RESEARCH REPORT

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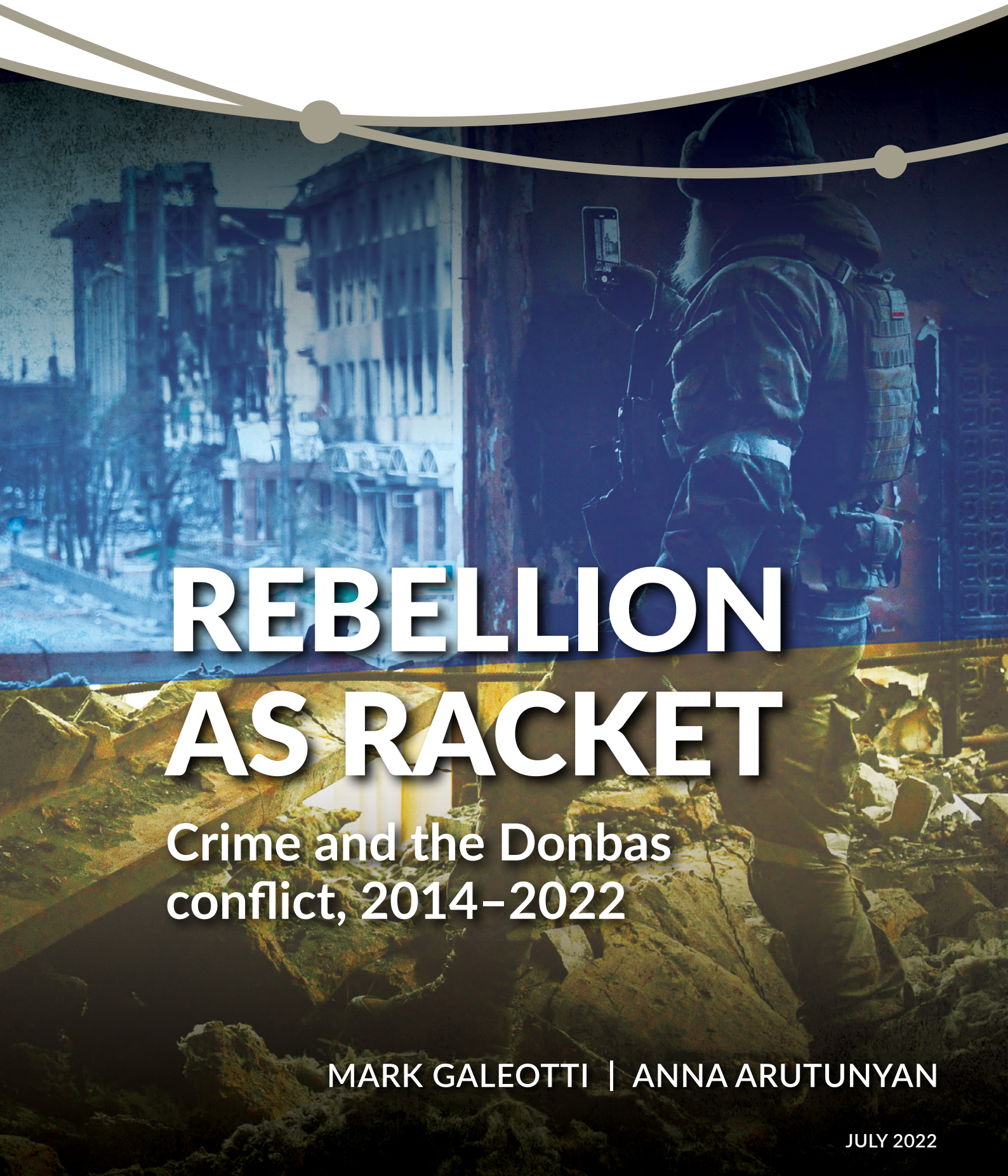
AGAINST TRANSNATIONAL ORGANIZED CRIME



REBELLION AS RACKET

Crime and the Donbas conflict, 2014–2022

MARK GALEOTTI | ANNA ARUTUNYAN

JULY 2022

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EXECUTIVE SUMMARY

The former Crimean parliament building draped in the Russian flag following Moscow's annexation of the peninsula, March 2014. © *Dmitry Serbebryakov/AFP via Getty images*

Globally, connections between crime, war and insurrection are inescapable, and the undeclared struggle over the Donbas region in eastern Ukraine, before Russia's open invasion in February 2022, was no exception to the rule. Since Russia first encouraged, facilitated, armed and bankrolled the rising of the rebellious pseudo-states of south-eastern Donbas in 2014, there had been a pervasive connection between crime, war and insurrection. Despite continued sporadic skirmishes, by 2015, it seemed that the conflict had largely stabilized. A violent and confused hybrid of insurrection and foreign invasion, had led to the creation of the self-proclaimed pseudo-states of the Donetsk and Lugansk People's Republics (DNR and LNR, respectively). Together, they controlled roughly 30% of the Donetsk and Luhansk regions, and had a combined population of approximately 2 to 2.3 million people. This was a status quo that not only encouraged criminalization, but was based on it. Industrial-scale smuggling of everything from coal to narcotics helped sustain the internationally unrecognized pseudo-states of Donbas; gangsters became militiamen; and money-laundering networks meanwhile bypassed sanctions.

Furthermore, although Ukraine and Russia were effectively in a state of undeclared war over Donbas, their criminals continued to cooperate across enemy lines, taking full advantage of the inability of law enforcement to do the same. It was not just that crime in Donbas affected Ukraine, Russia and the rest of Europe – although it undoubtedly did – but also that addressing its underworld dimension would have been an essential but tragically under-recognized aspect of any resolution of the conflict.

The difference a war makes

Then, in February 2022, Vladimir Putin launched an all-out invasion of Ukraine, which, after early reversals, ended up concentrating in the south-east of the country, in the Donbas and along the northern coast of the Sea of Azov. Thousands were killed, millions displaced, and Ukraine diverted its every effort to an existential struggle for its sovereignty and survival.

This report was originally drafted before that invasion. At first it seemed that it had made the study of the criminal connections between the rebellious pseudo-states and gangs in the rest of Ukraine, as well as the state-facilitated illegal operations that helped bankroll these unruly Russian proxies, nothing more than of historical interest. The connections between Russia and Ukrainian gangs were suddenly stretched to breaking point, the channels for smuggling westwards blocked by fighting and Moscow no longer cared about preserving the tenuous deniability of its operations in support of the LDNR. Indeed, by June 2022, the talk about their outright annexation to form a new federal district of the Russian Federation along with conquered territories in south-eastern Ukraine seemed to render the old stratagems to use smuggling as a way of covertly supporting the rebels redundant.

However, as it becomes more likely that this war will last for some time, settling into a painful and bloody deadlock, so too will Russia have to adapt to a new era under serious economic sanctions. The methods used to bypass economic controls on the LDNR may well find larger-scale employment as Moscow seeks also to undermine Western constraints. Indeed, it is not inconceivable that under the pressure of economic warfare, the Kremlin may take a page out of Pyongyang's book and increasingly 'nationalize' organized crime, whether or not it ever goes as far as creating its own equivalent of Bureau 39, in effect North Korea's ministry of crime.

Over time, the deadlock may well become, if not a frozen conflict, at least a tepid one. In these circumstances, the deep and pragmatic connections between Russian and Ukrainian gangs may resume in a cautious and limited fashion. The open hostilities between their two nations – and the increased scrutiny the Ukrainian security apparatus is now giving to any hint of collaboration – will act as formidable obstacles. However, given the potential scale of the criminal economies in question, and the experience of the period since 2014, one should never underestimate gangs' willingness to take risks and ignore the political context in the pursuit of profit. Already as of June 2022, some sources in Kyiv are suggesting there are signs of renewed contact.

Besides, wars may close some doors but open others. The welcome given to the outflow of Ukrainian refugees, especially women and children, also provides new opportunities for people traffickers.[1] Meanwhile, as Jürgen Stock, secretary-general of INTERPOL, explains, 'criminals are even now, as we speak, focusing on the weapons now proliferating across the country'.[2] While much of these will not involve cross-border cooperation with Russian criminals, existing routes for trafficking people – and a wide range of other commodities, from heroin to counterfeit goods – do cut across the front line and will be potentially subject to reactivation, especially at a time when law enforcement agencies are under pressure and the massive flow of internally

In April 2022, Russian troops intensified their campaign to take Mariupol, shown here, as part of their onslaught in the east of Ukraine. © *Andrey Borodulin/AFP via Getty Images*

displaced people (7.1 million as of 9 June, according to the UN[3]) and devastation of administrative offices and communications routes spread chaos and confusion.

Thus, this snapshot of the pre-February 2022 criminal economy in Donbas – or rather series of economies – is not simply a survey of the many ways that unrecognized territories both exploit vulnerabilities in the international system and can covertly be kept afloat by a patron state. Instead, it also offers insights into potential future risks from Russia or the pseudo-states that it supports, as well as the wider criminal challenge to Ukraine both during and after the present war.

The role of criminal groups in the pre-invasion conflict

When Moscow seized Crimea in February–March 2014, after the collapse of the pliant regime of Viktor Yanukovych in Ukraine, there does not appear to have been a concrete plan to go further. However, buoyed by the immediate enthusiasm across Russia, seduced by the ease with which the peninsula was taken, and presuming that there would be a similar lack of coherent response from Kyiv or the West to further adventures, the Kremlin began looking to destabilize the already restive parts of the south-eastern Donbas region. However, with Donbas, there was no prepared plan, as there had been in the case of Crimea: no regular forces already on the ground (as Russian Black Sea fleet contingents had been on the peninsula) and no clear consensus in the Kremlin about the aims, beyond a general desire to punish Kyiv for Yanukovych's downfall and wrest it back into its own sphere of influence.

A note on nomenclature

The Lugansk People's Republic (LNR) and the Donetsk People's Republic (DNR) are self-proclaimed pseudo-states with no international legitimacy or recognition; even Russia had not formally recognized them until February 2022. This report refers to them individually, or collectively as the LDNR, not in any way to suggest they have any de jure legitimacy but just to reflect the de facto situation on the ground and to get round such ungainly terms as NGCAs (non-government controlled areas) and CADLO (certain areas of the Donetsk and Luhansk Oblasts). Likewise, the Russian name 'Lugansk' is still used for the LNR and proper names originating in the pseudo-state, with the Ukrainian 'Luhansk' used more broadly.

Criminals had played a part in the Crimean annexation. Although the key missions were undertaken largely by the so-called 'little green men' (or 'polite people' in Moscow's lexicon) – Russian special forces without their insignia – a substantial role seizing government buildings and cordoning off Ukrainian garrisons was carried out by the 'local self-defence militias'. A ramshackle collection of nationalists, thugs and opportunists, a large proportion of these militias' numbers was made up of gangsters from Bashmaki and Salem, the two main ethnic Russian organized crime groups on the Crimean peninsula.[4] (There were also smaller organised crime groups within the local Tatar community, but they appear to have opted to play no role on either side in the conflict.) Indeed, the figure installed as head of the Crimean administration following Russia's annexation, businessman Sergei Aksenov, was named by the Ukrainian authorities as a middle-ranking member of Salem in the mid-1990s, going by the underworld nickname of Goblin.[5] Aksenov denies these charges,[6] but when, in 2010, he sued Mikhail Bakharev, deputy speaker of the Crimean legislature, for repeating these claims, the Court of Appeal ruled against Aksenov.[7] In May 2021, Aksenov was also listed in Presidential Decree 203/2021 imposing sanctions on alleged criminal kingpins.[8] Either way, since his elevation to office, Crimea has emerged as a source of bounteous new business opportunities for criminals, both local and incoming from Russia, from smuggling to the embezzlement of the extensive federal funds now flowing in to redevelop the peninsula.[9]

In this context, it is perhaps unsurprising that, as both the Kremlin and semi-autonomous nationalist political entrepreneurs looked for ways to destabilize Donbas, within which there was a substantial body of Ukrainians unhappy with or fearful of the new regime, they turned to a similar mix of nationalists, mercenaries, Cossacks – and criminals.[10]

This report sets out not so much to recount the way that the DNR and LNR emerged and evolved, through an anarchic mix of Kremlin proxy intervention, local insurrection and gangster opportunism,[11] but to describe and analyze the degree to which the conflict can be considered a criminal enterprise, as well as how it expanded and facilitated criminal markets from Russia and Ukraine, to Istanbul and Brussels. As

