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AGAINST TRANSNATIONAL
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SMUGGLING, INC.

ILLICIT TRADE BETWEEN UKRAINE'S TRANSCARPATHIA AND THE EU

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EXECUTIVE SUMMARY: EVERYONE BENEFITS

Separated from the rest of Ukraine by the Carpathian mountains, Transcarpathia has in many ways always looked west, rather than east. The region, forming the most westerly tip of Ukraine, shares a border with four EU countries – Poland, Slovakia, Hungary and Romania – a feature that, together with the dearth of well-paying local jobs, has given rise to a flourishing smuggling economy, mainly consisting of tobacco products, various other goods, drugs and people.¹ Indeed, organized crime is arguably the most profitable component of Transcarpathia's economy.

Although not on the scale seen in the Lviv, Volyn or Chernivtsi regions,² the smuggling economy is vibrant and well organized, and often predicated upon criminal relationships forged between Ukrainians and their partners across the borders. Various logistical modes of smuggling are used, including vehicles at formal border crossing points, rail, by foot across the rugged terrain and the Tysa river, and light aircraft, boats and drones.

On the Ukrainian side, large-scale smuggling is enabled by established verticals of corruption – bribes paid to border guards, facilitation by customs officials and corrupt law enforcement and other state officials protecting criminal interests. Indeed, the transnational smuggling economy in this border region cannot be understood without an appreciation of this enabling ecosystem, in which the lines between crime, politics and law enforcement are frequently blurred, non-existent and mutually reinforcing.

Local elites in this region, especially in the criminal hub of Mukachevo, have for decades played a role in shaping the illicit economy.³ These groups, through locally elected MPs, seek to further their interests at the regional and national level. In turn, the government in Kyiv has periodically attempted to strengthen control over Transcarpathia. But the 'locals' have long resisted central authority, relying on a power base centred on regional, family and even godparent relations. These ties are sometimes more important in the more traditional and religious population of western Ukraine than purely political or financial arrangements. Ethnicity is another factor in the region, where large Hungarian, Romanian and Roma communities play a vital role in the undercurrents of local politics.



Local elites have long held power in Transcarpathia, particularly in the criminal hub of Mukachevo, whose skyline is dominated by the medieval Palanok castle. © Attila Kisbenedek/AFP via Getty Images

Russia's full-scale invasion of Ukraine has recalibrated this ecosystem in several ways. Small-scale illicit smuggling, especially tobacco, took a serious hit, with several smugglers relocating to the Chernivtsi region further south or across the border to set up operations elsewhere in Europe. Migrant smuggling also plummeted in the wake of the invasion as a result of Europe's open-borders policy, although a new people-centred economy – conscript smuggling – has taken its place and proved to be highly lucrative.⁴ Another troubling trend in this region since the invasion has been a rise in the illegal timber trade. There are also efforts by prominent businesspeople, from eastern and central Ukraine, to expand their influence and power with little regard for local interests. Meanwhile, as elsewhere in Ukraine, scam call centres have become a lucrative earner in Transcarpathia, although not to the extent that they have in Odesa and Dnipro.

Kyiv has also increased its presence in the region through various appointees. The more focused role of government under martial law – with fighting the war a priority – has also weakened the ability of local elites to project influence, strike deals and win concessions at the national level. Several formerly untouchable members of powerful Transcarpathian groups have also been caught up in anti-corruption investigations, suggesting a waning climate of impunity. The locals, though, view this as an attempt to get rid of the competition by unfairly using the heft of the state while keeping illicit activity going.

But although the changes have been notable, the fundamentals of the smuggling economy seem likely to persist: there is still good money to be made and few real incentives to stop. Everyone benefits: smugglers make fortunes, consumers save on commodities. The only party that loses out is the state – and in a time of war, lost tax revenue is critical. Estimates of lost tax in 2021 ranged from between 10% and 25% of the total revenue from customs.⁵

Customs reform has been a flagship item in the government's 2024 agenda as it responds to pressure from Western partners, but the intricately connected and complex nature of the smuggling ecosystem in Transcarpathia means that changes in high-level personnel at ministries and law enforcement agencies will have little impact unless they are accompanied by systemic change in institutional culture, reform of customs law and a much higher deterrence factor.

