

**GLOBAL
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AGAINST TRANSNATIONAL
ORGANIZED CRIME

PORT IN ASTORM

Organized crime in Odesa
since the Russian invasion

SEPTEMBER 2023



PORT IN A STORM

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since the Russian invasion*

September 2023

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A photograph of a port area, likely Odesa, showing large cranes, shipping containers, and a curved walkway in the foreground. The scene is overcast and appears to be a construction or industrial site. The text "EXECUTIVE SUMMARY" is overlaid in large white letters.

EXECUTIVE SUMMARY

Odesa's once-busy container port has been at a standstill since the Russian invasion in February 2022.

© Giuseppe Anello via Alamy Stock Photo



Odesa is a city of immense importance to Ukraine. Its port is the gateway through which most of Ukraine's trade with the world is conducted, but it also holds a deeply symbolic place in the country's heart – the so-called 'Jewel of the Black Sea'. It has also long been one of the most criminalized cities in Ukraine,¹ both in terms of illicit flows through its port (including drugs, weapons and contraband) and the high levels of corruption around the construction industry, law enforcement, the criminal justice system and the customs agency. The city itself was also a stronghold of pro-Russian sentiment, even after the 2014 Maidan Revolution, which ousted President Viktor Yanukovich (who was politically close to Moscow), the conflict in the Donbas and Russia's illegal annexation of Crimea.

The Russian invasion of Ukraine dealt a severe blow to organized crime in Odesa. With the city under curfew and heavily patrolled, street crime rates dropped dramatically. The container port was forced to shut down following the Russian naval blockade (which coincided with the invasion), causing flows of contraband and drugs to dry up. The war has also deprived the city of its usual droves of tourists, whose presence would bring an annual summer spike in demand for illicit sex work and drugs.

The invasion also split the Odesa underworld along 'patriotic' lines. Before the invasion, organized crime did not distinguish between pro-Russian and pro-Ukrainian criminals, but the events of February 2022 brought a rapid recalibration, with pro-Russian criminals forced to go underground or leave the city, and pro-Ukrainian criminals adopting a hyper-patriotic stance, although this may have been more a matter of expediency for some. Several criminals who left Odesa reportedly linked up with associates in Europe and engaged in low-level criminality, with a view to moving on to bigger things once the right connections were made.

For the most part, organized crime in Odesa has been forced to 'eat the fat' accumulated over previous years, with the Security Service of Ukraine (SBU) and other law enforcement agencies using the war to bring organized crime under their control. There have been some opportunities for corruption around the grain corridor and at the Danube River ports of Reni and Izmail in Bessarabia to the south-west, which saw a huge uptick in cargo volumes due to the blockade of Odesa's port and where a surge in smuggling and drug trafficking was also reported.² The region of Bessarabia in the south-west of Odesa oblast, where organized crime dynamics are markedly different from those in the city, also saw a dramatic rise in conscript smuggling during the first two months after the invasion.

Prognoses regarding the post-conflict period in the city of Odesa differ dramatically, but there is a common fear of the destabilizing effect of returning veterans, not so much for their potential as hired muscle or killers, or the risk that they might form organized criminal groups, but for the chaotic violence and heightened street crime that traumatized (and in some cases drug-dependent) ex-combatants may perpetrate, which may disrupt the organized crime–state compact currently in place. Fears of future Russian aggression even after the war ends are also playing a part in criminal thinking, prompting some criminals in Odesa to argue for keeping weapons rather than selling them, especially as prices (and profits) are relatively low and the logistics of trafficking complex.

But, for most, the state represents the cause of greatest concern. Ukrainian President Volodymyr Zelensky's management of the war has convinced many to set aside issues of corruption and centralization of power under the President's Office for now, but there is growing recognition that domestic issues must soon be addressed to forestall an autocratic slide that would in the eyes of many be a betrayal of the suffering and hardship Ukraine has experienced during the war. Indeed, one interviewee raised the prospect of another revolution should the Ukrainian government fail to deliver on much-needed and long-promised reforms – an opinion that has been echoed elsewhere.³

Yet in Odesa, where informal and back-channel decision-making are embedded across society, reform efforts will have to extend beyond government institutions and agencies to change a culture that relies on personal connections and 'solving problems'. This, in turn, may generate pushback and friction among a populace fighting to maintain and improve Ukrainian democracy, yet also keen on preserving their city's unique character.


This report assesses the major changes in the political economy of organized crime in the city of Odesa and the region of Bessarabia, Odesa oblast, since the Russian invasion in February 2022. It is based on fieldwork conducted by the GI-TOC in Odesa in May and December 2022 and in May 2023, an interview with an expert on the vory in Kyiv, and a desk review of open-source information published in Ukrainian, Russian and English.



INTRODUCTION

‘A SPECIAL CITY’

The National Academic Opera and Ballet Theatre, one of the city's most famous landmarks, is seen during the opening of the Odessa International Film Festival in 2021. © Viacheslav Onyshchenko/SOPA Images/LightRocket via Getty Images



It's Odesa,' our interviewee says with a shrug – and so ends any number of questions about the way of life in Ukraine's Black Sea city. Its inhabitants are proud of the fact that Odesa is special – a place that has to be understood on its own terms, according to its own logic.⁴ Established as a port town in 1794 by Russian empress Catherine the Great, it has for centuries been the most cosmopolitan city in Ukraine, hosting one of the largest Jewish populations in Europe, as well as Chinese, Vietnamese, Polish, Greeks, Georgians, Azerbaijani, Romanians, Roma and Russians. Its streets are a grid of colourful baroque houses and magnificent trees – the legacy of Italian architects hired by Odesa's first mayor, the Duc de Richelieu, to beautify the city.

Behind the beauty lies an economic powerhouse. Before the war, Odesa's beaches, restaurants and nightclubs drew in millions of tourists every year, both domestic and international. But the city's real source of wealth lies in its deep-water port and range of industries, which have made Odesa Ukraine's most important city for global trade. Before the Russian invasion, ships bearing vast quantities of the country's foodstuffs supplied 10% of the world's wheat market and more than 50% of the sunflower oil market, along with exports of fertilizer, metals and chemicals (one Odesa company produces 65% of the world's neon, used in the manufacture of semiconductors).⁵ Imports from across the world arrived at its container terminal for onward transit by rail to elsewhere in Ukraine and to Moldova and Romania. Odesa is also home to the country's biggest oil and gas terminal (the OMTP Oil district) and shipyards, as well as the Odesa Port Plant, one of the largest producers of mineral fertilizers in Ukraine.⁶

But the city also has another side. Like many emerging port towns, 19th-century Odesa quickly developed a febrile atmosphere of smuggling, gambling, prostitution and general licentiousness. Prominent Jewish gangsters soon emerged, many of whom were mythologized in Russian author Isaac Babel's *Odessa Stories* (1924). One of most notorious was Mishka 'Yaponchik' ('The Japanese'), who in the 1910s reportedly imposed Odesa's first criminal 'code' based on that of the Yakuza.⁷

Odesa's criminal landscape changed dramatically during the communist period and the Nazi occupation during the Second World War, which saw the decimation or emigration of much of the city's Jewish population. A further recalibration took place in 1991, when Ukraine claimed independence in the aftermath of the collapse of the Soviet Union. Odesa was now open to the forces of globalization and free-market economics, which coincided with a rise in transnational organized crime in the post-Soviet period and beyond.