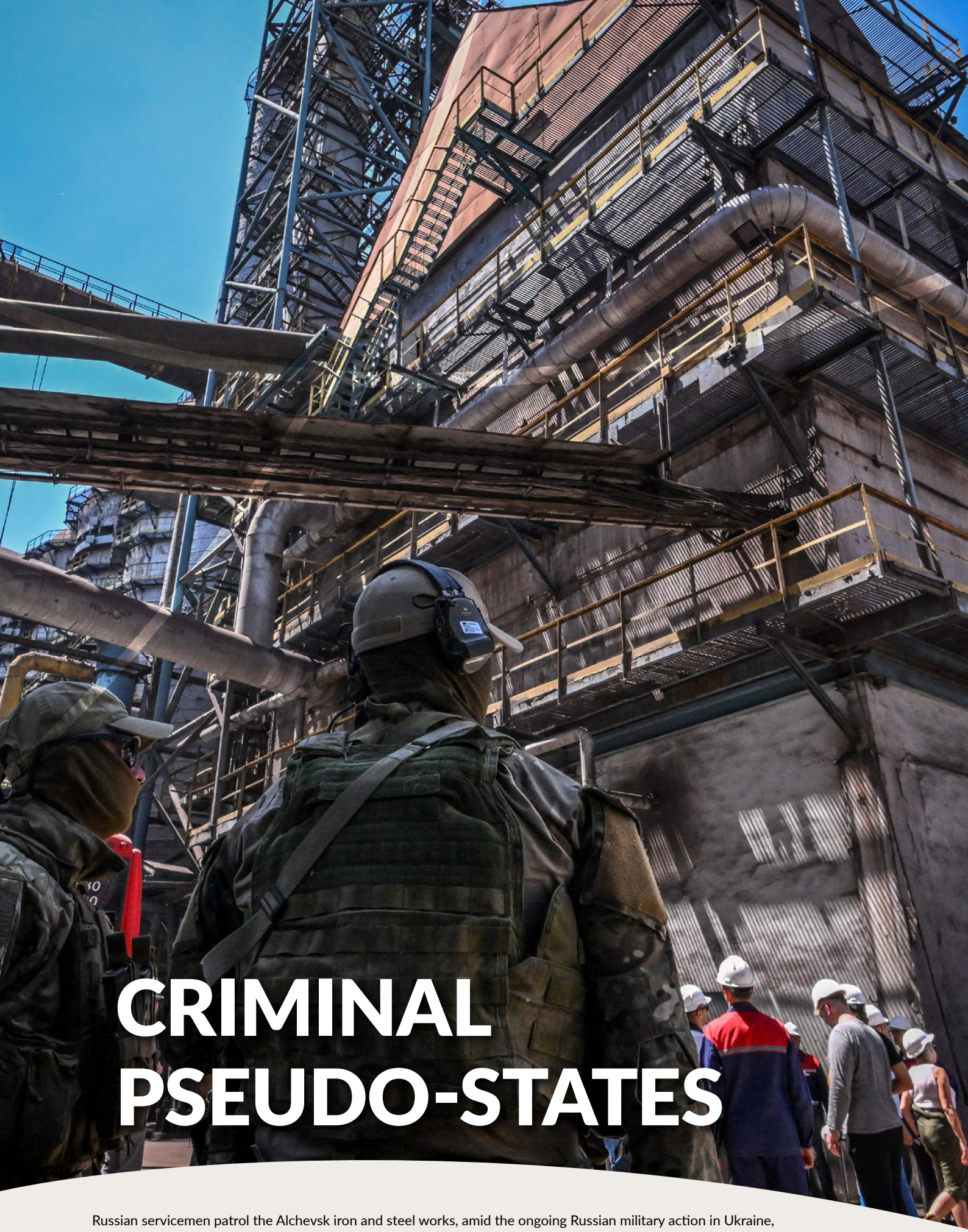
will be made clear in the recommendations, addressing the conflict would not just have struck a significant blow against organized crime in south-eastern Europe and beyond, but addressing its *criminal* dimension might have contributed to resolving the conflict before it exploded into full-blown war in February 2022.

Methodology

This report draws from primary on-the-ground research conducted in 2014 and 2015, secondary accounts from those conducting fieldwork in the conflict zone since then, and interviews with analysts, officials, law enforcers and lawbreakers, including after the 2022 invasion. By necessity, some of these have had to be anonymised and in some cases, details removed or changed to protect their identities. The report is also informed by extensive open-source reporting from Russia, Ukraine and beyond, as noted in the references. As noted above, the original report was completed before the invasion, but has been updated to cover the conflict and recognise the changing situation.

FIGURE 1 Donbas region of Ukraine and separatist pseudo-states before the 2022 invasion.

SOURCE: Adapted from www.polgeonow.com



CRIMINAL PSEUDO-STATES

Russian servicemen patrol the Alchevsk iron and steel works, amid the ongoing Russian military action in Ukraine, June 2022. © *Yuri Kadobnov/AFP via Getty Images*

Corruption and criminality are still serious problems for Ukraine. However, on the other side of the line of contact, the DNR and LNR are virtual bandit kingdoms, their power structures, from top to bottom, depending on criminal activities and illegal economies. As Russian investigative journalist Yuliya Polukhina put it before the invasion: 'The current situation – no peace, no war – is ideal for a territory that has been turned into a huge criminal enclave, whose residents receive their percentage for serving representatives of the political and financial elite of both Ukraine and Russia.'[12]

Polukhina wrote those words in 2016. In early 2021, a Ukrainian journalist who had covered the criminal activities on both sides – in LDNR- and government-held territory – expressed a strikingly similar perspective: 'They call the no-man's-land between the front lines the grey zone, but the whole [LDNR] is one big grey zone. Gangsters build their empire, smuggle anything they choose and the "governments" there just let it happen – and much of the time, our government does, too.'[13]

It seemed that not much had changed. Indeed, economic shocks caused by not just the conflict but a blockade imposed by Kyiv, mismanagement by a predatory and inexperienced new political elite and then the shock of COVID-19 all combined to maintain this criminalized status quo. While with the invasion in 2022, the LDNR forces became effectively subsumed within the Russian military, talk of the likely annexation of these territories will probably not change their criminal nature but rather mean that Russia will find itself having to deal with them.

Criminal state-building

Although there were both genuine political motivations among some of the insurgent leaders in the LDNR, and Moscow meanwhile had its own geopolitical agenda, it is also clear that there was a strong vein of opportunistic criminality in the policies of the LDNR's leaders from 2014.

At first they sought to collaborate with the existing oligarchic business-political empires present in Donbas, but as they refused to pay local taxes – fearing Kyiv would consider this treason – the insurgent leaders instead turned to a form of 'soft' expropriation by appointing their own managers to key factories and other enterprises, with the ownership (or shares) of these companies being transferred to an opaque company called Vneshtorgservis – discussed below – in an act of de facto nationalization.[14] This, in many ways, created an environment fit for personal enrichment through expropriation and extortion. According to the authors of one analysis:

It is also clear that there was a strong vein of opportunistic criminality in the policies of the LDNR's leaders.

> Revelations following the 2018 assassination of [the DNR's] first president, Aleksandr Zakharchenko, indicate that [DNR] officials used their authority to enrich themselves. The minister of taxation and revenue, Aleksandr Timofeev, a former field commander and protégé of Zakharchenko, targeted and took over profitable businesses … The minister expropriated firms, extorted bribes, privatized coal mines, and seized a transportation company, a network of gas stations, and prime real estate in Donetsk.[15]

This also raised the question of how to handle explicitly criminal enterprises, something that had been under discussion behind the scenes since the start of the conflict. Again, to quote, Polukhina,

> in December 2014, [an] important event took place: a meeting of thieves-in-law and criminal authorities, who also needed to understand how to live in a new reality. The system of quotas, the work of the common fund and how Donetsk will now work was discussed. It was decided that Donetsk thieves would spend most of their time in Crimea or Donetsk.[16]

The traditionalist gangsters known as *vory v zakone*, meaning 'thieves-in-law', as well as the newer generation of *avtoritety*, 'authorities', thrashed out their own sense of how they would adapt to the new realities.[17] In this, they were informed by the example of Russia, where the Kremlin and the criminals had established a modus vivendi of sorts, but also by the aggressive way the warlords of the LDNR were seeking to establish their own criminal empires, not to mention the desperation of the new regimes for revenue. As a result, in the main, the criminal kingpins largely retained their existing empires – and, indeed, acquired new opportunities. In return, they had to offer not only kickbacks to LDNR leaders on a local and state level, but also show a willingness to cooperate, by opening up existing smuggling routes to new commodities and supporting the recruitment of combatants from their own ranks. In reality, they had little choice: as noted by former deputy head of Ukraine's National Police, General Vyacheslav Abros'kin, 'In 2014, in Donetsk and Luhansk, a thief could easily be thrown into the basement or even shot, regardless of any authority in the criminal world or connections.'[18]

Some of the kingpins left the region, relocating their criminal enterprises to government-held areas, albeit often retaining links to the LDNR. In part, they were replaced by incoming Russian criminals, especially from the Rostov and Krasnodar regions, contributing to the merging of the underworlds across Ukraine and Russia. Either way, though, the dominant crime figures of Donbas had to adapt to the realities of the situation. Facing regimes willing to use extrajudicial violence to impose discipline and eliminate challenges, the criminals had to offer them something: muscle and money.

Criminal soldiers

There are all kinds of reasons why individuals and groups might have been mobilized to fight on either side of the conflict in the earlier stages of the conflict (there is little scope for them in the full-scale war of 2022).[19] When the Kremlin in effect declared open season on Donbas, various actors – from intelligence agencies to nationalist businessmen – looked to assembling assets able to destabilize, intimidate, supplant or eliminate local power structures. These ranged from mercenaries and nationalists from Crimea and Russia – including the infamous Igor 'Strelkov' Girkin who, by his own account, 'pulled the trigger' on the

Members of a DNR unit calling itself the Russian Orthodox Army at their headquarters in Donetsk. *© NurPhoto/Corbis via Getty Images*

Donbas war[20] – to locals opposed to the new government in Kyiv, and also gangsters. Essentially, local understandings were first reached between political actors and criminals, initially to provide muscle in protests and then to supply armed men for insurgent operations.[21]

Going further back in time, Donetsk province had consistently topped the table for registered crimes and homicides across Ukraine, with some 48 500 in 2012. Although these figures were open to question, the consensus was nevertheless that more people were involved in organized crime in Donetsk than in any other Ukrainian region.[22] This density of criminality, combined with the weakness of local institutions, across Ukraine but especially in Donbas (where talk of a crime–politics nexus was commonplace),[23] had for years offered opportunities for gangsters to convert money and muscle into de facto political power:

> Already under Gorbachev, carceral norms began to penetrate everyday life in the Donetsk region. Prison gangs took on a visible presence in the public life of the community, in parallel with the moribund Soviet state. Towns in the Donbas acquired gangs of 'watchers' – staples of Soviet labor camps, prisoners accumulating power by developing reputations for keeping order.[24]

Although something of an exaggeration, the widespread view that 'every third man in the Donetsk region is in prison, has been in prison, or will be in prison' nonetheless does speak to a real problem. The core of this can be seen in the high levels of crime and incarceration in an impoverished, decaying industrial region, the large number of prisons (in 2013, there were 20 in Donetsk and 16 in Luhansk – more than any other region) and the tendency for rootless ex-convicts to remain there.[25] Subcultures based on criminal activities, informal hierarchies and monetizing the capacity to apply

violence were already present and, even before the 2014 insurrection, had been mobilized for political purposes. So-called *titushki*, thugs hired to harass political rivals and break up their rallies, had become an increasingly evident feature of Ukrainian politics in 2013, especially deployed by former president Yanukovych's Party of the Regions, whose base was in Donbas.[26] Thus, there were already the established roots of what sociologist Vadim Volkov called 'violent entrepreneurship' and existing connections between street gangs and political organizers.[27]

In the early stages of the Donbas insurrection, members of criminal gangs were identified joining protests against the new government. Later, as protests gave way to armed seizures of government buildings, they provided a key source of gunmen. For example, the DNR unit calling itself the Russian Orthodox Army (RPA),[28] which fought in Mariupol, has been linked with the alleged underworld figure known as 'Chort' (Devil), who reportedly provided both funds (largely coming from counterfeit vodka sales) and his key commanders, who went by the callsigns 'Filya' and 'Pisar' (Scribe).[29] Likewise, Vitalii Mitka, who went on to become a DNR parliamentarian, was made a commander of the Vostok Battalion, one of the key militia units,[30] reportedly because of the patronage of the alleged criminal kingpin known as 'Prokop' and his involvement in tobacco smuggling. He was joined in the battalion by a substantial number of Prokop's gunmen.[31] Mitka has rejected the charges.

