ACTIVITY REPORT 2022 - 2023

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MARKET

After a very low harvest in 2022, due to a drop in acreage and, above all, a summer drought that affected almost the entire European Union, the 2023/2024 campaign was marked by more favourable weather conditions, resulting in good to very good yields throughout the EU. Unfortunately, Romania and Bulgaria were the exceptions, affected by dry conditions during flowering. As a result, EU maize production has risen sharply, to an estimated 62 million tonnes, compared with 53 million tonnes in 2022/23. However, this level of production is still below the average for the last 5 years, as good yields have not fully offset a further sharp fall in acreage.

The economic situation for production also deteriorated sharply during the campaign, with prices falling sharply. Costs have remained high, in particular due to the rise in energy prices in 2022, while maize prices have fallen by 30 to 40% between the end of 2022 and the beginning of 2024. This is due to a number of factors, starting with a worsening of the global balance sheet after 3 years of tensions that supported prices. World demand for maize has slowed as a result of the global inflationary context which, in many countries, has led to a slowdown in meat consumption and industrial production. In addition, Brazil and the USA, the world's two leading exporters, both had record harvests (137 Mt and 390 Mt), combined with a very good harvest of Russian wheat (a world exporter), which put pressure on prices.

At European level, imports of Ukrainian maize and feed wheat have added a further pressure factor to the market. The price of Ukrainian feed grain has remained very low due to the war situation, and certain customs barriers, particularly on wheat, which have been lifted since June 2022 as part of the autonomous trade measures taken by the EU to support Ukraine. In addition, Ukrainian exports have become more fluid and, with the creation of an autonomous maritime corridor from the greater Odessa area in September 2023, they now have massive access to their traditional markets in Western Europe. The pressure exerted on prices in the countries bordering Ukraine in the 2nd half of 2022 has thus gradually spread to the whole of the EU.

For the coming 2024/2025 crop year, EU maize acreage is set to rebound, but the economic context remains difficult. Although costs have fallen as a result of lower energy prices, they have fallen less rapidly than prices overall. Prices consolidated somewhat in the early spring of 2024 as a result of reductions in acreage in Brazil and then in the United States, but they remain at a relatively low level. The global balance sheet remains heavy, notably due to US stocks, which limits any significant price recovery. However, at this level, the market is not factoring in a risk premium linked to geopolitical factors (Black Sea, Middle East, etc.) or to a possible summer weather hazard in the United States.

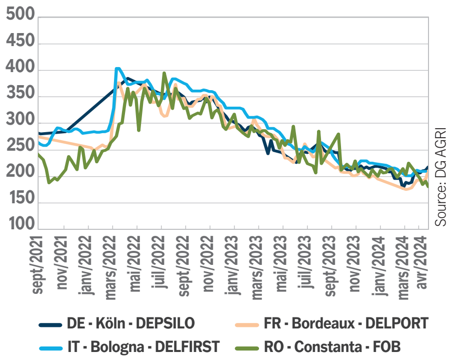
COMMON AGRICULTURAL POLICY

After a year of implementation, the 2023-2027 CAP reform is about to undergo a major and salutary simplification exercise.

The European Commission heard strong criticism of the bureaucratic burden that the new CAP represented for European farmers during the many massive demonstrations that took place in most EU Member States at the end of 2023 and in the first quarter of 2024.

As a result of this pressure, in March 2024 the Commission proposed a regulatory «package» to simplify the CAP, and in particular cross-compliance measure such as: end of controls on farms smaller than 10 ha (65% of farms in the EU), extended possibility for Member States to take derogations in the event of climatic hazards and to modify their national strategic plans, amendments to GAEC 6 (winter soil cover), 7 (rotation) and 8 (non-productive areas), etc. CEPM welcomes the Commission's partial response to the agricultural protests of recent months and the elements put forward, which seem to take greater account of the reality on the ground and in particular the agronomic and economic problems that producers may encounter. However, it remains vigilant to ensure that this package is properly implemented at European level and in the Member States.

➜ Market prices - Corn EU (€/t)



CEPM is also continuing its work in Brussels to prepare the next reform of the CAP through its participation in civil dialogue groups and meetings of the European CAP network, at which it reiterates its commitment to European production ambitions and pragmatic measures that take account of the agronomic realities of EU maize production.

