



Ukraine Sues Slovakia, Poland, and Hungary Over Grain Exports

In an interview released by Politico on September 18, Ukrainian Trade Representative Taras Kachka revealed that his country would be suing Slovakia, Hungary, and Poland for banning sales of Ukrainian agricultural products in their countries at the World Trade Organization (WTO). Kachka warned that Ukraine is currently considering retaliatory unilateral sanctions.

The trade dispute began in 2022 when the European Commission (EC) relaxed trade restrictions with Ukraine to permit its agricultural products, such as wheat, eggs, and oil seeds into the EU for them to go through the so-called “solidarity lanes” into the international market to reach destinations such as North Africa that depend on the imports. Such a move was meant to tackle the Russian blockade of the Black Sea, the key trade route out of Ukraine.

However, transporting millions of tons of wheat and other products was a challenging task. Consequently, some EU markets, especially those straddling the Ukrainian border such as Hungary, Poland, and Slovakia, have been inundated with Ukrainian goods, further worsening already difficult conditions for farmers in these countries.

In turn, the EC authorized a blockage on sales of Ukrainian goods in the countries bordering Ukraine while authorizing Ukrainian goods to enter to reach other markets.

The sales ban was due for renewal on September 15, with Poland leading the move to keep the restriction.

Nonetheless, the EC went ahead and lifted the sales ban by reinstating a trade deal with Ukraine, on the [pretext](#) that “the market distortions in the 5 Member States bordering Ukraine have disappeared.” Moreover, the EU claimed that Ukraine had agreed to voluntary measures to cut exports to the EU if markets become flooded again.

Nevertheless, Poland, Slovakia, and Hungary have opted to keep the sales ban in their countries, with Poland and Hungary even adding to their lists of banned goods.

Kachka slammed the move as “ridiculous,” portraying Budapest’s action as mainly symbolic, unlike Warsaw’s blockage of flour and feed, which will have considerable ramifications for Ukrainian producers. The Ukrainian official cautioned that his country would retaliate in like manner against



AP Images
Grain at a port in Ukraine



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Polish fruits and vegetables, unless Warsaw lifts the ban.

Furthermore, Kachka decried the three countries for disregarding Brussels and undermining global trust in the EU leadership's governing ability. Suing them in the WTO would display to the world that "these actions are legally wrong," Kachka said, alleging that Warsaw could not safeguard its farmers from Ukrainian competition as "prices are global."

"It is important to prove that these actions are legally wrong. And that's why we will start legal proceedings tomorrow," Kachka told Politico.

"I think that all the world should see how member states in the EU behave towards trade partners and their own Union because it can influence other states as well," he added.

In recent days, Ukrainian President Volodymyr Zelensky has issued threats to countries and individuals that criticize Kyiv's decisions in its conflict with Russia.

In an interview with the *Economist*, Zelensky issued a rather direct threat toward the West, cautioning that some of the millions of Ukrainian refugees who have been taken care of by European nations and others could cause problems if these countries cease aid to Ukraine.

U.S. politician and former Arizona gubernatorial candidate Kari Lake condemned Zelensky's adversarial stance, saying in a [post](#) on X, "Is Zelensky suggesting that Ukrainian refugees in other countries could be activated LIKE terrorist splinter cells if we stop funding Joe Biden's proxy war with Russia? This reads like a threat. How else are we supposed to interpret this?"

Last week, Polish Agriculture Minister Robert Telus stated that Warsaw would veto Ukraine's bid for membership in the EU unless the dispute over Ukrainian exports is settled.

Poland had to fulfill "stringent conditions" when it joined the EU, and the same should apply to Ukraine, Telus declared in an interview with Radio Plus. Based on present EU rules, Polish farmers would be unable to compete with their Ukrainian counterparts, he added.

A September 18 Bloomberg report indicated that the EU was in the final phases of creating its 12th set of Ukraine-related restrictions against Russia, quoting sources acquainted with ongoing discussions.

According to Bloomberg, this upcoming series of sanctions is scheduled to focus on further measures to impede Russia's capacity to circumvent current sanctions, especially Russian attempts to import sanctioned goods via third-party countries such as Türkiye and the UAE.

Sources posit that the EU may enlarge its sanctions list to comport with the G7 ban on buying Russian diamonds, expected to be publicized in the coming weeks.

Come January 1, 2024, the G7 ban would directly and indirectly ban the purchases of Russian diamonds. In May, the G7 leaders vowed to curb trade in diamonds mined, processed, or produced in Russia to further undermine Moscow's revenues, alleging they would curtail the \$4.5 billion Russian diamond trade by means such as high-tech tracing.

Efforts to restrict sales of Russian diamonds have faced opposition from key gem importers such as Belgium, which houses the world's largest diamond-trading hub in Antwerp. Around 85 percent of the world's rough diamonds go through Antwerp before reaching end consumers.

Belgian authorities had formerly posited that enforcing anti-Russian sanctions without setting up a global system to monitor the gems would be futile, as trade would divert to markets such as China and



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India.

The aforesaid EU package on more Russian sanctions will include a proposal addressing the potential utilization of profits made by frozen assets belonging to the Central Bank of Russia. Talks regarding the legality of using these assets to back Ukraine have been underway for months, with sources hinting that the discussions may be arriving at a conclusion.

Additionally, the EC is poised to suggest enforcing a windfall tax on the earnings generated by Russian central-bank assets within EU clearing houses.

The announcement of this new sanctions package is expected in either the first half of October or during an EU-U.S. summit scheduled in the upcoming month.

Since the start of Moscow's military operation in Ukraine in February 2022, the EU has enforced 11 sets of sanctions against Russia, trying to undermine several sectors of the Russian economy and its financial institutions.



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