As the DNR and LNR began to be institutionalized, figures with criminal backgrounds or networks became part of the self-proclaimed new regimes. Their criminal networks also allowed them to recruit representatives in neighbouring regions in opportunistic and usually fruitless attempts to spread the insurrection. In Mariupol and Kramatorsk (both of which cities came briefly under rebel control in 2014 before being recaptured by government forces), local politicians reportedly said that 'some of the civilian representatives of the DPR, such as the Kuz'menko brothers of Mariupol and Gennadii Kim of Kramatorsk' were 'criminals (in the ordinary sense).'[32]

A detailed study of rebel combatants based on official records found that 98% were Ukrainian citizens, and 69% had been born in Donbas.[33] Only 6% were Russian citizens (sometimes dual Russian–Ukrainian), although this excludes active-duty Russian servicemen temporarily deployed to the conflict zone, as happened during several surges to prevent the militants from being overwhelmed by government forces.[34]

Nonetheless, this emphasizes the importance of local recruitment. Most militants were neither members of existing gangs nor motivated by the prospects of direct criminal gain. However, especially in the early months of the conflict, when the LDNR institutional structures had not been established, organized crime groups and street gangs appear to have been disproportionately significant in being able to provide fighters in groups of sizeable numbers rather than through one-by-one recruitment, and who had existing command hierarchies and common bonds of trust. This was arguably crucial in bridging the immediate gap, before the LDNR 'governments' had established themselves and before Moscow had decided to make a more serious commitment to supporting this conflict.

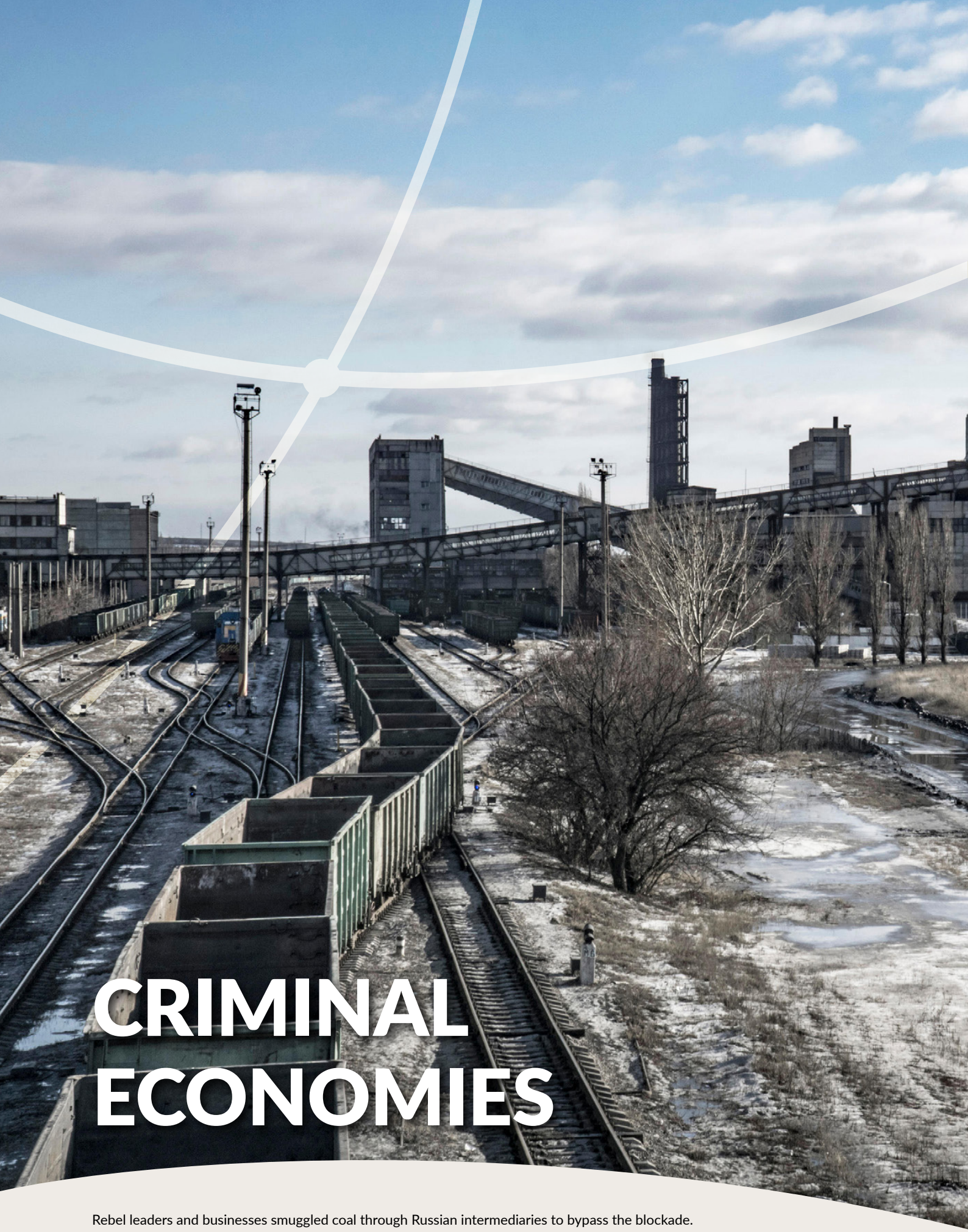
Crime also supported fighters before proper systems for paying and feeding them were in place. Although instances of looting were relatively rare beyond the early months of the insurrection,[35] nonetheless there were cases where the conflict simply provided an opportunity for enrichment. In Kramatorsk, for example, local police officers and local armed thugs, who presumably had prior connections, together took five cars and other equipment from a local car dealership.[36] Extortion was relatively commonplace, with militias detaining businesspeople in particular until they or their families paid off their 'fines'.[37]

Although the data is patchy, the model of recruiting gangsters as fighters seems to have tailed off from late 2015. According to a Western diplomat based in Kyiv in 2017, a briefing from the SBU (the Security Service of Ukraine) suggested that, if anything, the LDNR militias had become the gangs' competitors for recruiting similar kinds of locals.[38] Whereas in 2014–2015, gang members had been encouraged to join both to demonstrate loyalty to the cause

A Ukrainian soldier in a trench on the front line with Russian-backed separatists, Donetsk. © *Anatolii Stepanov/AFP via Getty Images*

and also to colonize the new militias in the name of the criminal organization, by 2015–2016, this was coming under pressure. The LDNR regimes – or, more to the point, militia commanders – were seeking to consolidate their control over their forces, often by breaking up concentrations of fighters from a single gang, or even discharging 'troublesome' recruits. Furthermore, a cleavage had opened between those gangsters who resented being forced into a military life, and those who preferred it and thus felt attenuated links to their criminal pasts. By 2017, in the main, while individual criminals were often joining LDNR militias, local organized crime groups no longer represented institutionalized sources of recruits. If anything, many of the militias had themselves become in effect organized crime gangs as well as combat units, with all the implications this meant for discipline and sometimes violent competition.

Similar allegations were also made about some of the early pro-government militias. Former US ambassador to Ukraine John Herbst, for example, warned in 2015 that the nationalist Right Sector was 'still entrenched in "old ways" of doing business, such as extortion and smuggling', and others have also noted that some also indulged in racketeering and theft.[39] Although US Democratic Congressman Max Rose and former Federal Bureau of Investigation special agent Ali Soufan had suggested that the far-right[40] Azov Regiment ought to be designated a Foreign Terrorist Organisation for its pursuit of its own military and political agendas,[41] the incorporation of the militias into the Interior Ministry's National Guard over time managed to address most of these tendencies towards indiscipline and illegality, and in any case the regiment has acquired something of a mythic status now for its dogged defence of Mariupol after the Russian invasion.[42]



CRIMINAL ECONOMIES

Rebel leaders and businesses smuggled coal through Russian intermediaries to bypass the blockade.

© Vincent Mundy/Alamy

Between perhaps 2015 and 2022, the role of criminality in the insurrection transitioned away from the politics of conflict and became mainly economic. Criminals, like mercenaries, will fight only so long as they are paid, fed and armed – all of which costs money. Likewise, however rudimentary the state structures and social infrastructures of the LDNR, they have been necessary to maintain the pseudo-states, and also satisfy the demands of the elites that run them. Moscow provided much assistance, through direct subsidies and periodic aid shipments, but this only covered the core expenditure of the state and war-fighting apparatus. To a considerable extent, criminal economies filled the gap, sustaining the LDNR elites, state structures and fighting forces, as well as the lives of many of the dispossessed and unemployed.

The pseudo-states not only lacked international recognition, they have also faced de facto interruptions to their trade links since the start of the conflict, sanctions on foreign companies connected with them, a formal blockade by Ukraine since 2017, and no access to international capital markets. With their economies and administrative structures in crisis, they could not raise substantial additional taxation. Only in 2019 would the DNR, for example, start enforcing standardized taxation.[43] Economic activity in the DNR fell to around half its pre-war levels, and the LNR's to a third.[44]

For some time, trade with the rest of Ukraine continued regardless of the conflict, especially given that the metallurgy and coal industries were interconnected. In 2016, for example, 75% of remaining exports from the LDNR to the government-held Ukraine was coal, while the largest single import was iron ore.[45] Nonetheless, the lack of any legal status for the LDNR meant businesses had little choice but to conduct their affairs through illegal or semi-legal channels, especially after the economic blockade imposed by Kyiv in February 2017 effectively cut off all legal markets for coal and steel mined and produced in rebel-held areas. Both factors pushed the economy into Russia's arms.

Moscow's assistance took many forms. It supplied cheap energy to the LDNR; it provided social support funds to pensions and the like; regular 'humanitarian convoys' – which Kyiv alleged were also used to transport weapons[46] – brought in aid, while credits and development assistance helped keep the economy afloat. It has been estimated that the total cost of direct assistance before the 2022 invasion was in the region of US$1.5 billion to US$2 billion a year.[47] (The exact budget for this kind of support is classified, but since 2014 Russia managed this support through a special inter-agency commission on aid to territories in south-eastern Donetsk and Luhansk oblasts of Ukraine, which was overseen by Dmitri Kozak, the Kremlin's deputy chief of staff.[48]) This was not an act of altruism by

any means, as it kept the pseudo-states and thus the conflict alive while also saving face for Moscow and granting it a degree of leverage over its clients. Nonetheless, it necessarily involved LDNR officials at least turning something of a blind eye to various criminal enterprises, and often actively participating in them. While trafficking in drugs and similar outright illicit commodities (covered later) has greater social costs, the most significant earnings came from the illegal trade in otherwise legitimate commodities, especially coal.

Coal smuggling

The coal-smuggling business, which rerouted anthracite coal produced in Donbas through Russia and then on to Europe, emerged largely as an adaptive measure. Rebel leaders and local businesses began selling coal through Russian intermediaries in order to bypass the blockade and survive. Kyiv's efforts to end its dependency on Donbas coal, especially for its power stations, by buying from South Africa and Australia came to little, especially as the supplies were lower in quality and higher in price. In an adaptive compromise of its own, it returned to buying LDNR supplies, but arranged through front companies in South Ossetia and Hong Kong, and notionally listed as Russian coal.[49]

The DNR set up a state company, Vneshtorgservis, which by 2017 had taken over management of 40 coal and steel factories, employing more than 40 000 workers.[50] Vneshtorgservis was registered in South Ossetia, a breakaway republic of Georgia that is recognized only by Russia and a few other countries.[51] Although Russia does not formally recognize the de facto states of LDNR, it does recognize South Ossetia. South Ossetia, in turn, recognizes LDNR. This allowed it to act as an intermediary, funnelling cash back and forth through its banks and allowing Russia to bypass sanctions.[52] According to Russian and Ukrainian sources with knowledge of the company, it was headed by Russian managers, some of whom later went on to take key posts in the de facto government of DNR.[53] One of these, Vneshtorgservis general director Vladimir Pashkov, was formerly the deputy governor of Russia's Irkutsk region.[54]

The transit of coal and steel into Russia came under the purview of Sergei Kurchenko's GazAlliance. Kurchenko, a Ukrainian energy magnate close to Yanukovych, fled to Russia in February 2014 after the Maidan revolution. He was sanctioned by the US Treasury in 2015 for misappropriation of public assets and the undermining of democratic