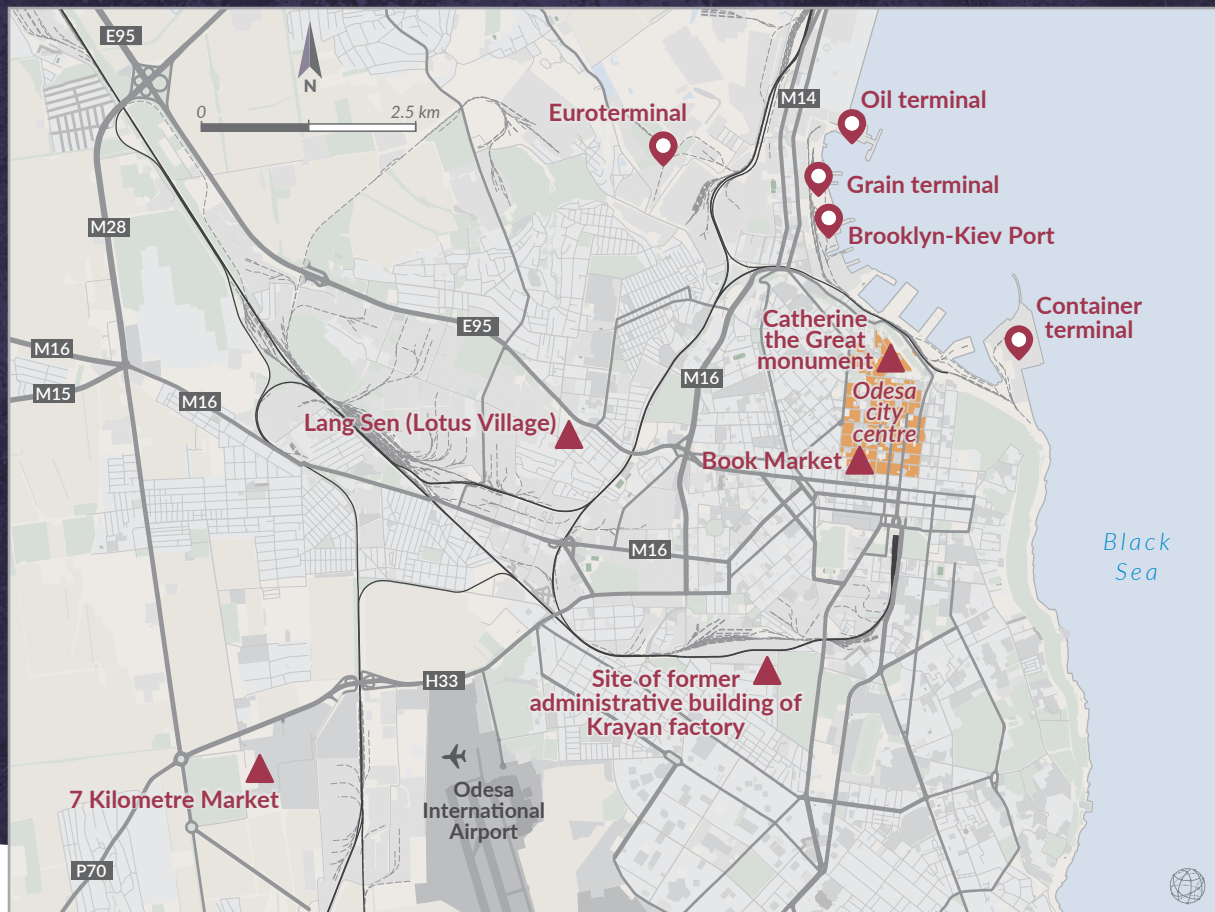
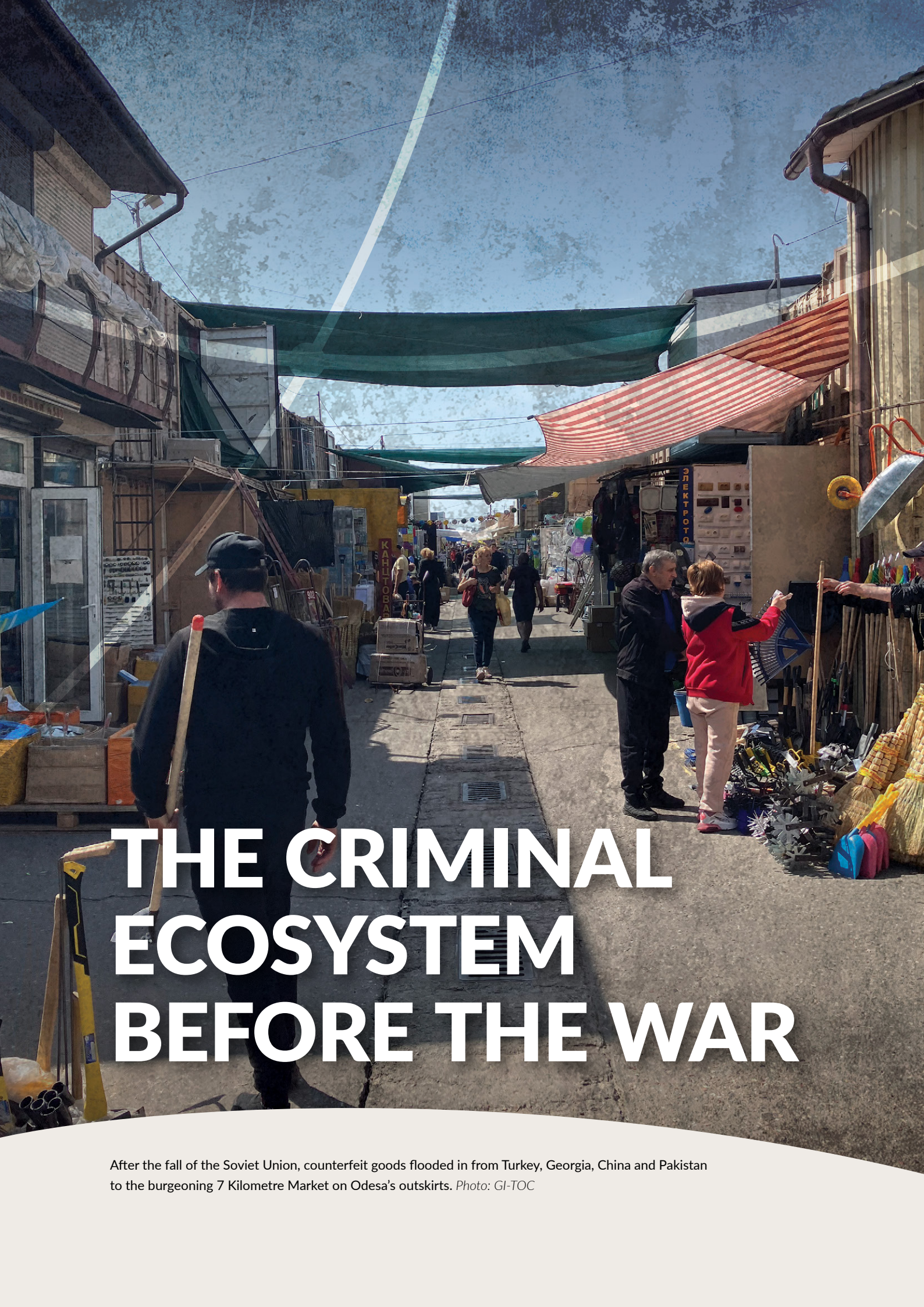


FIGURE 1 The city of Odesa, showing key locations discussed in this report.


Odesa's port had long been a channel for smuggling and criminality, but after the fall of the Soviet Union the scale and possibilities changed dramatically. It became the gateway for nearly every kind of consumer commodity, both licit and illicit: counterfeit goods flooded in from Turkey, Georgia, China and Pakistan to the burgeoning 7 Kilometre Market on the city's outskirts; later, containers carrying hundreds of kilograms of cocaine from Latin America generated millions of dollars for drug traffickers rerouting the substance to Europe, and precursors from China would supply the nascent domestic industry of synthetic drug production, which took off after 2015.⁸

The port's connections also positioned Odesa 'at the crossroads of Ukraine's illegal gun trade', which boomed as a consequence of the large and poorly managed Soviet-era arsenal, although the city took a prominent role in the legal trade in weapons too – often to buyers of dubious global standing.⁹ Odesa also became a major hub in the international sex trade, with Ukrainian women and foreign nationals trafficked both to and within Odesa and across the world.¹⁰ The 1990s also saw a diversification of the criminal landscape as incoming minorities like the Chinese and Vietnamese, some of whom had initially been involved in the human trafficking trade, established themselves in the city as independent criminal actors. In 1998, then prime minister Valery Pustovoitenko described Odesa as 'the most crime-infested city in the country'.¹¹



THE CRIMINAL ECOSYSTEM BEFORE THE WAR

After the fall of the Soviet Union, counterfeit goods flooded in from Turkey, Georgia, China and Pakistan to the burgeoning 7 Kilometre Market on Odesa's outskirts. *Photo: GI-TOC*



The perception in Odesa is that there is a clear break between organized crime and what is termed 'legalized' crime – the ecosystem of high-level corruption that facilitates the lucrative construction market, the smuggling of drugs in industrial quantities and financial crime, as well as corruption within state bodies.

Invariably, the truth is more complex. Overlapping areas of authority, interest and affiliation mean that the worlds of organized crime and 'legalized' crime are frequently enmeshed, while corruption is the essential facilitator for both. Odesa's status as a port city means that the boundaries between different types of criminality are especially permeable, with containers of cheap counterfeit goods destined for sale on the 7 Kilometre Market arriving at the port alongside containers loaded with millions of dollars' worth of cocaine. The routes, markets and clients for these and other criminal products and services may be very different, but there are still points of convergence and intersection.

That said, the division is useful as a means of revealing the criminal layering of Odesa, and as such is used to frame the analysis below.

Organized crime

One consequence of Odesa's cosmopolitan make-up is the predominance of criminal actors from various ethnic groups. Alongside Ukrainian and Russian groups, Chinese, Vietnamese, Azerbaijani, Chechen, Syrian, Turkish and Georgian criminal groups, among others, are all active in the city, and for the most part, co-exist with relatively little friction. Indeed, organized crime in Odesa has been described as following a kind of model of self-regulation: 'Different groups in the city don't talk to each other, but if one tries to beat down on another, all the others beat down [on them] to maintain order,' said one underworld source.¹² Violence, when required, 'is done very quietly'.¹³ In a phrase heard from almost every source during fieldwork in Odesa in May 2023, the emphasis in the city is on 'solving problems' without attracting the attention of the public or law enforcement, both of which are bad for criminal business.

This framing, of course, is only partly true. Some ethnic groups do operate independently, notably the Chinese and Vietnamese, who have been described as living in their 'own worlds', both metaphorically and literally (in their own compounds). However, they are not immune from other criminal activity, with one underworld source alleging that Chinese, Vietnamese and other traders and smugglers at the 7 Kilometre Market had their merchandise stolen 'by the truckload' by ethnic Gagauz criminal actors.¹⁴ Other groups actively jostle for supremacy in Odesa, and competition for certain illicit revenue streams is sometimes fierce.¹⁵ And while there may be aspects of horizontality between groups, there is also a strong hierarchical influence over certain aspects of the underworld in the shape of the vory of Odesa, a criminal subculture that emerged in Soviet prisons in the 20th century.



Lang Sen (Lotus Village), a gated compound where many Vietnamese nationals live, highlights the degree to which several ethnic groups in Odesa exist in their 'own worlds'.

Photo: GI-TOC

7 Kilometre Market

The 7 Kilometre Market began in the early 1990s with two rows of people selling leather products off newspapers laid on the street, but quickly grew into one of the largest markets in Europe. Located on the outskirts of Odesa – and outside the city's formal jurisdiction – the market has become known as a place where 'you can buy anything, counterfeit or legal'.¹⁶

Turkish and Vietnamese nationals deal in textiles – Turkish textiles are imported, while some Vietnamese used forced labour to produce counterfeit textiles in Odesa itself.¹⁷ Using their international trade connections, the Chinese sell a huge range of imported consumer goods, including contraband, and also exchange money at better rates than in the city.¹⁸ Syrians handle perfumes, either counterfeit or

smuggled, with the latter selling for less than half the duty-free price.¹⁹ A Syrian with the surname Hooker, known as 'The Kurd', is reportedly one of the mediators between the 7 Kilometre Market and the police.²⁰

In 2018, the market came under the control of Strategic Investigations Department (DSR), which is part of the Ukrainian police service but operates independently. Security at the market is a joint venture by the DSR and local criminals, who compel the traders to take out security contracts. DSR officers also help 'solve problems' with other police and the migration service (for example, helping Chinese migrants renew their papers, or protecting illegal immigrants).²¹



Above: Located on the outskirts of Odesa, the 7 Kilometre Market is a hub for both licit goods and counterfeit products. Left: Counterfeit perfumes for sale at the 7 Kilometre Market, May 2023. Photos: GI-TOC

The vory of Odesa

Before the Russian invasion, larger aspects of criminal control in Odesa were decided among the vory, or 'thieves in law', members of mafia-style organizations that emerged in Soviet penal camps and became influential in Russia, Georgia, Ukraine and other post-Soviet states.²² Although the influence of the vory is much diminished from their Soviet heyday, Odesa's vory (who hail from across the post-Soviet sphere, including Azerbaijani, Chechen and Georgian nationals) retain some influence in the local and national criminal underworlds.²³

