries that do not respect the high production standards followed by European producers will continue to increase.

Although animal feed remains the main use for maize in the European Union, animal products also contribute to European food sovereignty and less dependence on synthetic fertilisers. A significant proportion of European maize is also used directly for human consumption, particularly in the form of semolina, starch and sweet corn. In many countries in Latin America, Africa and Asia, maize is an important staple of the human diet.

→ Grain maize uses in the EU



INTERNATIONAL NEGOTIATIONS

Even if the first inflections of its trade policy are still to be noted, the European Commission does not seem to have become aware of the geopolitical stakes of a strong European agriculture in a context where the Covid crisis and the war in Ukraine have brought back to light the problems of food and energy sovereignty within the EU.

In the context of the war in Ukraine, the European Commission has favoured trade openness by authorising certain maize-importing Member States to temporarily derogate from Maximum Residue Limits (MRLs), thus potentially reinforcing distortions of competition. However, these derogations have not been widely used. The European Commission also opened its market completely to Ukrainian exports for one year and supported them by setting up 'solidarity lanes', causing major disturbances on the European market, particularly in the border countries.

UKRAINIAN IMPORTS: SAFEGUARD MEASURES TRIGGERED

Maize producers in countries bordering Ukraine - Poland, Romania, Bulgaria, Slovakia and Hungary - have suffered from the establishment of 'solidarity lanes' with Ukraine. Indeed, Ukrainian grain quickly saturated the storage and logistics of these countries and was even used instead of local production when it should have been transiting to the EU's deficit markets.

CEPM, together with its member organisations, alerted the European Commission to this situation in a letter in December 2022 calling for corrective measures and financial compensation for the producers affected. The European Commission's reaction was unfortunately too late and too weak, leading the countries concerned to implement unilateral measures against Ukrainian imports. This forced the European Commission to put in place a 2nd support plan and above all to activate safeguard measures in order to ensure the real transit of Ukrainian goods to the deficit markets and their compliance with the SPS standards in force in the EU.

However, under the impetus of the French Presidency of the EU (January to July 2022), the subject of reciprocity, through «mirror clauses» in trade agreements and «mirror measures» taken autonomously, seems to have gained ground, particularly after the publication of a report by the European Commission in June 2022 announcing that the

WTO framework offered certain possibilities in this respect.

Some of the Commission's legislative proposals present initial avenues for combating distortions of competition and demanding reciprocity in agreements with third countries of the requirements that the EU sets itself. This is the case, for example, with the new regulation on imported deforestation, which could eventually include maize and its co-products. It is also the case with the lowering of MRLs on neonicotinoids banned in the EU. These measures are common sense: let's not import into the EU what we don't want to produce there!

CEPM is using these changes to denounce distortions of competition and to call for effective market protection. It will remain vigilant to ensure that the French EU Presidency's ambition on mirror clauses is effectively implemented, particularly in the framework of trade negotiations with Mercosur, which the European Commission wishes to speed up in 2023 at the risk of putting the entire European maize sector in difficulty, from producers to processors. In terms of food, as in energy, the European Union must work to reduce its dependence. This is the priority issue that CEPM is working on!

PHYTOSANITARY PROTECTION



The number of authorised plant protection active substances in Europe has fallen sharply, with around 780 substances withdrawn from the European market since 2001 according to DG SANCO data. This contributes to a growing list of orphan uses and dead ends. The outlook is also not very reassuring, as between 2022 and 2026, more than 250 substances are due to expire, many of which are considered to be in difficulty due to the high re-approval criteria put in place by the European Union. The Green Deal for Europe, launched by the Commission in December 2019, which includes the «Farm to Fork» strategy, foresees several initiatives and legislative proposals regarding the reduction of the use of plant protection products. The European Commission has announced a reduction in the overall use and risks of chemical pesticides by 50% and a reduction in the use of more hazardous pesticides by 50% by 2030. In view of the economic stakes, CEPM remains mobilised to point out that the sector must have the capacity for innovation and the means of production to commit itself to a dual

economic and environmental performance. With this objective in mind, CEPM contributed to the public consultation on the SUR regulation in September 2022, recalling the need for a full impact assessment to measure the consequences in terms of reduced production, and affirming its opposition to the establishment of a quantified target for reducing the use of plant protection products, because without effective alternatives, a 50% reduction in the use of plant protection products is irresponsible.