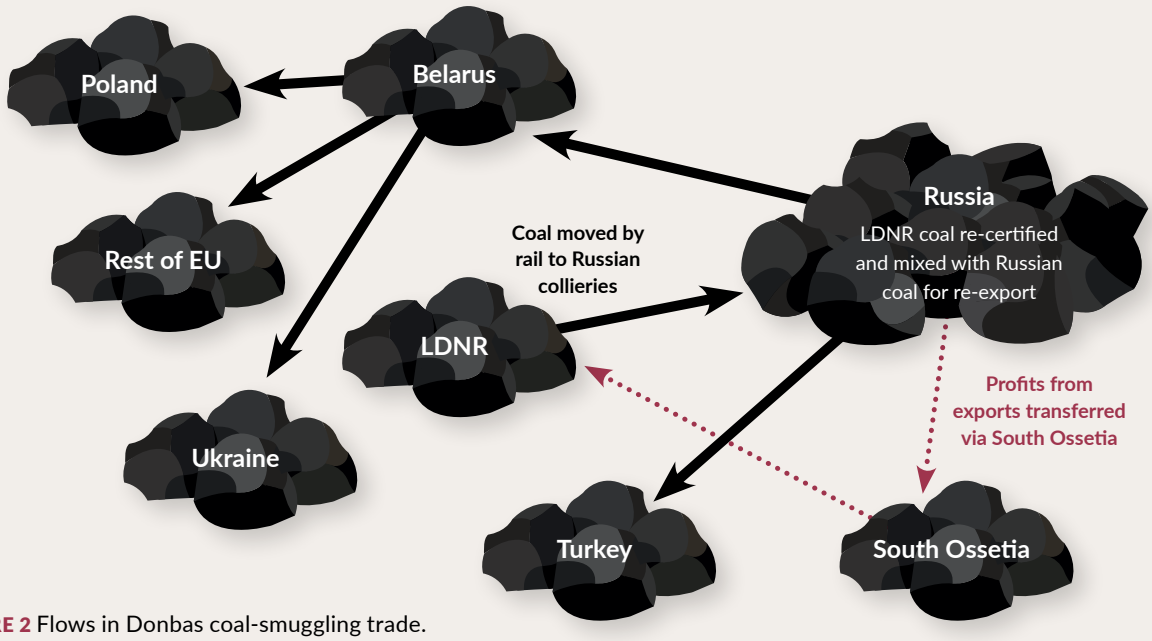


FIGURE 2 Flows in Donbas coal-smuggling trade.

processes,[55] then UK sanctions in 2020 on the grounds that '[h]e controlled coal exports to Russia and abroad from the occupied Donbas. These activities provided material support to the separatist groups in the Donbas and to the Russian occupation of Crimea, destabilising Ukraine and undermining Ukrainian sovereignty and territorial integrity.'[56] His company as a whole came under sanctions in 2018.[57] A year after the blockade, the company took control over Vneshtorgservis and came to hold a monopoly on the transit of Donbas coal and steel into Russia, something that caused a number of Russian businessmen to protest and appeal to the Kremlin.[58]

According to a Ukrainian source who has tracked these export schemes extensively, Kurchenko not only monopolized the transit of these commodities, but also took control of the mining companies themselves and many of the markets in Russia, creating his own supply chain. If, according to some sources, about half of the coal mined in Donbas went through Kurchenko's empire, about a third appears to have gone through companies controlled by Russian businessman Ruslan Rostovtsev.[59]

According to various sources, a Cyprus-registered company would then sign contracts for the purchase of coal with the DNR 'state' company Donbasuglerestrukturizatsyia. This coal would be transported by rail, involving Russian Railways, to the border station of Uspenka in Russia's Rostov region. It was then re-certified as mined locally. A Swiss firm then helped Russian mining companies in Kemerovo mix the coal with their own anthracite coal. Then another Swiss coal trader linked to another Russian mining magnate, helped move the coal to markets in the EU and Turkey.[60] One route, for example, reportedly ran from Russia to Poland by rail via Belarus, which helps explain the extraordinary way its anthracite exports increased 340-fold in 2018 alone and its coal sales by 980 times.[61] Smuggled coal has gone as far as Canada, Egypt and Belgium, yet the main market was Ukraine.

Illegal and counterfeit cigarettes

A range of untaxed and counterfeit goods are produced in the LDNR, often quite openly, or else smuggled through the region from other countries, largely Russia. The largest such industry is tobacco products. In early 2016, border guards in Zakarpatia, on Ukraine's border with Slovakia, intercepted trucks smuggling untaxed cigarettes from the scandal-hit Lviv Tobacco Factory, which were being shipped alongside counterfeit cigarettes from the Khamadey Tobacco Company in Donetsk.[62] Founded by gangster Mikhail Lyashko, who was killed in Crimea in 2015,[63] it has been extensively reported that Khamadey had been implicated in the production of counterfeit cigarettes as far back as 2005.[64] Since 2014, the company has not only been operating on its own behalf, but, according to the Ukrainian authorities, also smuggling legal but untaxed cigarettes from Russia's Donskoi Tabak in Rostov-on-Don (until its purchase by Japan's Tobacco International Corporation in 2016).[65] Furthermore, since the start of the conflict, Khamadey has been joined by the Donetsk Tobacco Factory in Debaltseve and the Lugansk Tobacco Factory. The Ukrtabak Association estimated the total capacity of tobacco plants in the LDNR to be 4 billion cigarettes a year.[66]

Much of that volume is counterfeit: packs of fake Philip Morris cigarettes destined for the Czech market have been attributed to Khamadey, while Ukraine's State Border Guard Service has identified fake versions of cigarette brands from the UAE, including M1 and Mond, originating from the Lugansk Tobacco Factory.[67] Tobacco is imported via another unrecognized pseudo-state, Abkhazia, and then imported either though Russia or even the Ukrainian port of Mariupol. Persistent but unconfirmed accounts in anti-LDNR social media have presented key figures within the DNR government as 'godfathers' protecting this smuggling industry, although this remains unproven, if entirely plausible.[68]

While the domestic market in LDNR accounted for some production, trafficking networks across the line of contact became extensive. Almost half of all illegal cigarettes sales in Ukraine, according

Tobacco is one of the major illicitly traded goods in the Donbas region. © *Akimov Igor/ Shutterstock*

to industry body Ukrtabak Association, are in the Kharkiv, Dnipropetrovsk and Zaporizhzhia regions, all of which border on the LDNR.[69] However, the most lucrative market is to the west, and corruption allowed trafficking routes to become almost regularized, and Ukraine remains the main source of illegal cigarettes into the EU, although the explosion of direct conflict is clearly reshaping the market and will change its sources and routes.[70]

Nonetheless, the flow into the EU had in any case been diminishing since a peak in 2016. According to KPMG, that year 5.8 billion cigarettes were smuggled from and through the LDNR (including ones originating in Russia and Belarus), falling to 4.2 billion in 2018 and just 2.4 billion by 2019.[71] The main reason for the decline appears to be more effective interdiction of the smuggling routes, as well as greater market awareness in Europe. This trade continued, though: in February 2020, for example, Ukrainian police intercepted 750 000 packs of counterfeit cigarettes from Khamadey, worth $713 000.[72] Furthermore, part of the reason was the growing market for tobacco inside Ukraine, sales of which were up from 1.1% annual growth in 2016 to 7.2% in 2019.[73]

Illegal and counterfeit alcohol and other goods

Although not on anything like the same scale, there was also a thriving industry in producing and trafficking fake and untaxed alcohol products, typically poor-quality spirits labelled as anything from vodka to gin. Some of this was conducted on a small-scale basis (which led to a number of fatalities stemming from poor quality control), but activists on the government side alleged that by 2017 major vodka producers in Donetsk and Luhansk were producing six times more vodka than in 2014, and that much of this was smuggled out of the LDNR.[74] A substantial proportion of the alcohol was smuggled into the EU via Belarus or into Russia (to Smolensk), where it was registered and labelled as Russian-made, often to be re-exported into the EU via Belarus.[75]

There is a whole range of other commodities – sometimes counterfeit, sometimes simply untaxed – that moved back and forth across the border.[76] Sometimes, this was an issue of bypassing or corrupting officials; other times there were more complex schemes. In so-called 'terminated transit', for example, goods were moved through Russia to the LDNR by acquiring a permit on the basis that they were destined for a third country (typically Georgia, Kazakhstan or Armenia), and then re-routed as soon as they were in Russia into the LDNR. This way, a variety of consumer goods and foodstuffs were smuggled into the LDNR, especially since the 2017 blockade, while everything from counterfeit designer goods made in local factories to diesel and petroleum products were trafficked out into government-held Ukraine. Nonetheless, such evidence as

The region has seen a thriving industry in fake and untaxed alcohol products.
© Vincent Mundy/Bloomberg via Getty Images

there is suggests that the illegal trade in otherwise licit goods peaked in 2015/16, when there were still rail links and more opportunities to take trucks across the line of contact.[77] The implication is that the greater cost and difficulty of smuggling means that the traffickers who stayed in business pivoted to higher-value criminal commodities, even before 2022.

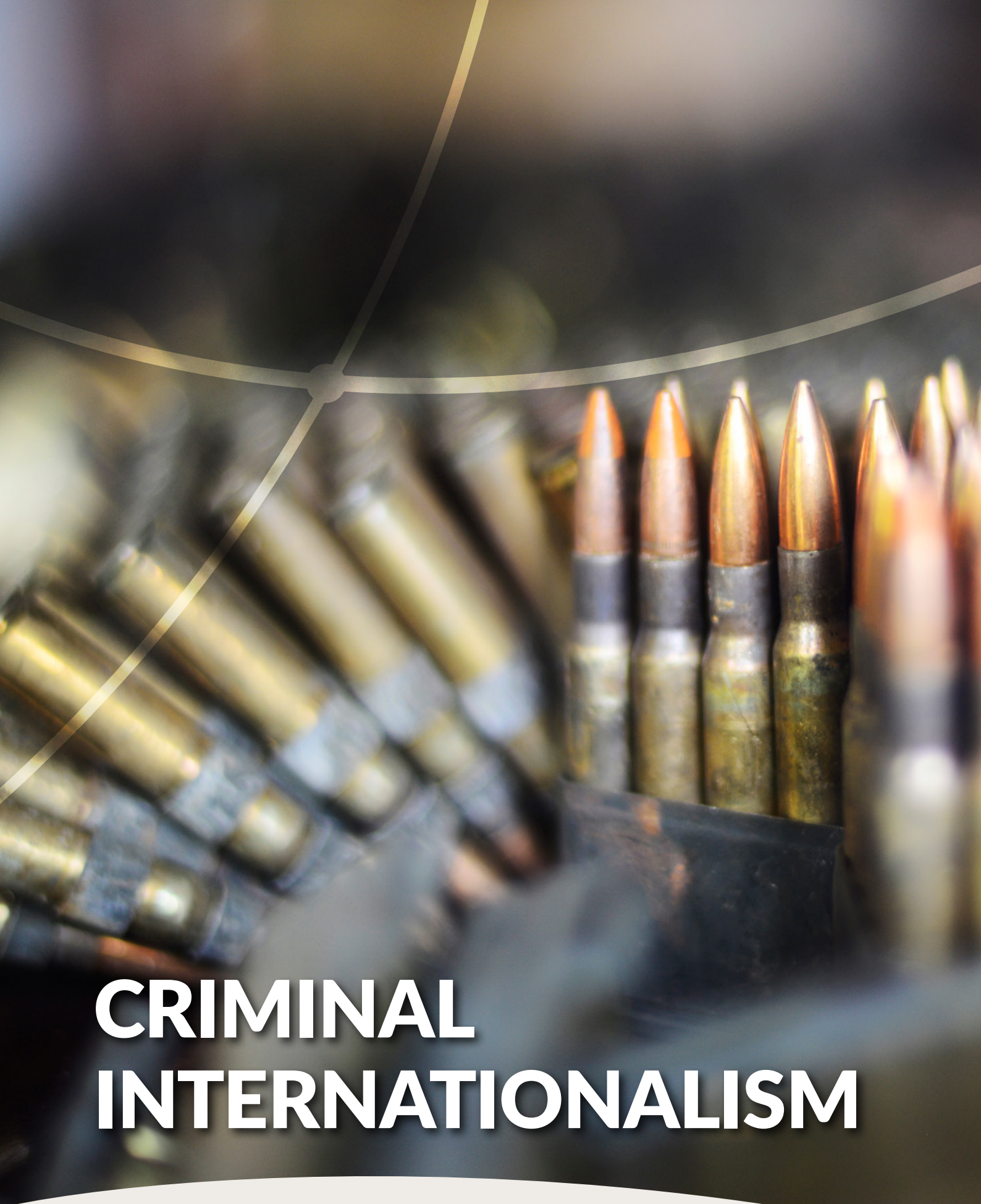
Money

The LDNR is technically cut off from the global financial system by foreign sanctions regimes. In practice, work-arounds were developed that inevitably not only criminalized all financial transactions – making it harder to distinguish them from what could be considered 'dirtier' money more directly associated with traditional criminality – but also created new incentives and opportunities for other financial crimes. In order to bypass the sanctions regime, banks in South Ossetia have been used as intermediaries to handle transactions between the LDNR and Russia.[78] An array of other front companies handled and obscured further onward financial flows.