According to one expert on the vory underworld, Odesa became the arena for solving issues among representatives of the highest caste of the criminal world after the Maidan Revolution in 2014, although interestingly these issues concerned organized crime outside Ukraine.²⁴ Ironically, Odesa also became the arena for local power struggles too. An influx of various thieves in law into Odesa between 2014 and 2019 saw heightened tension in the underworld. This more volatile situation has been ascribed to the 2009 deportation of Georgian vor Antimos (Antimos Kakhilava), also known as 'Grandfather', who came to Odesa in the early 1990s and was generally believed to be overseeing organized crime in the city.²⁵ Even after his Ukrainian citizenship was restored, Antimos chose to stay away during the tenure of Odesa governor Mikheil Saakashvili, the former Georgian president who had led a purge of the vory in Georgia.²⁶ Antimos attempted to return to Odesa at the end of 2016 but, closely watched by law enforcement, soon left for Turkey again.²⁷

By November 2019, Georgian-Azerbaijani crime boss Nadyr Salifov 'Guli' had emerged as the most prominent vor with influence over Odesa.²⁸ Other influential figures who have been accused of being vory in the press include the Georgian vory 'Omar Ufimsky' (Omar Bekayev, who was deported to Russia in 2013, where he was imprisoned on charges related to organized crime) and 'Lavassogly Batumsky' or 'Mindia' (Mindiya Goradze, who was on INTERPOL's most wanted list for activities related to organized crime), the Ukrainian vor 'Poltava' (Volodymyr Dribnyi) – one of the few vory to actually live in Odesa, where he allegedly oversaw the communal criminal fund (*obshchak*) – and the Ukrainian

vor 'Sharik', who is alleged to have operated not only in Odesa but also the regions of Kherson, Mykolaiv, Zaporizhzhia and occupied Crimea.²⁹

Without a settled hierarchy, all the major players attempted to project influence at arm's length, with mixed results. In mid-2020, Volodymyr Dribny 'Poltava' died, and Mindia, who had a reputation for solving issues by force, launched an attempt to consolidate control over the Odesa underworld. After Nadir Salifov 'Guli' was killed in Antalya, Turkey, in August 2020,³⁰ a struggle broke out for control of Odesa's cocaine retail market and jails. The Odesa cocaine market is relatively small compared to Kyiv's, requiring only 5 kilograms a year, but is still lucrative, owing to the very high price of cocaine. Prisons are also often good sources of illicit income: a normal colony can generate half a million hryvnias (UAH) (approximately US\$13 500) a month through various criminal schemes.³¹

According to a local journalist, Mindia was apparently successful in seizing control of the Odesa underworld and placed his 'watchers' across the Odesa region to oversee his interests, but his victory was short lived.³² Deported and detained in Belarus at the request of Georgia (who had sentenced Mindia to 12 years' imprisonment in 2018), Mindia managed to get himself released and attempted to come back to Ukraine in January 2021.³³ After a three-day showdown at Odesa International Airport – which included a fight on the plane's gangway, Mindia threatened to swallow razor blades (to force entry to Ukraine) and several destination countries refusing to accept him – he finally chartered a flight to Montenegro.³⁴

Mindia's enforced exile was one of a number of growing signs that the operating space for the vory on Ukrainian soil was decreasing before the invasion. In May 2021, Mindia, Bekayev and Antimos, along with many other underworld figures linked to Odesa, were all included on National Security and Defence Council sanctions lists, blocking their assets and formally barring their entry into Ukraine.³⁵ But despite these official obstacles, Mindia has reportedly been allowed to continue running his businesses in Odesa remotely: according to a journalist with extensive knowledge of the underworld, Mindia currently controls some 80% of Odesa's prisons.³⁶



At the Book Market ('The Book') in Odesa, there are few books but much contraband on sale. Photo: GI-TOC

By the Book

Influential as they may be, the vory are not the ultimate arbiters of Odesa's underworld. As was repeatedly made clear to us in interviews, no significant criminal business in Odesa can be conducted without the sanction of the police or SBU. All ethnic groups must have a relationship with law enforcement in order to function – the all-important protection (*krysha*, literally 'roof').³⁷ If disputes arise in the criminal world, law enforcement will resolve them, sometimes by sanctioning other forms of criminality. We were told of one case in May 2023 in which members of the Gagauz stole a container of socks worth US\$1 million from the 7 Kilometre Market, which, in the view of one underworld source, 'couldn't have happened without a prior agreement with the police'.³⁸

At the centre of the management of organized crime in Odesa is the Book Market in the heart of the city, universally known as 'The Book'. Despite its name, there are few books on sale: instead, many of the stalls stock foreign-branded cigarettes, sweets and detergents, much of which is contraband. You can also illegally exchange currencies at a rate that is higher than in banks. This state of affairs may seem strange, considering that the headquarters of the SBU and the police are on the same street, until one understands the real purpose of The Book.

Between 9 a.m. and 11 a.m., informal summits are held at the small round tables next to one of the cafés in the market. During our visit in May 2023, a journalist pointed out SBU officers, police, prosecutors, deputies (locally elected representatives) and criminals, all of whom come to the neutral ground of The Book to solve problems over a cup of coffee. Meetings to reach agreements and settle disputes are also held in the surrounding cafés, allegedly belonging to high-ranking law enforcement officers who promise not to use wiretaps.

The Book, then, highlights the commonality between the worlds of organized crime and 'legalized' crime: both are underpinned by informal, or shadow, decision-making that circumvents and subverts institutional processes. But while similar in logic, they are vastly different in scale. The canvas of 'legalized' crime goes well beyond The Book, reaching into City Hall, the infrastructure of the port, all manner of state agencies and even Kyiv itself.

'Legalized' crime

According to many in Odesa, the real money is not to be made in the outright illegal realm, but rather in the upperworld, where the revenues streams are an order of magnitude larger. Odesa's sizeable economy, diversified across several sectors, offers a series of entry points for those looking to capitalize, as it has done for hundreds of years. Indeed, Odesa has long been famed as the home of the schemer, from the nineteenth-century criminal legends to the modern-day waiter who tries to sell you real



estate while bringing you a drink.³⁹ All that is required is the nous to devise a sufficiently intricate scheme to divert some of the flow.⁴⁰

The state – and its vast asset holdings – offers many opportunities for those seeking self-enrichment. According to an official at the state property fund in Odesa, there had been ‘a whole zoo of schemes’ involving the allocation of state land and assets before the launch of the ProZorro online auction system in 2014 – a period when large decisions often rested in the hands of a single bureaucrat.⁴¹ In many cases, private companies who had rented land would strip its infrastructure assets or work the system to acquire the land itself, sometimes through orchestrated court disputes with other private parties. State agencies also informally rent out their own allocated land, generating shadow income for the officials in charge – who in turn resist any effort to privatize their rent-paying fiefdoms. All this had the effect of turning state assets into ‘corrupt feeding grounds’, in the words of the official.⁴²

Just like in other regions of Ukraine, and especially in the larger cities, one of the most common forms of corruption in Odesa involves the awarding of permits in the construction industry. Construction is extremely lucrative in Odesa, with the city’s real estate commanding the second-highest property prices after Kyiv. However, obtaining construction permits is virtually impossible in Odesa without resorting to bribery,⁴³ and it costs thousands of dollars to have land issues even discussed at the council.⁴⁴ Worse, any successful private venture is also liable to be tapped by corrupt officials for additional payments in order to overlook the ‘irregular’ acquisition of permits. A senior government official claimed that a well-known local restaurant had been bought by a private company using an investment scheme that allowed the owners to renovate a portion of the restaurant before buying the rest at a nominal price.⁴⁵ The restaurant flourished, attracting the attention of corrupt officials who in return for a bribe every six months or so were willing to overlook the irregular nature of the privatization process and possible oversights in acquiring the necessary permits.

The collective impact of the pre-Maidan privatization process, the resistance of state officials to privatize their fiefdoms and the impact of criminal investment schemes has

The booming construction market in Odesa offers many opportunities for organized crime and corruption.

© Ivan Naberezhnyy/Moment via Getty Images

deeply degraded the state's holdings and their economic potential. 'If we had privatized 15 years ago,' the official reflected ruefully, 'many state assets would be viable businesses, instead of ruins.'⁴⁶ Although the launch of ProZorro has, in the words of the official, been a 'breakthrough', bringing much needed transparency and accountability to the procurement process, it can only reach so far. While it is possible to vet the companies bidding for state assets on ProZorro, officials do not have the authority to check the probity of secondary backers providing loan money, guarantees or collateral for the bid, which in turns creates the space for money laundering.⁴⁷

Odesa is distinguished by the high political profile of some of the actors reportedly involved in corruption around construction, the biggest of which is the long-time mayor of Odesa, Gennadiy Trukhanov. The 2016 Panama Papers revealed evidence that (contrary to his public income declaration), Trukhanov appeared to have significant interests in a range of offshore-registered construction companies and projects, several of which had received state funds for work, and he has been repeatedly accused of corruption involving the allocation of land. He has similarly denied all of these allegations.⁴⁸ At the heart of one of the biggest cases against him – still ongoing at the time of writing – is the charge that he organized a council vote in September 2016 to buy the old Krayan factory administrative building for almost 50 times the price it had sold for only a few months before, indicating a possible attempt to embezzle public money.⁴⁹

According to the Kyiv Independent, Trukhanov claimed that the cases against him were fabricated.⁵⁰ He pleaded not guilty to the charges and was acquitted in 2019. However, this acquittal was later overturned in 2021 by the High Anti-Corruption Court's appeal chamber.



The former administrative building of the Krayan factory, which is at the centre of a legal dispute against the mayor of Odesa, Gennadiy Trukhanov.

Photo: GI-TOC

The Odesa big three: Trukhanov, Angert and Galanternik

Trukhanov's case is also illuminating not just because he represents an example of a high-level official who has allegedly engaged in corruption, but for how his career seems to offer an interesting qualifier to the notion of a hard divide between organized crime and 'legalized' crime. Trukhanov first came to the public's attention in the 1990s. At the time, Odesa was unofficially controlled by Viktor 'Karabas' Kulivar, who brought discipline to both the upperworld and underworld in the city after the chaos of independence. Karabas arbitrated commercial disputes for a 10% fee, confined drug dealers to a certain part of the city and maintained order with minimal violence.⁵¹ According to an activist with extensive knowledge of Odesa's political history, many people in the 1990s respected gangsters for making and enforcing simple rules, and regarded the *krysha* (protection) not as straightforward extortion, but as a cost of maintaining a semi-stable business environment.⁵² Karabas was also interested in illegal oil exports, profiting from the opening of the Russian oil market to global prices after the fall of the Soviet Union.