UKRAINE

CEPM is particularly active on the issue of Ukrainian imports. It recognises that support for Ukraine is particularly necessary, but that this must not be to the detriment of European producers and production. This is why, at the end of 2022, it alerted the European Commission to the particularly serious situation facing maize producers in countries bordering Ukraine. It is also what led it to call for an effective safeguard clause as part of the renewal of the regulation on autonomous trade measures (ATM) for the period June 2024 - June 2025. After more than 6 months of action on this issue with its European allies, both at the level of the European institutions and at the level of the Member States, CEPM has succeeded in getting maize included in the automatic safeguard clause provided for in the ATM regulation. However, this clause is unlikely to be very effective because other feed grains such as wheat are not included and because, despite CEPM's efforts, the safeguard mechanism adopted consists of applying customs duties, which are not effective for maize!

Safeguard clauses are put in place to face the major consequences of imports from Ukraine on European markets.

With regard to maize seed, imports from Ukraine have increased 63-fold since the EU granted equivalence in 2020. CEPM is closely monitoring AGPM's request for the activation of an emergency safeguard clause in view of the economic impact of these imports on European production, with multiplication areas expected to fall by nearly 30% this year.

CEPM will be particularly active in the renegotiation of the Association Agreement with Ukraine, which should lay the foundations for trade relations until Ukraine joins the EU. At the same time, it is working to restore a coherent and effective customs duty system.

INTERNATIONAL TRADE

CEPM has made the fight against distortions of competition and for market protection one of its priority issues in Brussels. To this end, it is calling for the EU's trade policy to be brought into line with its agricultural and environmental ambitions by mobilising legal tools such as mirror clauses and mirror measures. It is also calling for an effective system of customs duties for maize.

CEPM also remains vigilant on the issue of the EU-Mercosur agreement, the signing of which has been repeatedly postponed but is still on the agenda. European maize producers cannot be satisfied with a non-binding additional declaration as proposed by the European Commission and are demanding genuine trade reciprocity, particularly on production methods, for imports from Mercosur.

CEPM also defends the interests of the sweetcorn sector in the context of the free trade agreements currently being negotiated between the EU and major sweetcorn-producing countries (Thailand, India and Indonesia). Over the past 12 months, several awareness-raising actions have been carried out with DG Trade, DG Grow and DG Agri in partnership with AETMD (Association Européenne des Transformateurs de Maïs Doux). CEPM is defending the exclusion of sweetcorn from the agreements, or at the very least its classification as a sensitive product with reduced quotas at zero customs duty. The main issue concerns Thailand. Thailand has been subject to anti-dumping measures since 2007, which will expire at the end of 2024 if they are not extended. China has been the EU's leading supplier of canned sweetcorn since 2020, with volumes increasing sevenfold between 2020 and 2023. Together with the AETMD, CEPM is contributing to the preparation of a dossier aimed at limiting access to the European market from this origin.

CARBON AND BIOENERGIES

During the period 2022-2023, the Council and the European Parliament moved on to the trialogue stage on the major texts of the «Fit for 55» package. These came to political fruition in spring 2023, notably sustainable renewable energies, sustainable aviation fuels, and with waves for zero-emission cars. CEPM has continued to work with its European partners to defend the contribution of bioethanol and biogas from maize.

CEPM has conveyed to the Council and Parliament the importance of maintaining the RED2 regulatory framework to ensure the decarbonisation of transport and the role of maize bioethanol. In an anti-first-generation biofuels context (G1) renewed by the war in Ukraine, CEPM is satisfied with the status quo on the 7% incorporation ceiling in petrol and its extension to all transport and not

CEPM continues to support bioethanol and biogas as major tools for energy decarbonization!

just land transport, as well as the absence of major changes to the sustainability criteria for bioethanol. For biogas, if the exemption from sustainability verification for small-scale installations provided for in RED2 continues in RED3, other installations will have to comply with a GHG reduction threshold of 80% beyond the 15th year of operation.

CEPM is also still waiting for the Commission to include energy crops in advanced biofuel sources, a matter postponed until 2023/24. CEPM has also defended bioethanol in the European Parliament's reports on the protein strategy and on food security and the resilience of European agriculture, in particular to counter attempts to exclude G1 biofuels. CEPM also responded jointly to the European consultation on its future decarbonisation target for 2040, calling for a greater and guaranteed role for G1 biofuels. CEPM also regrets that agricultural bioethanol has not been included for aviation biofuels in the RefuelEU text and in RED3. It hopes that CIVE will at least be included by updating the list of eligible biomasses in the forthcoming secondary legislation.