Furthermore, although, in the main, the residents of the LDNR have been cut off from most forms of mobile banking, there has still been some access to it, often using SIM cards bought and registered in government-held Ukraine. This encouraged a form of petty money laundering between the two parts of the country, but also a virtual industry of fraud and extortion run largely from within the LDNR's prison system, with inmates using mobile phones and payment systems (usually with the connivance of the prison authorities) to con Ukrainians who think they are prepaying for anything from prostitutes' services to apartment rental advances.[79]

The frauds are rarely especially sophisticated, and relatively easy to trace – but thanks to the inability of the Ukrainian police to assert their authority in the LDNR, let alone inside its prisons, they largely go unpunished. Cancelling the SIM card is about the only sanction at their disposal, and there have always been many more.

This pattern of low-skill but low-risk remote criminality was also evident more broadly. While the LDNR has been used as the base for some cybercriminal operations, these have lacked the scale or skill of many Russian-based ones. Instead, there has been particular interest shown by alliances of local criminal and business figures in using the region for cryptocurrency mining, not least as a means of acquiring more ways of bypassing controls on regular finances. Some operations made use of contacts among refugees who had fled the LDNR.[80] This has also led to LDNR criminals seeking to market their services to criminals abroad as money launderers, especially using cryptocurrency, although it is unclear whether they have yet acquired much of a clientele.[81]



CRIMINAL INTERNATIONALISM

Until 2022, Kyiv and Moscow were in effect engaged in an undeclared, low-intensity, if nonetheless lethal, war. This manifested in all kinds of state and grassroots efforts on both sides to deepen the division between the two nations, from Ukrainian language laws to Russian sanctions. Nonetheless, as in so many other conflicts, criminals on both sides of the conflict lines have often been perfectly willing to set aside national interests and agendas, and cooperate wholeheartedly. Of course, the escalation of the war in 2022 has interrupted many of these connections, even if this may, prove only temporary.

Often this cooperation simply reflected deeply rooted corrupt practices. As the Independent Defence Anti-Corruption Committee reported in 2017, for example, referring to the Ukraine government forces along the line of contact:

> The illegal trade has become systemic, with sustained connections between different elements of the system. For example, when battalions are rotated … battalion commanders are immediately approached by those wanting to sustain the processes of illegal trade and protection set up by the previous leadership. Officers at checkpoints that take bribes normally pay a portion to their commanders, who in turn pay their commanders; in some cases, officers pay to be posted at checkpoints because of the opportunity to collect bribes. Another example is that commanders of different services, for example the border guards and armed services, coordinate efforts to split the 'tax' of enabling smugglers to pass jointly controlled transit areas.[82]

However, beyond this there has been ample evidence of deep cooperation between organized crime groups on both sides of that line. Indeed, the emergence of the LDNR 'bandit kingdoms' actually created lucrative new opportunities for trafficking illegal goods and services, and even generated new underworld industries, out of the effective reach of both Ukrainian and Russian law enforcement. (The latter is one reason why the LDNR became a significant source of stolen cars. Over and above the possible number stolen there, cars stolen in south-western Russia were driven across the border, re-registered and given new vehicle identification serial numbers, then sold back in Russia.[83])

After all, while the LDNR's illegal lineages are clear, Ukraine's 2013/14 Revolution of Dignity, while certainly driven in part by widespread public revulsion at the perceived corruption of previous regimes and the impunity of criminal kingpins and kleptocrats

alike, did not lead to quick or successful progress on this front. In part, this reflects the difficulties of such transformative reform processes, in part the entrenched interests of powerful 'clans' and particular oligarchs, in part a failure of the new – and sometimes not so new – political and security elites.[84] As a result, organized crime has remained powerful in Ukraine, and at least before 2022 has been happy to work with whomever it has needed to, in the pursuit of power and profit.

The upshot is that gangs from the LDNR and the rest of Ukraine have until recently appeared quite willing to cooperate, especially in the trafficking of a range of illicit commodities, including drugs and weapons. Furthermore, they appeared to be involved in active and lethal mutual assistance to maintain these businesses. In September 2015, for example, Andriy Halushchenko, arguably the SBU's most energetic and effective investigator of smuggling operations, was killed in northern Luhansk, along with Tax Police senior lieutenant Dmytro Zharuk when their vehicle was blasted by two directional mines and then came under grenade fire. In the subsequent welter of claims and accusations, fingers were pointed at the army unit controlling that sector, the 92nd Independent Mechanised Brigade, the Border Guard and even elements of the SBU.[85] According to investigative journalist Alexei Bobrovnikov – who would leave Ukraine because of death threats relating to this case – 'representatives of all power structures, without exception, were involved in smuggling operations with Russia and the territories it occupied, including border guards, the SBU, and military intelligence.'[86] Two soldiers were eventually detained and then released, but there was a belief that, in the words of a Western police officer who was working with the Ukrainian authorities at the time, 'this was a hit carried out in government-held Ukraine, ordered by criminals in the rebel-held part of Luhansk, yet arranged by their partners on the other side of the line of contact'.[87] As of writing, the case is still open.[88]

Ukraine's underworld: A snapshot

Ukraine scored highly in the GI-TOC's *Global Organized Crime Index*, with a particularly high rating for state-embedded acrors.[89] According to General Vyacheslav Abros'kin, former deputy head of Ukraine's national police, as of 2020, there were two main criminal 'clans' in Ukraine, Dniprovsky to the east, under the *vor* ('thief') known as 'Umka', and that of the *vor* 'Nedelya', dominant in western and central Ukraine. The two are in sporadically violent competition.

Lesser but still significant groupings include the southern clan of the *vor* 'Antik', which controls Odesa and is especially active in smuggling; one based in Zaporozhye, allegedly under 'Prince,' whose territory extends east to Krivii Rig and south to Berdyansk, especially involved in plundering the region's industries. There are also some smaller regional groupings, and others whose strength is to be found in their specialism rather than turf. 'Lera Sumskaya', for example, reportedly has a network that is especially powerful inside Ukraine's prison system.[90]

A view of Dnipro, territory of a gang with alleged connections to arms trafficking. © *Panama/Alamy*

This was an especially high-profile case, but it was still symptomatic of the much wider challenge, of the close cooperation – and in some extreme cases virtual integration – between criminal groups on both sides of the line of contact, many of which were either located within government structures or simply able to use fear and corruption to dominate them. For example, the criminal authority known as 'Knyaz', arrested by the SBU in July 2020, allegedly led a gang that enforced a reign of terror in the Kharkiv, Dnipropetrovsk and Poltava regions.[91] According to a Ukrainian police officer, the investigation into his case quickly threw up suggestions of a connection with criminals in the LDNR, potentially related to the trafficking in weapons.[92]

While there certainly were successes, largely on the government side, in dealing with flows of such socially dangerous criminal commodities as narcotics and weapons, the gangs involved in these activities remained efficient, extensive and highly responsive to changing patterns of demand, supply and policing.

Drugs

The early years of the LDNR saw the imposition of draconian and punitive policies towards drug users and dealers, with forced labour, imposed detoxification and public shaming commonplace.[93] Such methods did nothing to address the problem and much to worsen many of the most serious aspects. An end to clean-needle programmes led to increased HIV/AIDS rates, while cancelling methadone therapy drove drug users back to heroin and even more dangerous drugs, such as desomorphine, known generally as *krokodil*.[94] However, none of this street-level activism appears either to have reduced the level of drug use and addiction in the LDNR, nor the level of drug trafficking across the territories.[95] As one Ukrainian police officer put it in 2017:

> The border [with the LDNR] has got a little harder to cross, although we shouldn't pretend that it is hard, especially if you have the right friends on both sides. But against that, it's impossible for us to police what is happening on the other side of the line. Maybe the [SBU] gets intelligence about who is working with who and when a big consignment is coming, but they don't tell us. Honestly, I don't see any difference in the amounts of heroin coming into Ukraine that way since before the war.[96]

A similar view was expressed by Andriy Kikhtenko, head of the National Police's Department for Combating Drug-Related Crime, who said that – before the invasion – he had no evidence of any long-term overall impact of the conflict on flows of narcotics through the region.[97]

Ukrainian police stand guard before a haul of heroin seized in April 2019. © *STR/NurPhoto via Getty Images*

FIGURE 3 Flows of Afghan heroin through Ukraine, before 2022.

This should not be a surprise. Drug trafficking remains one of the main sources of revenue for Ukraine's organized crime groups (though embezzlement of state funds may have come to match it, for groups in government-held areas).[98] The US State Department's 2020 International Narcotics Control Strategy Report acknowledges that Ukraine is 'an important transit country' whose 'numerous ports on the Black and Azov seas, its extensive river routes, and its porous northern and eastern borders make Ukraine an attractive route for drug traffickers into the European Union's (EU) illegal drug market.'[99] Much of the trade had nothing to do with the LDNR, as Latin American cocaine used to arrive at Ukraine's ports for trans-shipment, for example, but substantial flows of narcotics – especially opiates, methamphetamines and marijuana – did flow into and largely through the country via the insurgent regions.

Between a quarter and a third of the heroin from Afghanistan moved along the so-called Northern Route (really a constantly shifting array of routes) into Russia. Much is consumed there or trafficked to other countries, but an estimated quarter of that heading into Europe would come through the LDNR and Ukraine.[100] Since 2014, not only were major Russian-based networks such as Solntsevo able to extend their existing contacts in the LDNR, but new connections were also made, with the resources and political connections to ignore the clumsy and punitive anti-drug policies being applied on the streets. Their initial interest in 2014 was to ensure no

interruptions to existing business, largely brokered by Donetsk- and Dnipropetrovsk-based gangs. Over time, though, not only did they seek to diversify their routes, especially to avoid the risks posed by the shifting front line and flaring up of local fighting, but other political and militia leaders actively sought to be involved in the lucrative trade, or at least to be able to 'tax' it for their own gains.

Although there were smaller-scale shipments moving across the lines away from regular crossing points, there were four main routes. One ran southwards to Mariupol via the Hnutove crossing point and then along the coast eventually to Kherson and then Odesa, whence some headed towards Moldova and then Romania, and some by sea to Bulgaria and beyond. A second route ran westwards out of Donetsk via Maryinka towards Dnipropetrovsk; much of this was destined for domestic trafficking in central Ukraine. A third ran north-west from Poltava to Kyiv via Mayorske and then headed by a variety of routes into western Ukraine and central Europe. Finally, heroin from Luhansk moved via Stanytsia Luhanska to Kharkiv, some for sale in northern Ukraine, with a small but growing amount heading into Belarus.[101]

Trafficking in methamphetamines and marijuana briefly fell in 2014–2015, but by 2016 had largely recovered to pre-conflict levels.[102] These were often trafficked on a less industrial scale, with smaller shipments carried by individuals crossing the borders or in private cars or the like. Whereas the large heroin consignments always required the cooperation of gangs on both sides of the line of contact, many of these were sold through personal contacts or otherwise did not necessarily involve such relationships.

Weapons

In the first months of the rebellion/proxy war beginning in 2014, there was a massive flow of illegally trafficked weapons into the conflict zone, as militias on both sides armed themselves, often by looting commercial stocks as well as police and military arsenals.[103] The Organized Crime and Corruption Reporting Project, for example, uncovered cases of organized crime groups in Moldova, where there had been a similar 'privatization' of stocks during the civil wars of the 1990s, selling small arms and anti-tank weapons to the LDNR.[104] According to Kyiv, in the first year of the conflict, between Moscow's covert supplies, looting and illegal trafficking, half a million small arms had entered the illicit market.[105]

By the end of 2014, though, not only were there ample supplies of most weapons, especially as former government arsenals were looted, but Kyiv and Moscow had established overt and covert channels to arm their respective partisans. By that point, there were an estimated 300 000 small arms in the region – largely Soviet-era weapons, such as AK-74 and AKM-47 assault rifles[106] – compared with an estimated 75 000 combatants on both sides combined.[107] In other words, although there was still a market for specific and specialist weapons, such as modern sniper rifles and the prestige handguns sported by some militia commanders, the conflict zone was over-saturated with guns, creating a supply looking for a demand.