At this time, oil was a central concern of another organized criminal group in Odesa, the so-called 'oil mafia' who also became involved in illegal exports of Russian oil. The Organised Crime and Corruption Reporting Project has published a 1998 Italian police report that has identified several members of this group, including notorious gunrunner Leonid Minin, Alexander 'The Angel' Angert and Trukhanov, who was running a security firm at the time.⁵³ The report also alleged that Belgian police considered Trukhanov to be Minin's bodyguard.⁵⁴ According to media reports, Vladimir Galanternik, an Odesa-born businessman who had originally worked under Karabas's 'roof', became a business partner

of Angert and Trukhanov after Karabas's assassination in 1997, and was even known as Angert's 'accountant'.⁵⁵

Angert and Trukhanov then took very different paths. After becoming the city's kingpin, Angert turned more secretive, wielding power from the shadows while legalizing his businesses.⁵⁶ Meanwhile, Trukhanov sought and won political office, first serving as a deputy on the city council before being elected to the Verkhovna Rada (Ukrainian parliament) in 2012. But the ousting of President Viktor Yanukovich in the 2014 Maidan Revolution profoundly changed Trukhanov's self-positioning. Yanukovich, who had direct ties to organized crime, came in with a mandate very similar to that of the 1990s gangs: to restore order and solve problems, albeit with staggering levels of corruption. His fall shattered the old image of the 1990s generation as enforcers of rules – seeing the change in the wind, Trukhanov was quick to distance himself from his own underworld ties.⁵⁷

Despite the turbulence of the Maidan Revolution and the violent clashes between pro-Russian and pro-Ukrainian supporters in Odesa on 2 May 2014, Trukhanov (who has long been accused of pro-Russian sympathies – allegedly at one point holding a Russian passport – and who was a member of Yanukovich's Party of Regions) was elected mayor of Odesa in 2014 and quickly cemented his position with a deft populist touch, facilitated by popular public works and his influence over media.⁵⁸ Former Georgian president Mikheil Saakashvili was brought in by President Petro Poroshenko in May 2015 to tackle Odesa's corruption and organized crime problems, but aside from isolated successes, made little headway in bringing reform. The 2015 mayoral election saw Saakashvili's candidate Sasha Borovik defeated and Trukhanov again triumphant, amid allegations of mafia machinations.⁵⁹

'In Odesa, politics is the public face of the mafia.'

ACTIVIST, ODESA, MAY 2023

In the eyes of many, Odesa had become a law unto itself – and the big three were now firmly in charge. In an in-depth *Kyiv Post* investigation, anti-corruption activists claimed that, after 2015, Trukhanov, Galanternik and Angert 'turned Odesa into their private fiefdom, awarding the most lucrative land and municipal contracts to their own companies'.⁶⁰ Borovik alleged that the trio 'control the port, infrastructure, commerce and the City Hall, influence a big part of the local media and also control the Odesa street through local fight clubs and have the local elections commissions in their pocket'.⁶¹ Odesa's 1990s underworld had produced the new rulers of the city, but it is unlikely that a similar feat could happen now, given that the turbulent power dynamics of the post-independence period, when organized crime took on a governance role, have been replaced by a more structured democratic status quo.

Parallel power: The shadow state

Trukhanov is not the source of all Odesa's ills, although he may have made some of them worse. For decades, the city has run like up a scaled-up version of *The Book*, where informal decision-making, cronyism and money has long trumped process and transparency.⁶² This has led to the creation of a dual state: the public-facing version and the one in the shadows where the real decisions are made and the real money is paid. As with organized crime, those seeking to run a business in Odesa must make the necessary payments: from the bar owner forced to pay US\$800–US\$1 000 a month to have outside seating, right up to the city's famous – and lucrative – beach complexes. The state reportedly receives

UAH10 million to UAH15 million (roughly US\$270 000–US\$400 000 in mid-2023) per year from the beaches; unofficially, each beach complex pays US\$1 000 a month. With over a hundred complexes in Odesa, this would in theory equate to a shadow revenue of over US\$1.2 million per year.⁶³

The port's licit and illicit economies are entirely under the control of state agencies; several sources noted that no local criminal actors operate at the port. Before the war, the DSR dealt with the smuggling of goods and the importation of cars through the port, while the SBU handled drugs (although often itself involved in smuggling). Other agencies also have jurisdiction over the port, most obviously the State Customs Service, but also the State Phytosanitary Service, the State Border Guard Service and the Sea Ports Authority.⁶⁴ As Odesa's trade has increased – Ukraine's seaborne container turnover (for which Odesa is mostly responsible) grew by almost a third between 2013 and 2021 – many officials have found themselves in charge of a swelling river of lucrative goods, and they have made sure to get their cut.⁶⁵

Vadym Alperin: The 'godfather of smuggling'

As with crime more generally in Odesa, there is a clear division in the smuggling ecosystem between the lower and upper spheres. The local underworld realm of smuggling – the drug retail market and the sale of contraband at the 7 Kilometre Market, for example – represents relatively small change in the grand scheme of things. The real money is made in the world of 'legalized' crime – by corrupt officials, mainly in the SBU and State Customs Service, who enable smuggling of all kinds,⁶⁶ and by businesspeople who combine industrial-scale smuggling with licit businesses that can be used to launder the dirty proceeds, particularly through construction.

One of the most high-profile of these businesspeople is Vadym Alperin, a former deputy in the city council who Zelensky called the 'godfather of smuggling' in 2019. Alongside interests in real estate, transportation and cargo brokering, Alperin has also been accused of running counterfeit factories (making cigarettes and alcohol) and of engaging in customs-evasion schemes that are estimated to have cost the state more than US\$29 million. In November 2019, the National Anti-Corruption Bureau

(NABU) arrested Alperin (who had offered the agency an US\$800 000 bribe in 2017 to unfreeze his assets) on charges of forming an organized criminal group, tax evasion and abuse of office.⁶⁷ (In December 2019, Alperin was released on bail.⁶⁸) Alperin was also sanctioned before the Russo-Ukrainian war by the National Security and Defence Council – an act that drew criticism of Zelensky, as the council can only officially issue sanctions against terrorists.⁶⁹

Former city council deputy Vadym Alperin's massive housing development, 7 Km Sky. *Photo: GI-TOC*



Yet, ultimately, the real power in Odesa lies far away in the nation's capital, Kyiv. The drug trade at Odesa port – which one source estimated as being worth US\$10 billion – is reportedly coordinated by high-ranking officials, usually in law enforcement, with protection from heavyweight political figures, in tandem with international partners and local officials at the port itself.⁷⁰ As within Odesa, a system of shadow payments applies between Odesa and Kyiv: actors must share the wealth with those up the chain and are given a certain quota they have to bring in monthly. Often this is in addition to regular taxation: the customs department, for example, allegedly has to provide an unofficial payment of US\$1 million each month to partners in Kyiv, while the head of the tax office reportedly sends US\$40 million in addition to official tax revenues.⁷¹ According to an investigation by the *Kyiv Post*, Kyiv's interests in Odesa were allegedly overseen by Boris Kaufman and Alexander Granovsky, two individuals who are believed to have vast influence in Odesa and strong connections with the President's Office, which effectively created a 'back office' of decision-making that ran in parallel to (and superseded) Trukhanov's City Hall.⁷²

All this makes for a situation in which the worlds of organized crime and 'legalized' crime are in some sense only different versions of the same arrangement: economies structured around personal connections and patronage in which shadow payments at both the local and central level are required for the right to do business (legal or otherwise). As one criminologist neatly summarized, in Odesa there is 'no rule of law, only rule of authority'.⁷³



BLOCKED BUT DEFIANT ODESA IN 2022

Anti-tank barriers placed in expectation of a Russian assault on Odesa, March 2022.

© Scott Peterson/Getty Images



As Russian forces rapidly advanced across southern Ukraine in March 2022, many in Odesa feared the worst. It was no secret that Moscow prized the city, which some suspected was the reason why it was mostly spared heavy aerial bombardment in the early stages of the invasion. In little more than a week, Russian forces captured Kherson and began attacking the major port of Mykolaiv, just under 130 kilometres from Odesa. Russian warships began shelling the area around Odesa in advance of an expected land or amphibious invasion. Over several anxious days, Odesa scrambled to mount a defence. The city's major arterial streets were bisected by anti-tank 'hedgehogs' and sandbag barricades; the beach was mined.

The political mood within the city also changed drastically. Previously a stronghold for pro-Russian sentiment, Odesa was swept up in a wave of de-Russification. The pro-Russian Opposition Platform – For Life party, which had several deputies in the regional council, was banned in the early stages of the war, and Mayor Trukhanov publicly broke with his former pro-Russian leanings.⁷⁴ The statue of Russian empress Catherine the Great, the city's founder, was removed after months of protest, with a Ukrainian flag raised on the plinth in its stead.⁷⁵

The Russian advance soon faltered and by April Moscow's troops had been pushed out of Mykolaiv. Thwarted, Russia sought to turn the screw in the shape of a naval blockade that choked off all trade to and from the region's two most import ports, Odesa and Chornomorsk. Together, Odesa and Chornomorsk accounted for over a quarter of Ukraine's pre-invasion port calls (see Figure 2), with only the much smaller Danube ports of Izmail and Reni left unaffected. Despite the development of overland work-arounds, such as rerouting container cargo via Klaipeda, Varna and Gdansk, and especially Constanța (where merchandise flows tripled),⁷⁶ container turnover fell by 91%.⁷⁷

The Black Sea Grain Initiative, agreed in late July 2022, offered a partial respite, enabling Ukrainian vessels to export millions of tonnes of grain, other foodstuffs and fertilizer from the ports of Chornomorsk, Odesa and Pivdennyi to global markets through a safe maritime corridor.⁷⁸ But despite this, overall cargo turnover in Ukraine dropped by 60% in 2022 as a result of the Russian blockade of Odesa and other Ukrainian ports.⁷⁹

The city of Odesa fell quiet. Restaurants, hotels, bars and other hospitality and leisure facilities shut down or reduced their opening hours, while later Russian strikes against the electrical grid disrupted other forms of business. Employees were laid off at the port, and the fishing industry suffered similar hardship.⁸⁰ Overall, unemployment in Odesa

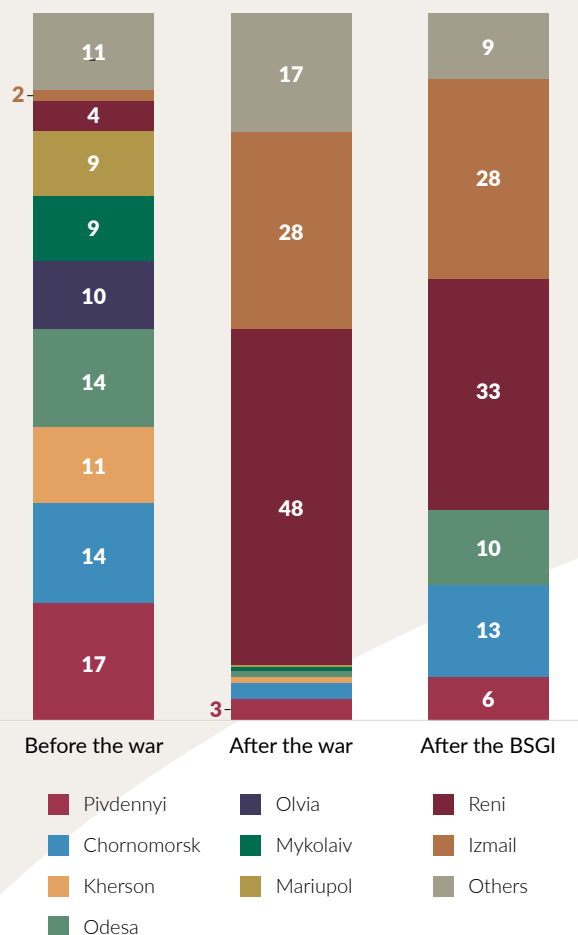


FIGURE 2 Composition of port calls in Ukraine, comparing departures before the war, after the war and after the Black Sea Grain Initiative (BSGI).

