

EASTERN EUROPE

The grain war, this time the aggressor is Ukraine

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Russia followed its military attack on Ukraine with an attack on its economy, primarily its grain exports. This was the purpose it blockaded the ports on the Black Sea from where Ukrainian ships loaded with agricultural products set sail. The blockade was eased for a time thanks to deals brokered by Turkey. And to help Ukraine, the EU organised the so-called solidarity corridors: since June 1, 2022, Ukrainian farmers have

been exporting cereals without any restrictions, through these corridors.

Nonetheless, Ukrainian wheat which was only supposed to transit through neighbouring countries to reach Africa and the Middle East, made its way into Europe, including Poland: it was the Ukrainian agri-food oligarchs who abused the trust and flooded the markets of EU countries with their grain. More than 2 million tons of Ukrainian grain arrived in Poland alone. This put Polish agriculture in a critical situation: the uncontrolled import of Ukrainian cereals provoked a serious crisis in the cereal and rapeseed market leading to a drastic reduction in prices which halved compared to the previous year. In July 2022, the price of wheat per ton was PLN 1,455.68 (zloty, approximately 320 euros), this year PLN 865.60 (approximately 190 euros); There was a similar drop in the price of corn and barley. Such low prices do not even cover the production costs faced by Polish farmers and the situation in the countryside has become dramatic. In June, when Poland was plunged into a grain crisis, the Polish authorities was forced to compensate Polish producers.

In response to this compensation, the Ukrainian Deputy Economy Minister

Taras Kaczka threatened: «The subsidies that Poland has granted its farmers in response to the sharp increase in wheat exports from Ukraine are not in line with the rules of the World Trade Organisation (WTO)". Furthermore, Kiev also allegedly put pressure on the head of the European Commission, Ursula von der Leyen, to block the 40 million euros compensation for Polish farmers from the EU budget.

The import of Ukrainian wheat has also had negative consequences for farmers in other countries. In Romania, for example, losses already amount to 3 billion euros, while in Bulgaria 40% of cereals (3.5 million tonnes) and sunflowers (1 million tonnes) from last year's harvest remain unsold.

To stem the crisis in the wheat market in neighbouring countries, as early as May 2, the European Commission banned the import of Ukrainian wheat, corn, rapeseed and sunflower seeds to five member states of the European Union: Bulgaria, Hungary, Poland, Romania and Slovakia. On June 5, the ban was extended until September 15. Brussels said at the time that these "exceptional and temporary preventive measures" were necessary given the excess grain stored and difficulties arising from logistical problems faced by the five frontline countries.

The embargo was lifted on 15 September, by decision of the European Commission. But, Prime Minister Mateusz Morawiecki announced that Poland will indefinitely extend the ban on the import of Ukrainian wheat, despite the lack of consent from the

European Union. The governments of Hungary and Slovakia also decided to unilaterally extend import restrictions. In response to the restrictions introduced by Warsaw, Budapest and Bratislava, Ukraine filed a lawsuit at the World Trade Organisation (WTO).

President Volodymyr Zelensky used the stage of the 78th UN General Assembly in New York to attack, under the pretext of the Ukrainian grain embargo, neighbouring countries, accusing them of showing solidarity in public, but of indirectly supporting Russia. The reference was addressed primarily to Poland, Hungary and Slovakia. Following this statement, the Polish Foreign Minister summoned the Ukrainian ambassador.

The Ukrainian president's attack on Poland is all the more scandalous, considering Poland is one of the countries that has provided the most aid to Ukraine. According to data from the German Kiel Institute for the World Economy, Poland is the first country to support Ukraine in proportion to GDP: its total aid for Ukraine amounts to 3.78% of GDP of which the vast majority, 2.51%, went to help refugees. Furthermore, the majority of aid, including military aid, passes through Poland.

This debased attack by the Ukrainian rulers on the country that has allowed Ukraine to resist the Russian invasion for all this time, could not fail to arouse reactions from Poland. «We will no longer transfer weapons to Ukraine, now we will arm ourselves with the most modern weapons» – said Polish Prime Minister Mateusz Morawiecki, adding that the government will certainly not put Ukraine's security at risk: «Our hub in Rzeszów, in consultation with the Americans and NATO, still plays the same role that it has played and will continue to play” and “we will certainly maintain the transit of Ukrainian goods.”

The words of the Polish Prime Minister were misinterpreted and sparked many reactions around the world. For this reason last September 21) Polish government spokesman Piotr Müller explained «that Poland only carries out previously agreed deliveries of ammunition and armaments, including those resulting from contracts signed with Ukraine». The Polish president himself also intervened, explaining that the head of government's statement concerns "the new weapons we are purchasing for the Polish army". «Indeed – added Duda – the prime minister simply said this: we will not transfer the new weapons to Ukraine which we are currently purchasing as part of the modernisation of the Polish army».

It is worth noting the United States reaction to the war waged by Ukraine on neighbouring states for blocking imports of Ukrainian wheat. John Kirby, spokesman for the National Security Council, said during a press conference in New York on September

18: «We are aware of the concerns of our European partners regarding the import of Ukrainian wheat. These are sovereign decisions. The whole fight in Ukraine – and President Biden will talk about this at the UN – is about the idea of sovereignty, which is enshrined in the UN Charter. It would therefore be hypocritical for the United States to force a change in the sovereign decisions these countries make." «These countries are doing what they believe is in the interests of their people» - he said, adding that the United States, however, wants to return to grain exports through the Black Sea. In other words if Ukraine leads the fight against Russian aggression to defend its sovereignty, other states have the right to defend their sovereign interests. This time it is Ukraine that has unleashed the economic war against its neighbours. The American Administration is worried that Ukrainian policy could weaken the bloc of countries that support it, strengthening the position of Russia and also of Germany which wants to establish itself as a great defender of Ukraine in the grain war.