Many simply spread through Ukraine. According to the General Prosecutor's Office, in the first year of fighting to June 2015 alone, the number of gun-related crimes

rose by 231%.[108] Interceptions doubled between mid-2017 and mid-2018.[109] Even so, by 2018 Chief Military Prosecutor Anatolii Matios estimated that there were some 400 000 illegal weapons in circulation.[110] Some 5 000 were retrieved or surrendered that year, but a proposed national amnesty and buy-back campaign would have cost perhaps US$2 billion – while the total Ministry of Internal Affairs budget is US$3.6 billion.[111]

The UNODC highlighted the connection between the LDNR and wider illegal-weapons transfers,[112] and, according to the Security Service of Ukraine (SBU), within a few years, most illegal weapons trafficked in the country were coming from the LDNR, with the Starobelsky district of neighbouring Kharkiv region, Novoaydarsky district of Luhansk and Slavyansky district of Donetsk, which were all close to the fighting, being particular hotspots. The Odesa region on the Black Sea – a notorious weapons trafficking hub even before the war – and the Volyn region, adjoining Poland and Belarus, were the main trans-shipment springboards.[113]

After all, the more lucrative markets were to be found abroad. By 2015, Belarus was stepping up border controls precisely because of an increased inward flow of weapons from the conflict zone.[114] Although there was no direct border between the LDNR and Belarus, this should not be taken to imply that these weapons were all originating from the pro-government side. According to an Organization for Security and Co-operation in Europe (OSCE) source who had discussed this with Belarussian border troops in 2017, 'in 2015, it was about 50-50, but by 2016, most

FIGURE 4 Concentrations of illegal-arms seizures and trafficking flows, before 2022.

of the weapons came from the [LDNR], smuggled with the help of criminals in the [government-held] Kharkiv and north Lugansk regions'.[115] (Likely the aforementioned Starobelsky and Novoaydarsky districts.)

In 2016, Poland followed the example of Belarus, following a 2 000% rise in seizures of weapons in Poland originating in south-eastern Ukraine.[116] Given that weapons worth at most €500 in the conflict zone were worth upwards of €2 000 in Western Europe, this was inevitable.[117] Much of the trafficking took place on a small-scale/high-frequency 'ant trade' basis, as individuals smuggled a single weapon at a time, or even a part or some ammunition, but did so on a very regular basis.[118] Although the Western Balkans was still the main source of illegal weapons making their way into Europe, Ukraine was by no means a negligible source market.[119] More to the point, a view expressed by several European police officers was that, were there greater success in limiting illegal weapons flows from the Western Balkans, Ukrainian sources could easily have filled the gap in the market.[120]

However, the flow also headed (and likely still heads) east, into Russia. In 2015, in response to increased seizures in neighbouring regions, the Russian Federal Security Service, which also has responsibility for the Border Troops, erected 40 kilometres of extra fencing and dug 100 kilometres of defensive ditches in the Rostov region alone in an attempt to strengthen security along the frontier with the LDNR.[121] A particular concern was that the weapons were ending up in the hands of insurgents in the troubled North Caucasus,[122] such as a gang from Karachay-Cherkessia, which was moving guns from Rostov through the Stavropol region.[123] In the words of one retired police colonel in 2015: 'A lot of weapons have been coming from Ukraine lately. The DNR and LNR are literally stuffed with them.'[124]

The bulk of trafficked weapons ended up in the hands of organized crime gangs, which either retained and used them or sold them on. This led to the government's decision to increase the penalties for illegal arms sales in 2015,[125] and then to transfer not just the licensing of weapons, but also responsibility for aggressively tackling the market to the new National Guard, established in 2016. Nonetheless, the flow continued and, as will be discussed below, this led to a steady rise in violent crime in the Rostov region and beyond.

Human smuggling and people trafficking

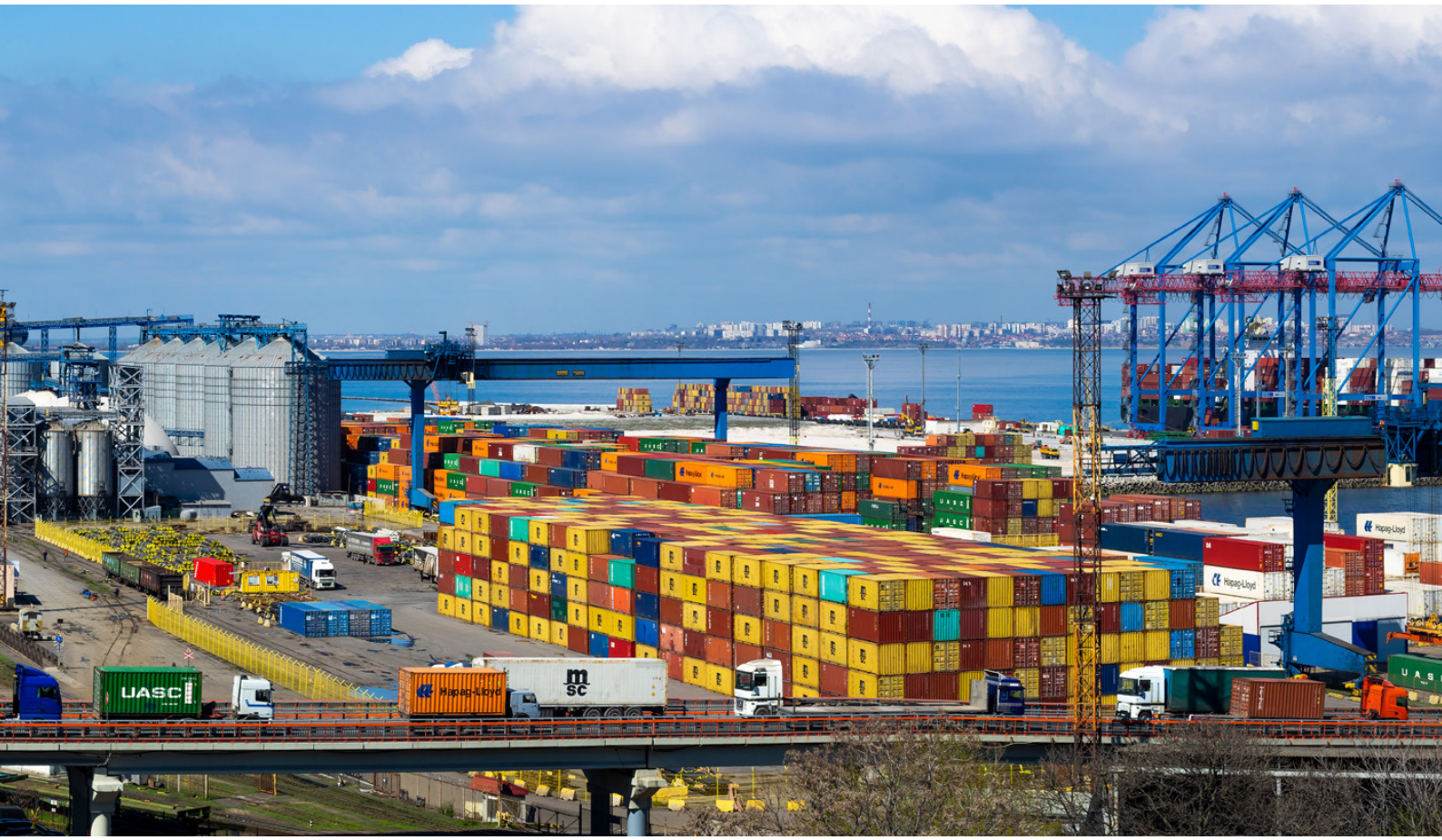
Although the pandemic and consequent restrictions on movement meant that many routes and practices were disrupted in 2020, until 2019, human smuggling and, especially, exploitative people trafficking from and through the LDNR appeared to be on a steadily rising trajectory.[126] The one positive note was that the use of forced labour by militias for purposes such as digging trenches had declined substantially since 2016.[127] On the other hand, the continued poor conditions inside the LDNR meant that young people in particular were vulnerable to deceptive offers of employment abroad.

Russia emerged as the primary destination for trafficked modern slaves from the LDNR. By 2015, there were already an estimated 5 000 Ukrainians from the pseudo-states present in Russia – about as many as in the rest of the world put

together.[128] In 2019, the International Organization for Migration claimed that of the 49 000 Ukrainians – from both sides of the line of contact – trafficked into modern slavery over the previous three years, 65% were in Russia.[129] Men were most likely to be employed as manual labourers, although, increasingly, they also found themselves pressed into criminal activities, such as delivering drugs.[130] Women were frequently used as domestics, but were also increasingly trafficked to Chechnya for sexual slavery.

However, despite the controls on the borders, the LDNR was also used as a route for trafficking humans and to smuggle would-be emigrants westwards, sometimes by land to ports on the Black Sea, especially Odesa, and thence to Turkey, or to Romania, Poland, Hungary and Slovakia (in descending order of magnitude) by land.[131] In either case, this was done in collaboration with criminal gangs in government-held areas.

Beyond that, the more than 3 million internally displaced victims of the conflict in government-held Ukraine before the 2022 invasion represented an especially vulnerable population.[132] Although Kyiv, with the assistance of NGOs and international organizations, made real progress in providing the necessary support, education and enforcement, considering that Ukraine remained a significant source of trafficking victims, this was still a challenge. The US State Department, in its 2021 *Trafficking in Persons Report*, categorized Ukraine as a Tier 2 nation: one that 'does not fully meet the minimum standards for the elimination of trafficking but is making significant efforts to do so'.[133]



Odesa is a hub in regional human trafficking and smuggling.
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CONSEQUENCES AND PROSPECTS

Ukrainian refugees cross the border zone headed for Poland, March 2022. © *Daniel Leal/AFP via Getty Images*

The implications of this deep criminalization of the conflict were clearly immense, extending far beyond the LDNR itself. The underworlds of the two pseudo-states, were, after all, connected to Russia and Ukraine on many levels, and in many ways not only reflected the experience of the times but deepened and worsened the conflict.

For Ukraine

The interconnectivities of the underworlds in government-controlled and -uncontrolled Ukraine generated security challenges on several levels. Of course, criminality and corruption are serious problems for Ukraine overall. Ironically, though, the very interconnectivity meant that it was harder for the LDNR to weaponize this on a strategic level. Although, for example, the pseudo-states could have tried to exert pressure on Kyiv by stopping illegal exports to the rest of the country, this would most likely have been self-destructive. As then chair of the DNR's National People's Council Denis Pushilin admitted in 2016, 'If we do not provide coal, Ukraine will freeze. But then we will not have any buyers and that is not good for us either.'[134]

However, there were and still remain other dangers. Corruption and economic crime are long-standing problems for Ukraine and remain a serious ongoing challenge today and in any post-war reconstruction.[135] The flow of criminal goods from Donbas, and the complicity of individuals and organizations on the government side contributed to the challenge, especially that of corruption within the security and law enforcement apparatus. They also undermined Kyiv's legitimacy with Western partners. As one German diplomat who had been based in Kyiv lamented, 'It is hard to generate real concern at home when there will always be someone in a meeting who says that most aid will be stolen, or intelligence sold.'[136] Gangsters in Ukraine can and did become witting or unwitting instruments of the undeclared conflict, at least until 2022. Several flurries of killings and bombings in Ukraine since 2015 in part appear to have been carried out not by Russian intelligence assets but rather by local criminals, hired through existing contacts through the interconnected underworlds.[137]

Kyiv's focus was on the undeclared war rather than the criminal dimension, but the latter not only helped fuel the LDNR's economy and thus its war effort, but also made it harder for the insurgents to do anything but continue to fight.

For the LDNR

While attempts were made to redevelop the economies of the LDNR, these could not do more than make up for a small part of the damage caused by war and blockade.[138] The interpenetration of underworld and upperworld, especially in the institutionalized smuggling of coal and other products, was a way of generating funds to maintain the status quo. However, this was a toxic, predatory status quo. It likely even led to the assassination of Aleksandr Zakharchenko, prime minister of the DNR, in August 2018, in a struggle over criminal assets.[139]

There are those within the DNR and LNR who would have preferred to see at the very least the power of criminality curbed in their territories and systems. In some cases, this is out of idealism, but more generally it simply reflects an understanding that organized crime undermines any attempts to build working state structures, rebuild legitimate economies and acquire any kind of international legitimacy. It may well have been over-optimistic to believe, as one former separatist did, that 'with the right management and enough financing, the Donbas could rival a Swiss resort.' [140] Nonetheless, it was clear that it was almost impossible to develop legitimate economies in the midst of an undeclared war, not least as entrepreneurs faced not just predatory racketeering but a lack of access to licit markets and capital.

Aleksandr Zakharchenko, prime minister of the self-proclaimed Donetsk People's Republic. *© Dimitar Dilkoff/AFP via Getty Images*

The state structures cannot be written off in their entirety as mafia organizations or their puppets. Those who would see a more legitimate economy salvaged from the criminal one have seemed, though, apparently very much in a minority, for reasons both venal and pragmatic. So long as they remained unrecognized pseudo-states, the LDNR could not and cannot do without criminal profits to keep their economies afloat and pay off militia commanders and other key figures. Any attempt to change the current system might alarm Moscow and, more immediately, could well have led to a violent response by the criminals.