NOTE: Before the war refers to 1 January 2021 to 23 February 2022, after the war refers to 24 February to 21 July 2022, and after the BSGI refers to 22 July to 16 October 2022.

SOURCE: Adapted from UN Conference on Trade and Development, *Review of Maritime Transport 2022: Navigating Stormy Waters*, based on data provided by Sea (www.sea.live)

increased by 88% between January and July 2022 – a situation further aggravated by rising inflation and some 85 000 people fleeing to the Odesa region in the early months of the invasion.⁸¹

The impact of the invasion on organized crime in Odesa was equally seismic, and in some ways reflected these changes. The sub-sections below trace the rise of patriotic criminals in Odesa and the expulsion of pro-Russian

criminals; the impact of the blockade of the port (and security situation more generally) on illicit markets, including the displacement effect to ports along the Danube River; and the situation in Bessarabia, a rural area to the south-west of the city of Odesa that has long been a significant region for smuggling of various kinds, and where organized crime dynamics are quite distinct from those in the city.

Taking a position – or taking off

Before the invasion, Russian and Ukrainian organized crime formed a single transnational criminal ecosystem.⁸² The events of February 2022 split that ecosystem along nationalist lines across Ukraine, with the split arguably most dramatic in Odesa. The city and region had long harboured a large pro-Russian base (as seen in the May 2014 riots), and pro-Russian criminal actors were a mainstay of the landscape, owning sizeable assets and wielding considerable influence.⁸³ That said, nationality was not a consideration before the 2022 invasion,

even after the beginning of Russian aggression in 2014 – as one source said, ‘Before the war, crime didn’t show a position.’⁸⁴

All that has changed. As on the battlefield, the lines in the underworld are now black and white: everyone has to have a position. According to the majority of sources, all pro-Russian criminals left Odesa in 2022 after a discussion with the SBU and police.⁸⁵ (A senior law enforcement source added that all Chechens and Georgians left too.)⁸⁶



In a sign of Odesa's new anti-Russian sentiment, a statue of Russian empress Catherine the Great was dressed as an executioner by Ukrainian activists in November 2022. © Celestino Arce/NurPhoto via Getty Images

The authorities also issued a warning to criminals to stop all communications with the Russian mafia, who would almost certainly reach out to them at some point.⁸⁷

Many pro-Ukrainian criminals, either following this advice or through their own volition, actively sought to cut ties with their erstwhile criminal partners. Serhiy Lysenko (also known as Lyora Sumskey), a high-ranking *vor* who was widely considered by criminals as the authority on criminal law and who had acted as an impartial arbiter of disputes, worked with Russians before the war but now adopted a pro-Ukrainian stance.⁸⁸ For some, however, distancing themselves from any Russian affiliation may have been merely a matter of survival, with law enforcement making it clear that any 'collaboration' would be seen through a security lens as well as a criminal one, and punished accordingly.

Many pro-Russians who found themselves no longer welcome in Odesa moved to Europe in 2022, benefiting from pre-existing networks of 'watchers' and able to draw on communal funds (*obshchak*). Some were said to have engaged in low-level theft, robbing and stealing cars 'on a massive scale' – a gang of three pro-Russians in Finland is allegedly making €35 000 a month by cutting off catalytic converters from cars.⁸⁹ The Finnish National Bureau of Investigation reported a significant increase in catalytic converter theft in 2022, but given that this trend had already begun in the country in mid-2020, it appears that Ukrainian criminals are merely slotting into a criminal growth industry in Finland.⁹⁰

Those who did not take a position – described as 'apolitical' criminals – were similarly no longer welcome in Odesa.⁹¹ They too found a berth in Europe, in some

cases using fake papers to beat the ban on military-eligible men leaving the country, or due to having HIV (being HIV-positive usually exempts a soldier from the draft, though not in all cases).⁹² Again, some of these criminal expats were able to link up with 'watchers' already in Europe who could facilitate their integration: one pick-pocket was offered a three-room apartment in Germany for two years to serve as his base of operations, with no conditions attached. There were also instances where the 'first ones out' of Odesa tried to 'set things up' for criminal business and bring more people over later, with Germany and Poland cited as the main destinations.⁹³ Some criminal expats appear to have been remarkably successful in carving out a niche. After a loan of €700 from a criminal associate to help him get started, for example, one 24-year-old Ukrainian criminal was reputedly making €1.5 million a month through his counterfeit tobacco

factory in the Czech Republic, although the GI-TOC was not able to verify this.⁹⁴ There were, however, at least two instances of counterfeit tobacco rings involving Ukrainians broken up by Czech police in the period between February 2022 and May 2023.⁹⁵ Although it was not clear when the Ukrainians had left the country, Ukrainian nationals involved in such activities could provide support to other expats seeking to join the trade.

Other criminals merely transplanted their activities across the nearest border. A senior Ukrainian law enforcement source reported that his Moldovan counterpart had complained of a huge spike in robberies committed by Georgians who had left Odesa.⁹⁶ Interestingly, one Georgian *vor* claimed to have left Odesa so as not to inflict further suffering on Ukrainian citizens in their time of crisis – 'I'm



A truck unloads barley grain at a grain terminal in the Odesa region, amid Russia's invasion of Ukraine, June 2022. Russia's blockade of Ukrainian seaports has led to a record rise in world market prices and will inevitably result in a global food crisis.

© STR/NurPhoto via Getty Images

a thief, not a marauder' – but this patriotic instinct was not apparently shared by his compatriots once over the border.⁹⁷ According to another law enforcement source in Odesa, Georgian robbers were actually targeting middle-class Ukrainians refugees in Moldova and Romania, as the Georgians could track them through refugee registers and knew that their would-be victims would probably be storing their valuables and cash at their places of residence.⁹⁸ (An expert on the Odesa underworld claimed that Georgian thieves retained their Odesa bases, merely travelling to other countries to execute a job and then returning – this suggests that perhaps they are using their Georgian passports to cross the Ukrainian border without hindrance, or perhaps that they have fake papers or are paying bribes.)⁹⁹

Worryingly for European law enforcement, this migration may be the start of a permanent shift that could result in the greater transnationalization of Ukrainian organized crime. One underworld source estimated that 70% of criminals who had fled to Europe would probably stay even once the war has ended, and are likely to graduate from theft and robbery to more serious criminal operations involving weapons and drugs. The challenge at present is merely one of making the right connections: at the moment, Ukrainian criminals in Europe 'don't know who to talk to,' he said, but 'once they find solutions, they will grow.'¹⁰⁰

Indeed, although underworld sources were adamant that the rupture between Ukrainian and pro-Russian/Russian organized crime would endure – 'I'd like to see the moment they try to come back,' said one underworld source – others were less certain.¹⁰¹ 'Criminals are always business – never patriotic,' remarked a journalist with extensive knowledge of the underworld.¹⁰² It may be that the continent serves as neutral ground for the reestablishment of some forms of criminal connection among the less decidedly patriotic, alongside the traditional neutral meeting spots of Turkey and the UAE.¹⁰³

But whatever arrangement pro-Ukrainian criminals choose to make in Europe, the money will still come back to Odesa, according to one underworld source. 'Odesa is still the heart,' he added, explaining that despite the missiles and the war, organized crime was 'sentimental' for the city and felt safer there. As such, the criminal networks that formerly radiated from Odesa to the

east and south-east (Russia, Azerbaijan, Georgia and Turkey) may reorient to the west, with Ukrainians now more involved in dealings in Europe. Indeed, it is not inconceivable that the old eastward connections will be restored once the port reopens and men are allowed to travel again, enabling Ukrainian organized crime to position itself as the go-to operator for flows from Asia into Europe that bypass Russia. Alternatively, ties with Odesa may weaken as time goes on, leading Ukrainian criminal cells (including criminals of other nationalities) to become more integrated with their new home turfs – and thus more reluctant to send the boss's share back to Ukraine.

The vory in 2022: Vacancy at the top?

In September 2022, Antimos Kakhilava – the long-standing overseer of Odesa – was reported to have died of natural causes in Turkey. His influence had, however, been on the decline, and his death merely made stark a vacancy that had in effect existed for years.¹⁰⁴ Most sources reported that there were no vory physically present in the region (most having been expelled after the anti-vory campaign in 2021), and the authorities appear to be making efforts to prevent anyone from attempting to claim the underworld prize of Odesa. In the early days of the war, the DSR received additional powers over the entry of foreigners into the country, in order to combat the influence of organized crime, and expelled a number of representatives of Azerbaijani, Armenian and Georgian ethnic groups.¹⁰⁵

Some vory continue to project influence from afar. A police source claimed that 'Sharik' retained some influence over his traditional businesses of prostitution, theft and street gangs, although an underworld source reported that, like the Georgian vory mentioned above, Sharik reportedly told his people not to target civilians after the war began.¹⁰⁶ According to a vory expert, some vory in exile continue to 'patronize' the activities of various factions in Odesa and attempt to spread their influence through the prison system, and especially pre-trial detention centres.¹⁰⁷ Notably, in January 2023, the SBU arrested a criminal gang in Odesa reportedly working under the patronage of Mindia's erstwhile rival Omar Bekayev, who is in Russia – indicating that the arms-length struggle for control over Odesa may not yet be resolved.¹⁰⁸

'Eating the fat': Hard times for organized crime

The massively increased security presence and the blockade of the port initially had an inhibiting effect on crime in Odesa. Street crime all but disappeared due to the 'prophylactic' measures of the curfew, checkpoints and increased number of stops by a host of state agencies.¹⁰⁹ These measures were implemented for national security not law enforcement motives – overnight, the drug dealer on the street became a presumed spy sending geocoordinates – but the raised vigilance made crime extremely difficult. This resulted in an unprecedented situation in Odesa: you could leave your car unlocked at night and it would still be there in the morning.¹¹⁰

'In the first few months after the war it was like heaven on earth here – no crime at all.'