The CEPM also saw an opportunity arise in March 2023 with Germany's refusal to validate the compromise on banning the sale of internal combustion cars after 2035 without taking into account sustainable carbon-neutral fuels. The European industry has argued in favour of an energy and technology mix, following the Court of Auditors' report on the risks of going all electric. CEPM has also strongly opposed the successive Presidencies' draft compromises on the energy taxation directive, which still classifies biofuels as G1 fuels alongside fossil fuels. This is an incomprehensible situation, but the Council does not seem to have found a way out of it. A subject to keep an eye on in the coming months.

Lastly, CEPM remains concerned about the implementation of RED2 on the sustainability of biofuels, and the risk of the Commission manoeuvring to remove the possibility of using regionalised emissions for crops. CEPM also highlighted the contribution of maize to bioenergy when presenting its views to the new civil dialogue groups. And CEPM has continued to monitor carbon farming to ensure that emission reductions from crops are included in the same way as carbon storage.

PHYTOSANITARY PROTECTION

In March 2023, Europe had a total of 455 authorised active substances: 109 have been re-approved, 268 are in the pre-approval process and 78 are new substances. In 2022, 121 active substances were not re-approved, a figure that has risen steadily since 2018, when 27 active substances were not re-approved. The fall in the number of active substances authorised in Europe is contributing to a growing list of orphan uses and dead-ends. It is in this context that CEPM has lobbied DG SANTE so that the herbicide S-metolachlor can be re-registered. The use of S-metolachlor is strategic because it is one of the most effective against summer grasses and the only real solution to ALS resistance. In addition, S-metolachlor makes a significant contribution to broadleaf weed control, particularly on broadleaf weeds that pose a risk to human health, such as Mugwort and Datura stramonata. However, on 12 October 2023, at a meeting of the Standing Committee on Plants, delegations voted to ban S-metolachlor, whose use will be prohibited from 24 July 2024.

Since the publication of the draft regulation on the sustainable use of pesticides (SUR draft) in June 2022, the text has been widely criticised for its lack of transparency on the consequences for the agricultural sector and the risks to food safety. Indeed, the European Commission has never fully measured the short- and long-term effects on agriculture. CEPM has therefore campaigned on several occasions for the text to be amended, stressing the need for a full impact assessment to measure the consequences in terms of reduced production, and stating its opposition to setting a quantified target for reducing the use of plant protection products. Indeed, without effective alternatives, a 50% reduction in the use of plant protection products was irresponsible. It was against this backdrop that the European Parliament rejected the proposal for a regulation on the sustainable use of pesticides on 22 November (207 votes in favour, 299 against and 121 abstentions).

BIOTECHNOLOGIES

Following on from the procedure initiated in 2022 on the biotechnology dossier, the Commission moved forward in 2023 by proposing a new regulatory framework on NGTs. At the beginning of July, after postponing its proposal several times,

European corn production needs competitiveness which requires access to various production's factors. CEPM works to define the best regulatory framework for phytosanitary products or biotechnologies.

the Commission finally proposed to regulate NGTs derived from cisgenesis and directed mutagenesis techniques. The draft regulation is based on a distinction between 2 NGT categories:

- Category 1 NGTs, excluded from GMO regulation, referring to plants resulting from natural selection or which may occur naturally;
- Category 2 NGTs, which would remain included in GMO regulations, covering other cases.

In the initial version, category 1 NGT plants were thus excluded from certain obligations, particularly in terms of labelling, traceability and authorisation. They were to be subject to a verification procedure, and a public database was to be set up, along with a catalogue of varieties and seed labelling. Discussions within the European Parliament led to the adoption in early February 2024 of an amended plenary text for NGT1, extending labelling to all products (and no longer just seeds) and strengthening traceability. Lastly, MEPs stated their unfavourable position on the issue of patents for NGTs. As for the Council, the Member States are struggling to find a common position on the issue, thus blocking the possible launch of a trialogue discussion. No agreement is likely to be reached between the 3 institutions before the new mandate, further postponing discussions on the issue.

CEPM will remain vigilant on this file, in conjunction with the other European organisations, by taking part in all public consultations and joint communications in support of making these innovations available to maize growers within a realistic and applicable regulatory framework.

IRRIGANTS D'EUROPE

ACTIONS

2023 saw the entry into force of new standards for the reuse of treated wastewater for agricultural irrigation via a European regulation setting common minimum water quality requirements. The aim is to facilitate and encourage the practice of REUSE in a context of climate change and recurring drought, and to increase the transparency of this practice, in order to ensure the confidence of citizens and consumers.

Access to water is the major challenge for agriculture in the context of climate change.