This was by no means a satisfactory situation for the local authorities. It even affected the conduct of the off-and-on hostilities along the line of conflict. It was not unknown, for example, for militia commanders to initiate hostilities – while claiming they were started by the government side – in order to justify exaggerated claims of ordnance and ammunition expended, in the expectation that in due course their stocks would be replenished (typically by the Russians, via the local defence structures). This would leave the unit with an over-stock, which would promptly be sold on the black market – and the delicate balance of power along the line of contact again disrupted.[141] Likewise, militias often put business opportunities above their duties. In one account, for example,

a militia was 'taxing' smuggling into the LDNR and began shelling a Ukrainian unit nearby. When the commander of that unit threatened to block the continued movement of trucks to the site where goods were unloaded to be smuggled across the border, the shelling promptly stopped.[142]

From 2015 to 2017, a series of assassinations saw militia commanders who were either especially wilful or especially closely linked with organized crime killed in attacks that displayed both inside knowledge and extreme professionalism.[143] Although these deaths have been blamed on Ukrainian assassins, the general assumption is that they were killed by criminals engaged by Moscow or even Russian Spetsnaz (special operations) forces as part of a purge to try to restore a degree of control over the militias.[144] Although their successors were generally lower profile and less overtly connected to criminal activities, this strategy does not seem to have worked. The number of incidents in which command and control found itself hijacked by corruption and complicity was considerable – and showed no sign of diminishing.

For Russia

Some Western officials and observers have described the Kremlin's use of criminality to both fight and fund its adventure in Donbas as a 'new paradigm' and a 'new hybrid playbook'.[145] In fact this seemed to reflect more than anything else a lack of a clear strategy, an ambivalence about quite what to do with the LDNR as hopes for a quick capitulation by Kyiv evaporated, a desire to hold on to some minimal deniability, and a need to keep down the costs of the operation. That Moscow appeared periodically

A pro-Russian poster in a Donetsk public-transport station reads 'Defend your motherland!' *© Nikolai Trishin/ TASS via Getty Images*

Russia may not so much shape the LDNR as come to resemble it.

to have to reach into the LDNR to withdraw, dismiss, undermine or murder political leaders and militia commanders – especially but not solely those linked to organized crime – demonstrated that there was an enduring challenge of controllability. There was certainly a keen awareness that criminals and militias did not generally make good soldiers, but more than that, there was a growing concern about the extent to which it made the LDNR less controllable, as well as generating a practical 'blowback' in Russia.

The flows of fighters returning to Russia, often traumatized by their experience, and of weapons illegally smuggled from the conflict, led in 2015 to a serious surge in violent crime, especially in the neighbouring Southern Federal District. The number of violent crimes rose in that year alone by 7.8% in Kalmykia and the Volgograd region; by 10.4% in Krasnodar; by 19.2% in Adygea; and by 23.4% in the Rostov region, which is where most of the fighters recruited in Russia were mustered, armed and then sent into the LDNR.[146] However, the flow of weapons – and men willing to use them – was also linked to a more general upsurge in gang-related violence, even in Moscow. As a result, increased border security measures were introduced, as well as extra support for local law enforcement. These responses were costly, though, and it is unclear how great an effect they had on the situation on the ground.

Blowback takes other forms, too. The proliferation of counterfeit and untaxed cigarettes, for example, also affected Russia. While the overall prevalence of illegal products in the Russian market is 17%, in the Rostov region it is as high as 44%.[147] This has even generated public dissatisfaction, especially in Rostov, where it has fuelled a rise in civil society movements dedicated to combating the problems of drug, cigarette and alcohol trafficking from the LDNR – and by implication criticizing the state's failure to address the problem.[148]

Even the sophisticated operation to smuggle coal and other materials to help support the LDNR economy and thus reduce the necessary direct subsidies was not as cost-effective as it may seem because of hidden expenses. Importing Donbas coal is hard on the Russian market, for example, because it has its own anthracite coal mines. Their involvement in the scheme has allowed Donbas coal to be 'laundered,' mixed with and re-certified as Russian coal before being exported abroad to the EU and Turkey, but it in effect it creates a competitor for domestic anthracite.

This helps explain why these schemes were often unpopular among the Russian businesses meant to be involved. According to a former Kremlin official, both President Putin and former Deputy Prime Minister Dmitri Kozak tried to find markets for Donbas commodities, encouraging Russian businesses, particularly in the metals sector, to trade with LDNR, but with little success. In March 2017, Kozak reportedly met with metals magnates Alisher Usmanov and Alexei Mordashev to encourage them to 'help Donbas' by supplying badly needed iron ore to the steel plants under Vneshtorgservis's control, even though the Kremlin officially denied the meeting ever took place.[149]

As a result of this lack of enthusiasm, the state seems to have to provide incentives beyond the financial. Although businessman Ruslan Rostovtsev clearly made some money, for example, the government appears to have been sufficiently keen to ensure his involvement that it was willing to offer a degree of wider impunity.

No crossing the lines. Pro-Russian soldiers block access to the Ukrainian frontier base near Sevastopol, March 2014. *© Viktor Drachev/AFP via Getty Images*

Rostovtsev was implicated in a major Moldovan money laundering scheme through which Russian shell companies syphoned off an estimated US$20 million between 2010 and 2014.[150] Russian authorities investigated the scheme, but Rostovtsev did not become a suspect, leading to speculation that he avoided being probed because of his support for a 'patriotic' project – helping the mining companies of Donbas.[151] Whether or not there was an actual trade-off in the case of Rostovtsev, there is little doubt that activities of businessmen working to help bolster the LDNR economy won favour in the Kremlin.

For the wider world

As discussed above, the lack of control, transparency and cooperation created by the war and the lack of legitimacy of the DNR and LNR facilitated a wide range of cross-border crimes, from gun-running to money laundering. Had that criminalized order become a 'frozen conflict' and effectively institutionalized, then the irony is that that just as the extra-legal role of one former 'black hole' to the east of Europe – the Pridnestrovian Moldovan Republic (PMR)[152] – declined, another much bigger one could have risen to take its place.

Like the unrecognized PMR, which seceded from Moldova in 1990–1992, the LDNR represented Russian-speaking enclaves under Moscow's patronage and dominated by criminalized, oligarchic regimes.[153] That said, there are some crucial differences. The PMR has no border with Russia, limiting the ease and cost-effectiveness of direct aid and covert exports, and Moldova is a rather different 'parent' from Ukraine. Indeed, Chisinau has made moves to encourage the integration of the PMR into its trade networks, and by extension into the EU, whereas Kyiv imposed a blockade on the LDNR.

Smoke rises from a power plant near Lugansk after Russian shelling, 22 February 2022. *© Aris Messinis/ AFP via Getty Images*

Igor 'Strelkov' Girkin also fought in the PMR's war to break away from Moldova,[154] but while it may have offered some ideological inspiration, it offered no great practical parallels for the LDNR, not least as their foundational circumstances were very different, and these conflicts were being fought out in different international circumstances.[155] However, there are comparisons worth making, especially as the potential is for the LDNR to become a 'blacker hole' than the PMR. The PMR is smaller, with a population of less than half a million, and essentially dominated by a single political cartel, whereas the LDNR is both larger and more politically and criminally variegated and dynamic. It also has a border with Russia, and already in effect operates illegal financial institutions, relying on South Ossetian banking.

As the LDNR became more integrated into Russian financial systems, however indirectly, its anomalous position as half in and half out of Russia's regulatory framework meant that it was beginning to assume a role as a new money laundering stopover that also spilled over into other regions. It was on the way to becoming part of an informal 'pseudo-state archipelago' along with South Ossetia and Abkhazia in Georgia and the Republic of Artsakh (Nagorno-Karabakh) between Armenia and Azerbaijan, also now in effect a Russian protectorate. As one NGO worker based in Abkhazia noted in 2020, goods from Donbas, and even holidaying members of the LDNR elites, had started to show up there since 2019.[156] Given Moscow's demonstrated increased willingness to use criminals as assets in its covert operations abroad, one of the LDNR's key values from its perspective could in general have been as semi-deniable, criminalized proxy states that could be used as a base for such activities, from laundering cash to staging cyber attacks.[157] In any case, the situation dramatically changed in 2022.

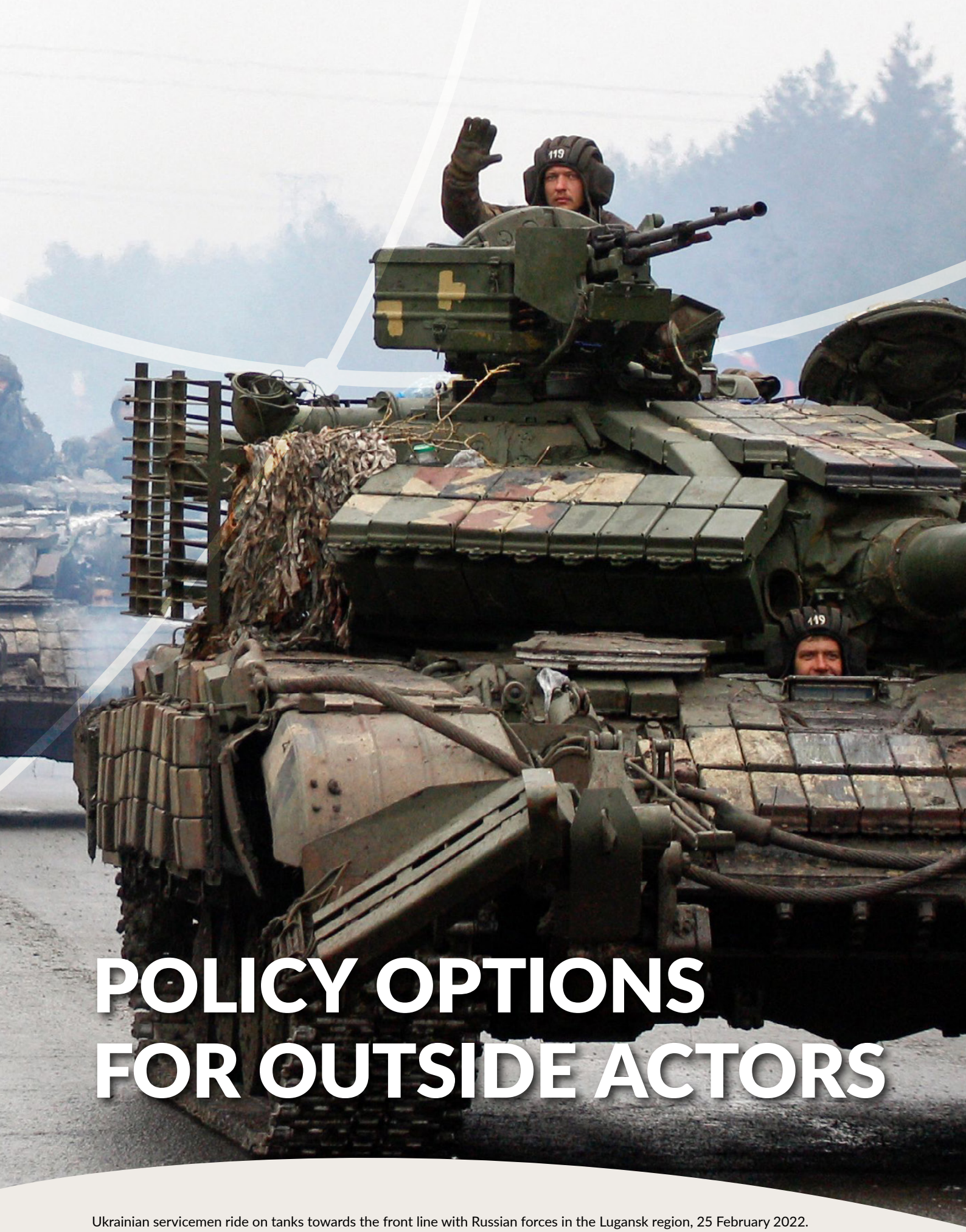
After the invasion

The immediate impact of the invasion on 24 February 2022 was to shatter the intricate structure of cross-border criminal cooperation. It is not simply that Ukrainian criminals suddenly became patriots, although the evidence suggests that even those who for so long had been willing to turn a blind eye to the political situation did decide that working with Russians was beyond the pale. It was also the case that the potential dangers in such cooperation dramatically increased. The Ukrainian authorities, and especially the SBU, made it clear that even the suspicion of Russian connections would bring heightened levels of scrutiny and punishment.