LAW ENFORCEMENT OFFICER, ODESA, MAY 2023

As with the intervention involving pro-Russian criminals, the SBU also reportedly warned organized crime about the risks of doing business – if caught, perpetrators would be sent to prisons where criminal influence was more limited.¹¹¹ But even if criminals wanted to work, the logistics were against them. The Russian blockade made smuggling through the port all but impossible, curtailing the trade in contraband goods and drugs, particularly cocaine from Latin America, which spiked in price from

US\$150–US\$170 per gram before the war to US\$250 per gram after the start of the war (although the price soon levelled out due to decreased demand).¹¹²

The 7 Kilometre Market suffered a double blow; it was not only deprived of the flow of goods (licit and illicit) that came through Odesa port, but also of a large portion of its customer base, given that it was previously popular among Russians and people from Russian-aligned Transnistria, an unrecognized breakaway state in Moldova.¹¹³ While Turkish traders found a way to reroute their flows through the Danube ports of Reni and Izmail (which are easy to access from Istanbul; see the section on Bessarabia below), the Chinese – formerly the major players in the cheaper and more affordable goods section of the market – were heavily affected due to their reliance on container-based cargo. They too found a workaround by importing goods overland through Europe, but the added costs involved made these goods more expensive than those of their competitors, with the market share of the Turkish and Azeris now estimated at 90%. Through their control of textiles, the Turks also managed to capitalize on one of the few growth areas at the market: the sale of military-style clothing and equipment. According to a local activist, this situation, coupled with the danger from the war, has resulted in the mass exodus from Odesa of Chinese and, to a lesser degree, Vietnamese.¹¹⁴



At the 7 Kilometre Market, one of the few opportunities afforded by the Russian invasion is the sale of military-style clothing and equipment. Photos: GI-TOC

Odesa's sex industry: Professionals leave, the desperate join

The general security situation in Ukraine also depressed several other forms of illicit activity in Odesa. Before the war, Odesa hosted millions of domestic and international tourists in the summer months, who brought with them increased demand for drugs and sexual services. But with the city under curfew, the beaches mined and the blockade in place, Odesa was no a destination for holidaymakers in 2022 – and the illicit economies that depended on them suffered. Sex workers saw a steep decrease in demand, and faced additional challenges in working conditions, being unable to work late due to the curfew. Some relocated from the streets to several local hotels, but most of the bordellos in Odesa were closed by the police.¹¹⁵

The majority of professional sex workers left the country, mainly for where their clients were based. High-end sex workers relocated to the Netherlands, Austria and France; mid-level sex workers moved to Romania, Moldova and Bulgaria. (Occasionally, high-end escorts return to Odesa to meet specific clients at the city's up-market hotels, but these instances are rare.) Many women still work in the domestic industry, particularly on the highway between Odesa and Kyiv, but according to law enforcement, these are women who have been forced into sex work through desperation and who operate mainly as individuals (that is, without pimps), staying close to one another in small groups for protection.¹¹⁶ Similarly, many sex workers have an online presence, but again, there is little sign of systematic sex work or sexual exploitation in Odesa (although it is of course possible that such instances have yet to come into the official view, or may rapidly increase when the city reopens).

One isolated area of organized sex work came in the port, where professional sex workers were reportedly smuggled aboard several ships that had been forced to remain in Odesa after the invasion due to the fact that their cargo was not grain (thus preventing them from using the grain corridor to leave).¹¹⁷ Using the cover of a charity organization, the women would putatively sell mobile phone and internet services to the marooned sailors, but would also sell sex for US\$300.

As a result of these dynamics, many criminals in Odesa in 2022 and the first half of 2023 were 'eating the fat' – relying on financial reserves built up in times of plenty to see them through.¹¹⁸ Street crime did return after the initial few months, albeit at a fraction of the previous rate. One law enforcement official stated that there were

57 cases of robbery in the first four months of 2023 – a number that approximated the monthly robbery figure before the war. (Clearance rates reportedly skyrocketed too, with 55 of the 57 robbery cases solved.)¹¹⁹ Overall crime levels in the Odesa region were reported to have dropped by 15% in 2022, with 69 criminal offences per 10 000 compared to a rate of 81 the year before.¹²⁰

Weapons: Few incentives for arms trafficking?

Seizures of weapons (including automatics, RPGs and grenades) have risen significantly since the invasion, according to one law enforcement source, although they had detected no stashes of weapons in Odesa and there had been no instances of smuggled Western weapons. According to police, there were only two confirmed instances of weapons being brought back from the front line: in December 2022, when an anti-tank round exploded in the boot of a car driven by a volunteer (who claimed to have brought it from Mykolaiv as a 'souvenir'), and when a volunteer was found to be in possession of 12 anti-tank launching tubes, all empty except for one (which was apparently an oversight on the part of the volunteer).¹²¹

Given the high levels of state attention to weapons, one underworld source said there was little point bringing back weapons from the front line, especially when they already had everything they needed: 'There's no point in getting weapons from the front line – it's too worrisome.'¹²² He said that guns are very readily available in Odesa, and even offered to supply us with an AK-47 within two hours, albeit at the tourist price of US\$1 500 (AK-47s can typically be bought in Ukraine for around US\$1 000, with three clips of ammunition).

The continuing threat of Russia has also factored into criminal thinking when considering the future potential of weapons trafficking, with the events of 2014 and 2022 demonstrating that criminals need weapons to hand. 'The fear of [another] invasion is greater than money,' the underworld source commented, especially as 'the logistics of getting it [a gun] over the border aren't worth it – the price is too low.'¹²³ A weapon in hand may therefore be more valuable to criminals than hard currency – at least for now. It remains to be seen whether this criminal calculus will hold true if a sudden supply of arms comes on the market – there are arguably only so many weapons a criminal needs (and could easily store), while the drive for profit is endless.



Conscript smuggling has emerged as a new illicit market in Ukraine, particularly along the border with Moldova close to Odesa (near the Palanca crossing, pictured here). © Adri Salido/Anadolu Agency via Getty Images

Growth areas: Conscript smuggling and synthetic drugs

As in other areas of western Ukraine, the smuggling of conscripts is a new illicit market, both along the border with Moldova close to Odesa (near the Palanca and Tudora border crossings) and at the Moldovan and Romanian borders in Bessarabia. A senior law enforcement source reported that there were 293 instances of military-age men being caught trying to get into Moldova in the first four months of 2023.

The drug trade has also seen something of a rebound. Cocaine flows to Odesa have reportedly rerouted through Romania, relying on the huge number of trucks crossing the border, before passing on to the wealthy clientele base in Kyiv. The real change, however, has been the increase in synthetics.¹²⁴ A steady flow of methadone came from Uman, Cherkasy region, and amphetamines from Dnipro – and there have been two confirmed cases of amphetamines being sold to military personnel.¹²⁵

Several sources agreed that the most significant growth area has been in synthetic cathinones known as ‘salts’, including alpha-PVP (although this rise was denied by a senior law enforcement source).¹²⁶ According to the head of psychiatry in the Odesa region, salts have become much more prevalent since the war, sold through websites and Telegram channels. Salts are also relatively cheap, costing only €5 a dose.¹²⁷ Production is sometimes local: in June

2023, the SBU disrupted a drug trafficking group that was manufacturing alpha-PVP in the Odesa and Mykolaiv regions. But there are also signs of more complex arrangements that suggest sophisticated actors are involved in the market. A second drug-trafficking group interdicted by the SBU in June 2023 was using a warehouse in Odesa as a sorting station to repackage alpha-PVP into retail doses. Interestingly, the organizer was based in an area of Russian-occupied Donetsk, and several group members received money through cryptocurrency exchanges located in Russia, although this in itself is not conclusive of a transnational organization.¹²⁸ A new flow of domestically produced synthetic drugs also appears to have emerged, moving from Bessarabia into Romania and other EU countries (see section on Bessarabia below).

Legal drugs have also witnessed dramatic increases in consumption rates. Lyrica (active ingredient pregabalin) is an anticonvulsant, analgesic and anxiolytic drug that can be obtained without a prescription in Ukraine, but in the UK has been classed as a class C drug after being linked to a number of fatalities.¹²⁹ According to the Odesa region head psychiatrist, people in Ukraine have been taking up to 20 times the daily recommended dose to cope with the stress and trauma of war – a trend that may have long-lasting health consequences in the shape of central nervous system depression and potential misuse in combination with alcohol or opioids, which could lead to fatal poisoning.¹³⁰

The state tightens its grip

Ukraine's shift to a war footing gave sweeping powers to the SBU and the police through Article 109 of the Criminal Code (which prohibits 'actions aimed at forceful change or overthrow of the constitutional order or take-over of government'), Article 110 (prohibiting 'trespass against territorial integrity' and protecting the 'inviolability of Ukraine') and Article 111, on high treason.¹³¹ Armed with this sweeping mandate, the SBU emerged as the sole authority in the city, superseding even the police, with all criminal matters seen through the lens of national security.