CEPM is systematically working to maintain technical solutions for all pests, diseases and weeds. In 2022, it won France's support for the renewal at European level of cypermethrin, one of the last authorised effective solutions for controlling wireworms and corn rootworms. With the prospect of the disappearance of many active substances in the coming years, CEPM is anticipating the European calendar. The next battle will concern the active substance S-metolachlor, a herbicide widely used on maize. Under re-evaluation since 2015 as part of the renewal of its marketing authorisation, S-metolachlor has been classified as a «suspected» carcinogen and endocrine disruptor in June 2022 by the European Chemicals Agency (ECHA). In accordance with the European regulation, the Commission, the Member States' authorities and the European Parliament will then decide whether or not to renew the marketing authorisation on the basis of EFSA's conclusions. The CEPM will continue to be mobilised to provide decision-makers with all the information needed to obtain the renewal of the active substance.

ACTIONS OF IRRIGATORS OF EUROPE

Water is at the heart of the issues linked to the desire of our countries to ensure their agricultural production. Climate change projections remind us of the extent to which agriculture is on the front line, and how water is, and will be, the major challenge of the coming years. Although travel restrictions over the past two years have forced IRRIGANTS d'Europe to cancel its plans for a conference in Brussels, the association, which brings together France, Italy, Spain and Portugal, has nevertheless continued to draft its position papers on the various issues closely or remotely related to access to water, and to transmit them to the main European decision-makers. Recent and forthcoming issues include the new rules on surface and groundwater pollutants under the «zero pollution» plan, on which IRRIGANTS d'Europe is working. This proposal revises the Water Framework Directive, the Groundwater Protection Directive and the Environmental Quality Standards Directive.

Today, the association hopes that new countries will join its actions. Indeed, this opening is an essential point to extend our sphere of influence, and strengthen our European political actions.

MAIZE AT THE HEART OF DECARBONISATION ISSUES

The Council and the European Parliament finalised their position on key texts of the Fit-for-55 package by mid-2022. The Commission published its draft on sustainable carbon cycles at the end of 2021. The new coalition in Germany and the outbreak of war in Ukraine have changed perceptions. CEPM has been working to defend the contribution of maize in this new context.

CEPM was concerned about the implementation of the sustainability criteria of RED2, which was to be transposed in July 2021. CEPM asked for a transition period to continue selling bioethanol, while with Covid, the Commission did not publish its draft delegated act until June 2021. CEPM also asked for a pragmatic approach on the contribution of carbon storage in soil to GHG reductions. The delegated act was not published until mid-2022, in the middle of the review of RED2. CEPM approached MEPs on that matter ahead of the plenary vote in September 2022. CEPM participated in a dinner at the European Parliament co-organised by the European Biofuels Platform. Nevertheless, the war in Ukraine has upset the balance and called into question our desire to obtain a European common ceiling of 7% for biofuel. Food issues have come back in force, and the priority has become to preserve the RED2 acquis, by obtaining common positions from the three co-legislators before the trilogue. CEPM has also made efforts to defend the role of maize as a food and energy supplier on texts linked to food security and in the RePowerEU Plan. CEPM welcomes the Council's orientation on CO2 emissions from cars and vans, which leaves an opportunity to negotiate in trilogues a pathway for hybrid cars in the face of the ban on internal combustion engines after 2035. Work on energy taxation is progressing more slowly, but without breaking the deadlock on the taxation of G1 biofuels and fossil fuels.

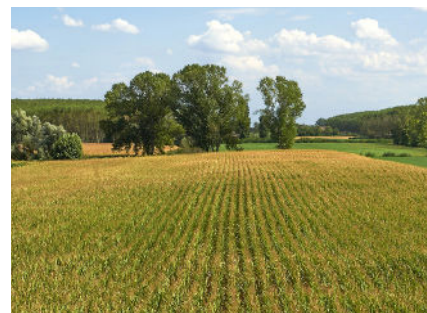
CEPM contributed to the consultation on carbon farming. It believes that this is an opportunity to provide additional income to maize farmers through the sale of carbon credits on the voluntary carbon market. This is on condition that the framework for the certification of these credits allows for the valuation of agricultural carbon storage and reduction activities, and not only industrial solutions.



NGT : ONGOING DISCUSSIONS

The year 2021-2022 was marked by the continuation of discussions on the evolution of the future NGTs legislative framework. During 2022, the Commission opened a vast public consultation phase to which CEPM obviously contributed in order to reiterate its positions on the issue, in particular by having an adapted framework that would allow real access to its technologies. Discussions continued within other European bodies, such as the Council of Agriculture Ministers in September 2022, during which some Ministers clearly called for a rapid revision of the legislative framework on GMOs in order to adapt it to New Genomic Techniques. A revision is underway, as a proposal is reportedly being prepared, which could be presented in the summer of 2023. CEPM will of course continue to be extremely vigilant and to put forward its proposals for access to innovative solutions on this strategic issue for European maize producers.