The second impact was the physical disruption of routes across Ukraine by the fighting: railways bombed, bridges destroyed, roads closed and armies warring along the Donbas front. This had a rapid effect on heroin trafficking from Afghanistan to Europe, for example. While on a strategic level, it seems that greater flows will return to the 'southern route' through Iran and Turkey, consignments already on the way were detoured via Belarus, the South Caucasus and – before increased border controls were introduced – Finland. Although at present they are not really working, in the longer term, if Russian criminals are able to control or access captured Ukrainian ports on the Azov Sea this could also provide them with new opportunities for smuggling. An SBU analyst warned that 'the Black Sea could become a Russian mafia lake'.[158]

The LDNR quickly became incorporated de facto into Russian military command structures, and not just the scope but also the need for covert funding operations diminished as Moscow began to directly bankroll them. In the medium term, this may even be institutionalized through annexation. However, Moscow will almost certainly have to operate through existing criminalized local elites and structures, at least in the short term, and has its own track record of corruption and illegality. There may be scope for future illegal trafficking south across the Black and Azov seas – especially if Russia retains control of the ports of Mariupol and Berdyansk – but, if anything, the smugglers of the LDNR will probably reorient themselves towards the east and move illicit goods into Russia. Indeed, Russia may not so much shape the LDNR as come to resemble it, forced increasingly to depend on sanctions-evading scams and money laundering schemes.

Over time, the experiences of other war zones from the Balkans to the Middle East suggest that, especially if the intensity of fighting diminishes, old routes and connections can be restored, even if on a smaller scale. Sanctions mean that there is even greater demand for a range of commodities in Russia, from microchips to luxury goods, that criminal groups could help to acquire. Considering the demand for heroin in Ukraine, to say nothing of the rebounding European narcotics market,[159] the temptations for criminals on both sides of the front line will be great. As one European Union official working with the Ukrainians admitted, 'It's almost certain that the old links will be reforged sooner or later.'[160]



POLICY OPTIONS FOR OUTSIDE ACTORS

Ukrainian servicemen ride on tanks towards the front line with Russian forces in the Lugansk region, 25 February 2022.
© Anatoli Stepanov/AFP via Getty Images

To a considerable extent, the following proposals would appear all now moot now, unless and until there can be some kind of resolution to the full-scale war initiated by Russia in February 2022. Indeed, especially in the light of apparent war crimes committed by its forces,[161] the claim that this whole conflict has been a crime under international law is made all the more compelling.

However, it is still worth considering the kinds of policy options that existed before February 2022 for three main reasons. First of all, they may offer insights into how addressing criminality can become a tool for conflict resolution in other contexts. Secondly, if the early signs of reconnection between Russian and Ukrainian criminals are anything to go by, some of these suggestions will still be valid. Finally, the other proposals may also again become relevant, depending on what happens in south-eastern Ukraine. As of writing, it appears that Moscow will annex to itself the LDNR but what it may do to other Ukrainian territories it has taken, if it can hold them, is less clear. It may also incorporate them into some new federal district of the Russian Federation, but it could opt instead simply to create new 'people's republics'. Given that these are likely to resemble in essence their Donetsk and Lugansk forebears, then the same pattern of criminalization is likely to follow.

The tragic paradox of the period 2014–2022 was that there is relatively little that could be done to fix the criminal problem so long as the undeclared conflict continued; and, conversely, the criminal problem exacerbated and perpetuated the conflict. This did not mean, however, that nothing could or should have been done. Rather, it should have been recognized just how far this was part of a much wider and more complex policy dilemma. The Donbas crisis certainly demonstrated how the international community, including its institutions (such as the UN and OSCE), has something of a blind spot when it comes to understanding the impact on conflict of political economy in general, and criminal political economy, in particular.

Addressing the criminal problem should not have been considered as something to await a resolution of the conflict in the Donbas, let alone a distraction from that process – it would have been essential for dealing with it. The political economy

of the conflict created a dynamic outside its formal, political grounds. Everything from the capacity of the LDNR regimes to sustain themselves to Moscow's willingness to maintain a conflict, which otherwise appeared not to have been worth the political and economic costs, was rooted in the criminal nature of the conflict. The very process of exploring and highlighting the issue would have been a start, but there were some specific policy options that the outside world could usefully have considered.

1. Maintain an impetus on law-enforcement reform in Ukraine.

In this area, there has been some useful assistance from the West since 2014. However, there have also been significant challenges, ranging from differences of emphasis, especially between the US State Department's Bureau of International Narcotics and Law Enforcement, and the EU Advisory Mission for Civilian Security Sector Reform Ukraine; in particular, these have been over the degree of 'paramilitarization' that was necessary and appropriate.[162]

Police reform – always a difficult challenge – also suffered from becoming embroiled in personal politics with the short-lived ascendancy of Georgians within the Ministry of Internal Affairs in 2014–2016, notably First Deputy Minister Ekaterina Zguladze-Glucksmann and Chief of the National Police Khatia Dekanoidze, both of whom stepped down in 2016.[163] Nonetheless, this has been an area of genuine progress, not least the fact that both the EU Border Assistance Mission to Moldova and Ukraine and the OSCE contributed to the drafting of the new police law in 2016, especially on its conforming to international human rights norms.[164] On a conceptual basis, the EU-funded Support for Rule of Law Reforms in the Areas of Police, Public Prosecution and Good Governance Project seeks to align police reform with the best European and international practices. There are also specific programmes in place such as the UNODC Global Firearms Programme's project to support work in countering firearms trafficking.

That said, there is a widespread perception that even before the invasion, law enforcement reform had, if not stalled, certainly run into political, social and institutional barriers. In particular, this related to the role of the SBU as at once intelligence and counter-intelligence service, and agency tasked with combating serious and organized crime. While practical support needed to be maintained – and ideally expanded – there also needed to be political encouragement for Kyiv to keep up the pressure for meaningful and productive reform across the law enforcement spectrum, from street policing to the SBU. Of course, with the Russian invasion and the need to address the threat of saboteurs and fifth columnists, any serious reform of the SBU is, for now, off limits.

2. Focus on rule of law in the context of the implementation of the Minsk Agreements.

The Minsk Agreements between Ukraine, Russia and representatives of the LNR and DNR, providing a roadmap towards resolution of the conflict, were drawn up in September 2014 and followed by the Minsk II package of measures

Graffiti depicting Putin on a building in Simferopol, Crimea. In the foreground is a military policeman.
© Alexander Aksakov via Getty Images

in February 2015. These failed to end the fighting, not least because of fundamental disagreements between Kyiv and Moscow over the sequencing of stages. However, in the absence of any alternative processes, the Minsk Agreements remained the only meaningful instrument for peace until 2022.

Much in the agreements related directly or indirectly to the criminal situation. The original protocol, for example, provided for local self-government in the LDNR, but only through the imposition of Ukrainian law (Point 3), which would have had considerable implications for the wider issue of rule of law in these regions , while amnesties for combatants (Point 6), would this also extend to militias' non-political crimes.[165] The more detailed Minsk II terms included not only local self-government (Point 4) and amnesties (Point 5), but also the rapid re-integration of a banking system (Point 8), which had essentially become a money laundry. Perhaps most crucially, Point 10 mandated not simply the withdrawal of 'all foreign armed formations, military equipment, and also mercenaries' but also the disarmament of illegal armed groups.[166] The question arises as to whether organized crime groups – whether or not they are operating as militias – would have been covered by this, and who would have carried out the disarmament. This specific issue is addressed below, but the main point is that discussions about the possible implementation of the Minsk Agreements almost entirely failed to consider the strictly criminal dimension of the conflict, which would have seriously undermined efforts to address it on a political and economic level.

Sanctions mean there is even greater demand for commodities in Russia, from microchips to luxury goods, that criminal groups could help to acquire.

3. Explore options for DDR that would meet both Ukrainian and Russian concerns, and the criminal dimension of the conflict.

Criminals given no alternatives to trial and prison will not lay down their arms: they will flee or fight. However unpopular it may be to consider the concerns of the nation that fomented the conflict, any viable demobilization, disarmament and reintegration (DDR) strategy that could have permitted an end to the fighting would have had to address everyone's concerns, including Russia's. Although amnesties for at least lower-level fighters were periodically discussed in Kyiv, it was obviously and inevitably politically problematic. Framing it within the context of a wider DDR strategy may have made it more palatable. At the same time, Moscow would not have consented to any resolution that would have seen angry and armed gangsters flood across its border, just as Kyiv rightly would not be have been willing to accept the survival of militarized criminal structures within a reintegrated south-eastern Donbas.

It is not acceptable to assert that DDR strategies need not have been addressed until a wider political agreement was achieved, as without the prospect of a viable DDR strategy, Moscow was not going to not let any talks advance to that stage. In the final analysis, this might have required some kind of UN, UN–OSCE or other multinational peacekeeping deployment.[167] If this were to have happened, then the issue of how to handle the criminal aspect of the situation on the ground would have had to be front and centre, as much for force protection issues as anything else. Considering how complex a mission this would be, it would have been crucial to consider these issues in advance, and not to have had to address them on the fly.

4. Place greater emphasis on monitoring the problem.

Much more could have been done on picking up early warning of, for example, higher levels of human trafficking. The OSCE Special Monitoring Mission was a civilian deployment of some 700 observers whose mandate was to monitor the security situation on the ground, including potential threats to human rights and fundamental freedoms.[168] Generally, the mission interpreted this largely to involve combat incidents, but it could have added reporting on trafficking routes or suspicious activity around infrastructure hubs and border crossings. Indeed, the fact that the Special Monitoring Mission was often denied access to these areas by militias (and sometimes also by government forces) is itself indicative. Recording and collating even these blockings would have helped further our knowledge of the situation on the ground.

Indeed, there would have been merit to having more seriously considered deploying an international police operation in the LDNR.[169] It might have been possible for gendarmerie-type forces, perhaps mostly from OSCE participating states, to complement the unarmed, civilian Special Monitoring Mission, especially if it had begun to venture into monitoring criminal activities more directly.

5. Find intermediary channels for cooperation without legitimation.

There were law enforcement officers and agencies in the LDNR willing before 2022 to cooperate on some level with their Ukrainian counterparts, but this was blocked by Kyiv's legitimate refusal to acknowledge the pseudo-states. If some neutral parties had been willing and able to act as intermediaries for basic information sharing, it would have both assisted law enforcement and represented a minor but welcome step towards reconciliation. However corrupt the LDNR structures, there demonstrably are still efforts from some within the police and magistracy to uphold the law.[170] In particular, there are certain criminal activities – especially the trafficking of women and minors for sexual exploitation – in which at least some within the LDNR law enforcement bodies appear genuinely to be seeking to apply their laws.[171] Even just minimal intelligence sharing through intermediaries would not only have helped address a pernicious trade, but also represented a small step towards rebuilding basic trust.

6. Reconsider the costs and benefits of the economic blockade.

Much of the illegal activity happening on an industrial scale in the LDNR, such as coal smuggling, was driven or excused as adaptive responses to Kyiv's economic blockade. Although Kyiv made some moves towards easing access, including renovating the damaged Stanytsia Luhanska crossing bridge, this was then overtaken by COVID-19 quarantine restrictions, and in any case represented very small steps.

Although the government's desire to inflict costs on the LDNR and Moscow was understandable and legitimate, it would have been useful to reach an informed assessment of whether the blockade was making sense in the form which had developed.[172] Better transparency and a partial easing of the economic blockade, combined with a clearer legal status for economic institutions would have had three positive effects: it would have disincentivized organized crime groups; opened more opportunities for businesses in Donbas that would have preferred to operate legitimately; and disrupted an absurd paradox in which Ukraine ended up buying coal stolen from itself. As the Independent Defence Anti-Corruption Committee put it:

> Legalising some of the trade would enable the Ukrainian state to increase its control over the movement of goods, gain revenue from it, and reduce the [LDNR's] dependence on Russian and Belarussian products. It would build trust with the residents of the uncontrolled territories. And partial permission for trade would reduce the incentives for individuals to take part in it, and contribute to shrinking the volume of illegal trade.[173]

Of course, now the 'economic blockade' is vastly more extensive and levelled on all of the Russian Federation. Any resolution of the status of the LDNR will have to be part of much wider negotiations, but a true and lasting end to hostilities will precisely require a peace process. In that context, as the criminalization of the LDNR may actually affect Russia all the more sharply, as reconstruction on both sides of whatever frontiers emerge will inevitably create new underworld opportunities, and in which there may well be serious weaknesses in law-enforcement capacity for years to come, addressing the criminal dimension of any settlement will remain a necessity.

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