This monopoly, however, has not been a frictionless state of affairs. The main players in Odesa – the SBU, the police, the DSR and the Bureau of Economic Security (BEB) – in theory have separate areas of interest that are designed to avoid competition, but the reality is often very different. We heard in May 2023 of the police force beginning to reassert itself in Odesa, leading to renewed competition with the SBU over certain areas of activity. We were shown footage, for example, of SBU agents trying to arrest a man in charge of parking lots in the city (an area of police authority) on a bribery charge, only to be forced to release him later.¹³² This tension often manifests at the very top of the respective agencies: we were told of a tussle between a high-ranking officer in the regional police who refused to accept bribes from the Gagauz and was targeting them, and the SBU officer in charge of overseeing the police who was attempting to protect the Gagauz's interests in stealing.¹³³

Arguably the biggest source of tension is over economic activity, however. At the heart of the struggle is the SBU's Directorate K, the unit charged with fighting corruption and organized crime, but which has often been accused of engaging in them instead.¹³⁴ The establishment of the BEB in 2021 was in part designed to address the anomaly of the SBU's mixed mandate (combining intelligence work with Directorate K's law enforcement remit), as well as the shortcomings of the tax authority. A press statement accompanying the new agency's creation in 2021 said: 'After the adoption of the law on the Bureau of Economic Security, the SBU loses the non-authoritative functions of special services investigating crimes related to corruption and organized criminal activity in the sphere

of management and economy. This will enable the SBU to focus on tasks that are truly related to state security and counter-intelligence activities in the economic sphere.'¹³⁵

But the much-anticipated legislation aimed at reforming the SBU (and formally disbanding Directorate K) was put on ice with the Russian invasion, meaning that a grey area now exists over who is responsible for fighting economic crime – doubly so, as the SBU could argue that war brings almost all economic activity into the area of 'state security and counter-intelligence activities'.¹³⁶ This de jure discord has been exacerbated by de facto resistance to the new agency, which was blocked by the head of the parliamentary tax committee Danylo Hetmantsev in the first year of its existence, meaning that the BEB only began work in mid-2022.¹³⁷

Control of Odesa's port is the main prize and here the SBU has taken complete control, pushing out the DSR (although the State Fiscal Service and BEB remain present at the port).¹³⁸ Opportunities for corruption at the port have, however, been limited since the invasion, although the grain corridor offered several. Grain exporters have been forced to pay bribes to customs officials in order to 'guarantee' compliance documentation for their shipments – without the bribes, officials threatened to protract the bureaucratic process.¹³⁹ Sums demanded vary: two official investigations in March and June 2023 revealed that a 'tribute' of US\$0.40 per tonne was being levied by officials of the central office and Odesa branch of the State Production and Consumer Service (including the head of the Phytosanitary Department), while interviewees reported that traders were being forced to pay 4% to the budget or 3% in cash instead of the official 2% rate, drawing complaints from traders accustomed to paying a fraction of that before the war.¹⁴⁰

But other schemes have been far more intricate. Perhaps the biggest reported corruption scheme at Odesa and other Black Sea ports involved 10 high-ranking officials, including the deputy head of one customs department, who participated in a scheme that saw 1 million tonnes of grain exported via a raft of intermediary (and mostly fictitious) companies between August and September 2022, costing the state UAH5.2 billion in lost taxes, according to the BEB.¹⁴¹



Corruption surrounding the export of grain was one of the few criminal opportunities at the port of Odesa in 2022.

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As has been the case elsewhere in the country, Kyiv's authority has greatly expanded in Odesa since the 24 February invasion – and become more direct. Boris Kaufman and Alexander Granovsky (see 'Parallel power' above) were arrested by NABU in December 2022, a move variously attributed to a sudden change of heart over the pair's alleged large-scale (and long-standing) corruption, an alleged falling out with Trukhanov or a sign that the Presidential Office no longer required intermediaries to handle its business in Odesa.¹⁴²

In this context, it is interesting to note the appointment of Oleh Kiper, Kyiv's head prosecutor, as governor of the Odesa region in late May 2023. Kiper, who had formerly been barred from holding public office, had previously worked as a freelance advisor to Andriy Yermak, then deputy head of the President's Office. His appointment arguably strengthens the unofficial power vertical between the President's Office and Odesa, which is already allegedly reshaping corruption dynamics: according to one source, the Presidential Office now fully determines the amount of corruption fees in all areas.¹⁴³

This sign of increasing central authority has been accompanied by growing cracks in the local power apparatus. Angert, the underworld boss who has long run Odesa,

is old, reportedly, living in London and, according to some sources, suffering from stage-four cancer. In any case, his influence is much diminished from his 1990s heyday and his businesses are now all legal.¹⁴⁴ In City Hall, Trukhanov has been a mayor under siege since the invasion. Historical charges over land misappropriation and embezzlement have continued to hang over him, gaining renewed impetus in 2022/23. In December 2022, NABU officials raided the Odesa City Hall and searched Trukhanov's office and the offices of his deputies; in April 2023, the UK's National Crime Agency and NABU detectives undertook searches in the UK related to NABU's October 2021 investigation into Trukhanov.¹⁴⁵ In early May 2023, Trukhanov was arrested by Specialized Anti-Corruption Prosecutor's Office (SAPO) for failing to post bail.¹⁴⁶ Galanternik, a close associate of Trukhanov, was reportedly active behind the scenes in helping Trukhanov post bail using proxies,¹⁴⁷ but he also remains under scrutiny, with the period allocated for the pre-trial investigation of Galanternik over running a criminal organization extended by the High Anti-Corruption Court until August 2023.¹⁴⁸ (In May 2022, Trukhanov asserted that he had not spoken to Galanternik 'for a couple of years'.¹⁴⁹)

Trukhanov, the great political survivor, may yet weather the legal storm. And despite the allegations against the



Historical charges over land misappropriation and embezzlement continue to hang over Odesa mayor Gennadiy Trukhanov. © Julia Kochetova/ Bloomberg via Getty Images

mayor, Zelensky appears in no hurry to remove him from office, perhaps mindful of the strong reaction such a move would cause in Odesa, where Trukhanov remains the most popular political figure by some distance. Yet it is likely that if the war proceeds favourably for Ukraine, Zelensky may feel more empowered to remove an official for whom he himself has no strong regard. 'We are not

friends with him,' Zelensky said in 2019, 'I would like him to change his approach to Odesa, to clean Odesa of crime, and I insisted on this. I don't know if we will see it in the near future or not. If we don't, then we will do everything to change everyone there.'¹⁵⁰ As one source prophesied, Trukhanov and Galanternik may last only until Ukraine emerges victorious over Russia.¹⁵¹

Bessarabia: The wild south-west

A single road connects Odesa with the steppe of Bessarabia, where organized crime dynamics are utterly distinct from those in the city. Historically a poor region, the people of Bessarabia have long been antipathetic towards Kyiv (and looked favourably on Russia) and have a strong connection to their local context: they may have two or three passports, but will name their village if asked where they are from.¹⁵²

This is reflected in the criminal landscape, which is segregated largely according to ethnicity and geography. The area around Bolhrad, for instance, is the centre of Bulgarian influence, while the village of Dmytrivka in the north of the region is the base of operations for the Gagauz. The south-west of the region, near the Danube ports of Izmail and Reni, had long been under the influence of Oleg Popescu, also known as 'The Romanian'. Many of these groups do not mix, with the qualified exception of the Gagauz and Bulgarians (the Gagauz are nominally under the authority of the Bulgarians, but refuse to follow their rules).¹⁵³ Various sources were, however, unanimous

in asserting that all major criminal activity was conducted by the authorities; one locally elected deputy said that, compared to politicians, criminals are 'small fry'.¹⁵⁴

The illicit economy of Bessarabia is dominated by the three geographic features of the region: the Danube River and the region's borders with Moldova and Romania (for smuggling drugs, people and contraband, especially cigarettes and alcohol), and its vast tracts of arable land. Agriculture is the major source of income and the magnet for much criminal activity: as one local deputy put it, 'All criminal activity [in Bessarabia] revolves around grain.'¹⁵⁵ The Gagauz, for example, are notorious for stealing fertilizer from agricultural companies in Bessarabia, which they then 'launder' by selling it to farmers through contracts brokered by corrupt officials. (One underworld source said that the Gagauz charge US\$10 an acre for fertilizer, which seems to be a low price for such a bulky commodity until one factors in the tens of thousands of acres of arable land in Bessarabia).¹⁵⁶ At harvest time, farmers are then forced to sell their produce at a fixed (and much



FIGURE 3 The Bessarabia region of Odesa oblast, highlighting the Danube ports of Reni and Izmail, Dmytrivka and Bolhrad.

lower) price off the field to the Gagauz.¹⁵⁷ The Gagauz also reportedly force farmers to grow cannabis in their fields, the bulk of which goes to Romania.¹⁵⁸

The story of organized crime in Bessarabia after the Russian invasion followed a similar pattern to that of Odesa. According to two underworld sources, the heightened security presence after the invasion removed all street crime and made organized criminal activities, such as smuggling, impossible.¹⁵⁹ According to one former district head in Bolhrad, theft and robbery vanished completely due to the curfew.¹⁶⁰ The police took the forward role in security matters in Bessarabia (there is limited SBU presence in the region), telling local actors to keep quiet or leave.¹⁶¹

Compared to Odesa, criminals showed decidedly less interest in becoming involved in the fight against Russia, which the former district head ascribed to the region's long-standing dislike of the authorities, although some criminals have reportedly gone to the front line. The region also saw a surge in conscript smuggling in the first two months after the invasion, which prompted

the attention of the SBU.¹⁶² Charity organizations help smuggle men over the border, sometimes by entering false information on the Shlyah system (which allows those transporting humanitarian aid, medical supplies or cars for the armed forces to travel outside Ukraine for a maximum of one month) at a cost of US\$3 000–US\$4 000; certificates of military unfitness cost between US\$5 000 and US\$7 000. Other schemes involve guides leading people to the border, where the going rate to bribe a Moldovan border guard was said to be US\$500; once across, Ukrainian men can register for refugee status without any fear of being sent back by the Moldovan authorities.¹⁶³ A judge in Bilhorod allegedly issued permits that enabled all the mafia figures in the coastal resort town of Zatoka to leave the country.¹⁶⁴ Weapons were not reported to be an issue, although an underworld source said that there have been a couple of instances of the SBU catching military personnel attempting to sell weapons.¹⁶⁵

Perhaps the most disputed narrative of criminality in Bessarabia involves the fate of Popescu, who was the target of a major police operation in mid-2022. Before the war, Popescu allegedly wielded vast influence over



In Bessarabia, arable land (and its produce) is at the heart of illicit activity. *Photo: GI-TOC*

south-west Bessarabia, controlling all the gangsters, the cannabis trade and the extortion of farmers, as well as owning legal businesses. Based in Galați over the border in Romania (although he frequently crossed into Ukraine), he was reported to have close ties with the Romanian Secret Service and to run his own pool of assassins.¹⁶⁶