And even this may not be sufficient. Unless the region's economy is developed to provide a viable alternative to smuggling – and local elites are motivated to support such efforts – the best-designed reforms may founder. Furthermore, amid allegations that the proceeds of smuggling actually benefit the state budget, it will be necessary for an audit of grey budget flows that stem from grey commodity flows.⁶

Key findings

- Transcarpathia is unique – unlike other regions in Ukraine, one of the central pillars of its economy is crime. Over three decades, a powerful criminal ecosystem centred on smuggling has emerged, in which business, politics and crime have become inextricably enmeshed – and the central government has not been able or willing to do something about it. As such, it represents one of clearest examples of how corruption in Ukraine actually works, actively directing the shape of the black and grey economies.
- The complexion of smuggling in Transcarpathia has changed since the full-scale Russian invasion. The illicit tobacco trade and migrant smuggling into the EU have declined, but there have been new opportunities in conscript smuggling, environmental crime and call centres. Overland illicit routes for drugs and other illicit goods into the EU saw more activity after the 2022–2023 blockade of Odesa, and smugglers in Transcarpathia have benefited from these increased flows.
- Grey smuggling – whereby imported goods are undervalued – is the biggest challenge to Ukraine's economy, robbing the state of taxes and skewing the marketplace in favour of sellers who can charge less for products after saving on excise tax. This kind of smuggling is only possible with high-level state involvement, and law enforcement agencies have a stake in coordinating and profiting from smuggling.
- Local elites have long held power in Transcarpathia but have come under increasing pressure from Kyiv during martial law. That said, such elites have proved adept at weathering changing conditions in the past and are likely to reassert themselves at the next elections.
- Reform of customs has become a priority for the central government, heavily backed by its Western partners. Not only will reform help Ukraine claw back billions of dollars in lost tax – sorely needed during the conflict – but it can also improve international perceptions of Ukraine if it is seen to tackle what is widely perceived as the most corrupt agency in the country.
- Assisting Ukrainian authorities to dismantle the complex verticals by which money generated at the border is funnelled to high-level officials will be highly sensitive but essential work. The price of failure is high, with serious implications for Ukraine's ability to access international financing and its pathway to EU membership.
- In a latest tendency, the clampdown on illegal tobacco both inside the country and on the western border is forcing local actors to relocate production to EU states and find new markets to sell their goods, with a focus on the UK.



INTRODUCTION: THE EMERGENCE OF A SMUGGLING HUB

Transcarpathia's emergence as a major smuggling node in Eastern Europe is rooted in three classic conditions: its borders and diaspora links with wealthier countries; lack of effective state border control; and limited local economic opportunities.

All three came into sharp focus with the collapse of the Soviet Union in 1991. The newly independent state of Ukraine could not match the kind of investment the Soviet Union had made in Transcarpathia, resulting in economic hardship for many. Ever since Ukraine's independence, Transcarpathia has consistently ranked one of the poorest regions in the country, with very low salaries for public and private sector jobs, making smuggling a compelling alternative.⁷

The new Ukrainian government also struggled to assert its authority in the region, which unlike most neighbouring oblasts,⁸ hosts many ethnic minorities, whose citizenship of 'mother' countries is a factor that would appear to increase the likelihood of their involvement in smuggling – although ethnic Ukrainians are active too. These diaspora ties mirror the nature of the border: the areas of the border with Hungary – namely Berehove, Vynohradiv and the key city of Mukachevo – are historically inhabited by ethnic Hungarians, who constitute over 10% of the region's population and who have largely preserved their language and culture – a legacy of Hungary's 900-year rule of the region until the end of the First World War.⁹ Romanians are concentrated on the border with Romania around Solotvyno, close to the Tysa river, a border crossing for smuggling. Ukraine has also its own diaspora: in northern Romania, for example, there are areas that are almost entirely ethnic Ukrainian.¹⁰ These demographic profiles create natural cross-border communities in which borders are seen more as bureaucratic hurdles than delimiters of national identity.

The economics of the 1990s also generated strong incentives for smuggling. Large price differentials between Ukraine and Eastern Europe made the illegal export of fuel, cigarettes and alcohol from Ukraine lucrative, while domestic demand for Western products that had been in short supply in the Soviet Union drove smuggling in the opposite direction.



FIGURE 1 Eastern Europe, showing the location of Transcarpathia.

These economics began to change in the 2000s as fuel prices standardized across the region. Cigarettes, however, remained a staple contraband product. Without factoring in VAT, the excise tax applied to filtered cigarettes in Romania, Poland and Hungary was at least quadruple the rate applied in Ukraine in 2007.¹¹ With the expansion of the EU in the 2000s, human smuggling emerged as a major illicit trade, both of Ukrainians and foreign nationals, mainly from Africa and Asia. Timber is also illegally logged from Transcarpathia's extensive, largely protected forests and processed before being exported and laundered.