AGRICULTURE & PROGRESS PLATFORM: CONTINUOUS LOBBYING



The platform, which brings together AGPM, CEFS and CIBE, maintained its activities throughout 2022. It acted on issues related to crop protection, particularly in connection with the revision of the directive on the sustainable use of pesticides. A first webinar was organised on this issue in order to raise awareness among parliamentarians of the issues facing producers on this file. This was an opportunity for the CEPM to present existing good practices deployed in the field. It also drafted a position paper highlighting the concerns of the sector. The platform also continued to work on the issue of new genomic techniques, contributing to the public consultation opened by the Commission during 2022. Finally, throughout the year, the platform met with the European institutions in order to relay its positions on these strategic issues. However, from 2023 onwards, the action of Agriculture & Progress Platform could take new forms in the face of the failure of the enlargement strategy desired by its members without, of course, calling into question the major stakes involved in innovation-related issues!

MAIZE AND SORGHUM PROMOTION

PROMOTING QUALITY MAIZE AND SORGHUM SEED INTERNATIONALLY

The «Seeds For Future» communication campaign, which began on 1 January 2021 and will continue until 31 December 2023, was at the heart of the promotional actions developed by the FNPSMS. A multi-channel communication focused on varietal innovation, food sovereignty, and the economic and environmental sustainability of farms was deployed in France, Spain, Italy, Germany, Poland and Romania. Participation in the FIMA (Spain), Les Cultureles, VEGETAELIS (France), Farm Conect (Romania), Agroshow (Poland), FAZI (Italy) and EuroTiers (Germany) trade fairs raised awareness of the advantages of European hybrid varieties. A campaign web page and a website dedicated to maize were created in addition to a Facebook page, making it possible to disseminate more than 15 technical advice videos, numerous articles and technical sheets. In Poland, two field days and three conferences were organised. Finally, a study trip was organised in the southwest for 10 German and Polish opinion leaders.



Successful Forage Maize Conference Campaign "Seeds for future", Łomża – Pologne January 2023



Salon VEGETAELIS Conference "Seeds for Future" November 2022



Study trip Polish and German opinion leaders September 2022

The Maize Yield campaign, focused on the promotion of forage maize and its genetics, was continued in Russian-speaking countries, with the organisation of conferences and webinars in Belarus and Ukraine, and with participation in the AgroSpring exhibition in Kiev last February. In the context of the war, maize is being promoted from a distance, notably via the website and Facebook page kukuruza-urojaynost.com, also developed in Ukrainian, and via publications in the Kazakh and Ukrainian press.

Sorghum was promoted through Sorghum ID and the Seeds For Future communication campaign, particularly in France, Italy, Spain, Romania and Bulgaria. The crop, its technical itinerary, its uses and its benefits were highlighted in numerous press and web publications, video testimonials, technical leaflets, at trade fairs in France, Spain, Italy and Romania, at field days in Turkey and via a newsletter distributed in 12 languages to more than 10,000 recipients.

TRADE UNION COMMUNICATION

CEPM is active throughout the year to express its positions. It uses various tools to do this, in particular press releases, a quarterly newsletter and a weekly economic newsletter (Corn Market), which help to increase its audience and publicise its actions.

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

Of course, CEPM is registered in the European Transparency Register to conduct all its activities.



CEPM REPRESENTATIVENESS

Following a reorganisation of the civil dialogue groups by the European Commission, CEPM has become a member of 6 of the 7 new groups, thus recognising its legitimacy and seriousness as the representative of maize producers' interests at European level. CEPM is now a member of the following civil dialogue groups: CDG Agricultural Markets, CDG Quality and Promotion, CDG Organic Farming, CDG Strategic Plans and Horizontal Issues of the CAP, CDG International Aspects of Agriculture and CDG Environment and Climate Change. This participation is a permanent opportunity to make the voice of European maize heard, on the one hand to alert partner organisations (in particular COPA-COGECA) to issues that are potentially detrimental to maize, and on the other hand, to be a source of proposals. In addition, CEPM's expertise has been recognised more specifically on the CAP through its appointment to the new specific task force set up at the beginning of 2023.

CEPM has been a regular member of these civil dialogue groups since their creation, and will continue to participate and put forward its points of view on the various aspects of EU agricultural policy, always in the interests of the European maize sector.