His influence had however reportedly been decreasing since 2019 due to members of his group attempting to break away from Popescu's control. The move was spearheaded by Ihor Plekhov, the mayor of Reni who oversaw his interests in the town and port, and Popescu's lieutenants 'Pani' (Vasyl Panioglo, killed in June 2021) and 'Kypyatok', or 'Boiled Water' (Vitaly Varyvoda, who survived an assassination attempt in October 2020).¹⁶⁷ According to an expert on the vory, it is widely believed in criminal circles that Popescu ordered the hits to 'clean up' the renegades.¹⁶⁸ (Plekhov and Popescu apparently continued working together until Plekhov was arrested in January 2023 for receiving a US\$50 000 bribe over land allocation.)¹⁶⁹

Although a senior law enforcement source told us that the 2022 operation against Popescu was years in the planning, it may be that Popescu's entrepreneurship in the early days of the war had put it higher on the agenda. After the invasion, Popescu reportedly created


two smuggling channels through Reni and Izmail, two Danube ports that saw a major uptick in cargo volumes with the blockade of Odesa port.¹⁷⁰ The first involved a cigarette channel from Moldova to Ukraine (since a lot of Ukrainian tobacco factories have been lost) and counterfeit cigarettes to Romania and further to the EU via Reni. The second channel saw the export of homemade synthetic drugs into Romania and other EU countries using recruited mules from grain ship sailors at Reni. Popescu was also reportedly in charge of scheme by which trucks could pay to skip the hours-long line to unload their grain cargo at Reni port, but this fell apart when Popescu's men allegedly burned two trucks that belonged to an important official in Kyiv.¹⁷¹

After the police operation, Popescu reportedly fled back to Romania and then returned to Ukraine.¹⁷² Some believe his influence is now much reduced, although rumour has it that he still occasionally visits Reni and Izmail to check on his smuggling channels.¹⁷³ In any case, the heightened importance of the Danube ports in 2022 may serve as proof of concept for organized crime: Reni and Izmail are likely to lose their bumper share of licit trade as and when the port of Odesa finally reopens, but may well retain their new-found importance for illicit flows into the heart of Europe.



FUTURE TRAJECTORIES THE LONG SHADOW OF CONFLICT

The Ukrainian state flag flies on a pedestal where the monument to Russian empress Catherine the Great once stood. © Yuriy Stefanyak/Global Images Ukraine via Getty Images



In May 2023, a qualified sense of normality was returning to Odesa. Away from the harbour front, the anti-tank hedgehogs had been cleared to the sides of the roads and many street corner bunkers were left unmanned. Restaurants and cafés were busy during the evening, although away from the main commerce areas the streets still felt noticeably empty, and the curfew remained in force. Eager to move on with life yet bound by war-time restrictions, Odesa remains in limbo, with everything dependent on the progress of the conflict.

As this report went to print, the situation was changing. In July 2023, Russia withdrew its cooperation over the grain deal and launched a wave of strikes against Odesa's port infrastructure, grain stockpiles and even the Transfiguration Cathedral in retaliation for the strikes against the Kerch Bridge, causing significant damage and killing many civilians. The ports of Reni, Izmail and Chornomorsk, along with other ports in the region, were also targeted. These attacks may mark the definitive end of whatever remained of Odesa's pro-Russian sentiment, with Mayor Trukhanov announcing that he had 'a message for Russians ... if only you knew how much Odesa hates you'.¹⁷⁴

The economic ramifications of the loss of the grain deal will be severe for Odesa in particular and Ukraine as a whole, while Odesa's new prominence as a military target looks likely to dispel the air of quasi-normality that had emerged in the early part of the year. While the grain deal may be restored through diplomatic pressure, it seems that Odesa has once again assumed significant importance in the wider logic of the war. As with the rest of country, Odesa's trajectory now hinges on Ukraine's counteroffensive, although it may be many months before the outcome of the operation becomes clear.

The future of organized crime is equally uncertain. While there may be opportunities and workarounds, the war has added a complicating dimension to illicit business that is unpredictable and destabilizing, introducing aspects of patriotism, heightened state control and hard logistic barriers (in the shape of the blockade) that have disrupted the former status quo. Whether peacetime will see a return of organized crime to pre-2022 dynamics, or whether new features and modus operandi will emerge, will therefore be the central question of the post-conflict period.



An aerial view of the Transfiguration Cathedral, which was heavily damaged by a Russian missile on 23 July 2023 in retaliation for strikes against the Kerch Bridge connecting occupied Crimea to mainland Russia. © Yan Dobronosov/Global Images Ukraine via Getty Images

The uncertain future of organized crime

Broad assessments of the future of organized crime varied significantly among sources. According to one Ukrainian journalist with knowledge of the Odesa underworld, the war had helped the state put organized crime under control, but after 18 months there would be a period of chaos, from which the underworld would emerge more ordered and more fused with the state, mirroring the Yakuza model.¹⁷⁵ An underworld source claimed that organized crime would in fact disappear in the post-conflict phase, with criminals seeking to legalize their businesses as they did in the initial years of the 2000s.¹⁷⁶ A law enforcement source, by contrast, stated that the post-conflict period would see the emergence of what he termed 'real organized crime'.¹⁷⁷

The lack of consensus among the sources not only points to the uncertainty about the future of organized crime, but also the post-conflict period in general – an understandable state of affairs given the very active shape of the conflict. That said, the majority of sources agreed that the return of traumatized soldiers is the single greatest destabilizing risk to Odesa: 'One of the worst stories we are waiting for,' according to an activist.

This risk was generally not conceived as ex-combatants forming organized groups of their own, or becoming hitmen or muscle for hire (although precedent for such exists in Odesa in the shape of *titushki* – groups of young men used by the authorities as muscle – and private security companies are allegedly also actively hiring ex-soldiers, as they did after 2014).¹⁷⁸ Rather, sources were haunted by the spectre of the drunk veteran in the bar who gets into an argument with a non-combatant and suddenly pulls the pin of a grenade; or ex-soldiers bringing back their old guns and turning street crime; or traumatized men knifing citizens in random acts of violence.¹⁷⁹

This poses a major challenge for the management of the organized crime ecosystem. As the law enforcement source explained, ‘You can deal with organized crime – decapitate it and it will wither – but you can’t deal with crazy veterans.’¹⁸⁰ A rise in street crime and chaotic violence will invariably be destabilizing for law enforcement and organized crime alike, drawing unwanted attention and interrupting established modes of business. Indeed, despite the law enforcement official’s assessment that veterans and organized crime are two separate issues, it may well be that veterans form new organized criminal groups, whose wartime experience (and trauma) may make them more violent and less strategic than the current roster, with all the disruption that entails.

Although one senior health official was confident that lessons on post-traumatic stress disorder (PTSD) had been learned since 2014,¹⁸¹ the scale of issue is daunting, especially given that Ukraine now has an active-duty force of almost 700 000, with 400 000 in reserve.¹⁸² According to the World Health Organization (WHO), a quarter of Ukraine’s population are at risk of a mental health disorder related to the conflict.¹⁸³

The challenge of reintegration will be particularly stark in cases of ex-combatants who have developed drug and alcohol addictions at the front line.¹⁸⁴ While provision for PTSD has improved since 2014, state assistance for drug addiction is declining, creating a gap in coverage that many will fall into.¹⁸⁵ There is more capacity in private clinics, but the quality of care is uncertain and the cost prohibitively high: the ‘hot’ phase of treatment costs UAH2 000 (€50) per day, before the normal rate of €500–€600 a month – all of which must be paid for by the patient.¹⁸⁶

The senior health official also cited the myth of the ‘iron man’ as a potential factor in people not seeking help in the first place, with discussion of conflict trauma generally discouraged and sometimes punished. In 2017, the Chief Psychiatrist of the Ministry of Defence and Head of the Psychiatry Clinic of the Ukrainian Armed Forces authored a report that asserted that 93% of Anti-Terrorist Operation participants in the post-2014 Donbas fighting were ‘a threat to society and need treatment’ – and was summarily fired.¹⁸⁷



The return of traumatized soldiers will be a post-war challenge for Odesa, with consequences for organized crime. © Chris McGrath/Getty Images

With the number of people affected now several orders of magnitude larger, and the potential for civic violence that much greater, Ukraine cannot afford to downplay the severity and potential social impact of war trauma. There are encouraging signs that thinking is moving in the right direction – charities have provided psychological support during conflict, rather than after; 60 000 specialists were trained in Ukraine during 2022 through a programme of the First Lady Olena Zelenska; and the WHO is supporting work to strengthen the mental health system – but the longer the war lasts, the more pervasive the issue will become.¹⁸⁸

Destabilizing reform?

The post-conflict period will also see the state held to account for its record during the war. At present, one Ukrainian journalist said, people forgive Zelensky everything because of his astute management of the war, but afterwards it will be a different story; she highlighted the example of Winston Churchill, who lost the 1945 British general election only two months after the defeat of Nazi Germany.¹⁸⁹ For many, Ukraine has been on an autocratic path since before the war with too many signs of increasing Presidential Office control over the past four years – and this is not the vision of the country they are fighting for.¹⁹⁰ The journalist went so far as to raise the prospect of another revolution if the state proves unworthy of the sacrifice its people are making, spearheaded by the returning soldiers: ‘We deserve our freedom by blood,’ she insisted.

‘The Ukrainian people have a road. It’s not a very good road; it’s hard to drive. But we know the road. We know where we are going.’

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Yet at the same time, Odesa may find itself caught in a double bind, idealistically keen to dispose of the corrupt state architecture yet emotionally wedded to a way of solving problems that for years has relied on the personal touch and a deep sense of connection with fellow Odesites – the very qualities that make the city special. Confronted with the prospect of closer ties with the EU, many worry that Ukraine will lose its unique traditions and way of doing things. It is a contradiction best expressed by an anecdote: mid-way through the above disquisition on the failings of the corrupt state and its shadowy arbiters, our interviewee sent a photo of her number plate to her friend at border control so we could skip the queue into Moldova.

There is, of course, no equivalence in scale between this and, say, grand corruption at Odesa port, yet it illustrates that the informal way of doing things may die hard. But this shadow world of governance is also the greatest obstacle to reform: trust in the state is critically lacking, and it remains uncertain whether any number of institutional overhauls and new agencies will change that perception while the old way of doing things persists. Since 2014, Ukraine has set down exemplary laws on its books, yet the culture of corruption has merely transformed to accommodate itself to the new realities.

The war may mark a definite break in this state of affairs. The solidarity the invasion has generated is unprecedented, but it also comes with unprecedented expectations; unless the state can rise to meet the curve, it will face the anger of its citizens who have made it clear that they will no longer accept criminal business as usual. But sweeping away that architecture will itself be a deeply destabilizing process, especially in Odesa.

NOTES

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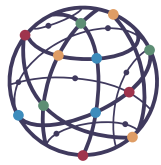
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