Water is at the heart of the issues l inked to Europe's ability to ensure its agricultural production. Climate change projections are a reminder of the extent to which agriculture is on the front line, and the extent to which water is, and will be, the major challenge of the coming years. In this context, CEPM, together with Irrigants d'Europe, has been working to ensure that the European regulation does not impose new constraints on irrigators, and maize growers in particular, since 2019.

PROMOTION

MAIZE AND SORGHUM

PROMOTING QUALITY MAIZE AND SORGHUM SEEDS INTERNATIONALLY

"Seeds for Futur" campaign 2021-2023

The promotion of quality maize seed and high-performance genetics on historic markets has been at the heart of the actions developed by

Study trip with opinion leaders from 5 countries, ARVALIS research and experimentation station d'Ouzouer-Le-Marché - September 2023

«Maize accident diagnosis» training course, Poland - June 2023

the FNPSMS and the PZPK, a member of the CEPM, as part of the «Seeds For Future» campaign. Communication focused on varietal innovation, the different uses of maize and food sovereignty was deployed in France, Germany, Poland, Italy and Spain. Participation in 14 agricultural trade fairs: AgroShow 2021/2022, Polagra Eurotier, AGriTechnica, Culturales, Vegetaelis, InowAgri, FarmConect 2022/2023, FAZI, INDAGRA, FIMA, FD NGPA Dobrich and 6 Field Days in Poland raised awareness among many visitors of the advantages of European hybrid varieties. A website dedicated to maize, as well as a Facebook page, broadcast 46 videos of technical advice and expert testimonials, complemented by more than 60 articles published in the written press and 12 technical fact sheets widely distributed at field events. Five conferences a year were organised in partnership with local partners who are members of CEPM.

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Two study trips took place in France, in Béarn and in the Centre Val de Loire region, with the participation of around thirty opinion leaders from Poland, Germany, France, Italy, Spain, Romania and Bulgaria, with the aim of highlighting the French maize seed multiplication industry and the various advantages of growing maize and sorghum.

The Maïs Rendement campaign, focusing on the promotion of maize silage and its genetics, was continued in Eastern Europe, the Caucasus and Central Asia. Communication is provided via the https://kukuruzaurojainost.com/ website and the FB page, which has been developed in Russian and Ukrainian to relay the bimonthly newsletter and expert videos on topics such as sowing, biological control of the European corn borer, diagnosing wireworm damage, diagnosing phosphorus deficiencies, choosing the right harvest date for forage maize, prospects for maize development in Kazakhstan and the use of quality seed.

Sorghum was promoted through Sorghum ID, of which CEPM is a member, and the Seeds For Future communication campaign, particularly in France, Romania, Bulgaria and Turkey. Thanks to the Sorghum ID website, social networks, the Newsletter and numerous press and web publications, had access to video testimonials, technical leaflets and demonstrations at trade fairs in France and Romania, and at field days in Turkey and Bulgaria. Finally, the main event of the year was Sorghum ID's co-organisation of the World Sorghum Conference in Montpellier in June 2023. This event brought together more than 400 participants from all over the world to discuss sorghum breeding, production and processing. The event brought together national sorghum associations from the United States, Australia, Brazil and, of course, France and Europe with Sorghum ID.

ACTIONS
WITH EUROPEAN INSTITUTIONS

CEPM has carried out a number of targeted actions with the various European institutions in order to raise the awareness of key decision-makers on issues of importance to European maize growers.

Over the course of 2022-2023, CEPM met regularly with MEPs to raise their awareness of the issues under discussion in the European Parliament (SUR Directive, Mercosur, Ukraine, etc.).

Wherever possible, CEPM also carried out joint actions with other European organisations on issues of shared interest (e.g. Ukraine, NGT). In order to make its point of view known to the Commission, in addition to targeted meetings, CEPM continued to participate regularly in the following:

- CDG Strategic Plans and horizontal issues of the CAP
- CDG International aspects of agriculture
- CDG Agricultural Markets Cereals Oilseeds & Seeds
- CDG Organic Farming
- CDG Quality and Promotion
- CDC Environment and Climate Change

In 2023, the CEPM took part in 24 meetings of civil dialogue groups.

In order to keep decision-makers informed of the CEPM's positions, a newsletter is published every quarter. This newsletter provides an update on current issues and helps maintain links with the various institutions. CEPM also has a Twitter account, which is regularly updated to publicise the organisation's positions on key issues.

With the European elections due to take place in June 2024, CEPM is keeping a close eye on future developments that could have an impact on the composition of the Parliament. It is therefore closely monitoring this phase to ensure that agricultural concerns are integrated into the programmes. Meetings will soon be scheduled with the new MEPs to inform them of the views of European maize growers on current issues.

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