In more recent years, drug trafficking has emerged as a major illicit market, mainly involving heroin, amphetamine, methamphetamine, cocaine, mephedrone and alpha-PVP.¹² Tysa, Uzhhorod, Luzhanka and Vylok are key border crossings used for drug smuggling.¹³ Cannabis is largely produced for the domestic Transcarpathian market.¹⁴

Other smuggled commodities are far more everyday, such as Chinese-made clothes and shoes, devices like iPhones and even Italian processed food (a flow smugglers call 'the Italian buses,' as it is often transported on minibuses). Licit businesses are not averse to benefiting from this conveyor belt of goods, as highlighted by the absence of duty strips on bottles of alcohol and numerous foodstuffs brought in 'duty-free' or 'independently imported' in Ukrainian supermarkets and online stores. Notably, a leading Ukrainian chain store was said to be a regular buyer of a large amount of smuggled household goods.¹⁵

Audacious smugglers

The profitability of these flows led to the use of increasingly imaginative smuggling methods. In 2012, for example, Slovak authorities discovered a 700-metre-long tunnel between a house in Uzhhorod, the regional administrative centre, and a border village in neighbouring Slovakia. Excavated with mining equipment and outfitted with a miniature railway, the tunnel was used to shuttle large quantities of cigarettes, other goods and possibly people into the EU.¹⁶ More recently, in 2019, a small helicopter of the type normally used for agricultural work crashed in Romania. It was carrying cigarettes and flying without insignia.¹⁷

In one remarkable case, a local ethnic Hungarian, Attila Horvat (nicknamed 'Doki'), even created his own 'private border'.¹⁸ In 2007, Doki privatized and later monopolized 100 hectares of land on the Ukrainian–Hungarian border. Inaccessible to the border guards, this commandeered land became his fiefdom used for all kinds of smuggling. Tobacco and migrants passed through it to Hungary and poppy straw was brought into Ukraine in large quantities. Doki's turf hosted a small armed detail with watch towers and night vision goggles to keep outsiders away. He became the region's biggest smuggler, before gradually losing his influence and land until he died in a suspicious car accident in 2020.¹⁹ ■



A 700-metre-long smuggling tunnel between Transcarpathia and Slovakia was discovered in 2012. Photo: Security Service of Ukraine

Corruption: the great enabler

Asked what lay at the root of corruption in Transcarpathia, one former customs official said, 'It's impossible to be honest' when, as he pointed out, the official salary of a customs officer is UAH10 000– UAH15 000 (€220–€330).²⁰ But while it is true that some officials do engage in small-scale illicit deals,²¹ corruption in Transcarpathia has evolved into a highly organized and systematic affair that extends far beyond a few crumpled notes thrust into the hand of a disaffected border guard.

Indeed, smuggling in the region can be described as existing on two levels. The first is the small-scale, opportunist and enterprising approach that sees ingenious methods such as drones,²² inflatable boats and aqua suits (to cross rivers) and planes being used, alongside the army of ‘ants’ with backpacks carrying cartons of cigarettes across rugged border terrain. This ecosystem is often highly local and predicated on avoiding official attention altogether.

But the real money is to be made in the large-scale smuggling trade, which uses trucks, minibuses and other forms of mass transport, including tankers, to smuggle large quantities of illicit goods into and out of Ukraine. This lucrative trade relies, to varying extents, on the collusion and involvement of corrupt officials: instead of avoiding border checkpoints and security, like the first level, the vehicles go straight through them.



Scan of a natural gas tanker filled with cigarettes that was stopped in Transcarpathia in January 2023. Photo: State Border Guard Service of Ukraine

Grey vs black; outward vs inward

There are subcategories within this large-scale smuggling economy. A distinction can be made between ‘black’ – or outright illegal – and ‘grey’ smuggling. Black smuggling encompasses illegal commodities (such as drugs, illicitly produced tobacco or unauthorized movement of weapons) or goods for which no declaration has been made and no tax paid.

This form of smuggling is not the predominant, or indeed even the most valuable, mode. Rather, it is grey smuggling – where the value or description of the goods has been adjusted to incur less tax – that makes up most smuggling flows.²³ While these may only represent fractional savings per shipment, at scale the profits mount up. As one former high-level customs official in Kyiv observed, a saving of €0.01 can represent a big profit when applied to a million units.²⁴ And the profits are only multiplied when, say, an imported TV is registered as a broom.²⁵

Inward and outward flows also show structural differences and impacts. For example, the trade (small and large) in illicit tobacco leaving Ukraine is harmful to the economies of European countries that have higher excise rates. The role of Ukrainian authorities here is more than just enablers, taking a cut in exchange for looking the other way. Corrupt officials are often the drivers, organizers, facilitators and beneficiaries of the trade, using their influence to appoint and protect loyal people at key positions that enable the flow.

The inward grey trade in consumer goods from Europe is harmful to the economy of Ukraine, not only in depriving the country of customs revenue, but in skewing the marketplace to favour smugglers, who can undercut sellers who pay the full customs rate. With inward flows, corrupt officials may play a more significant role. Of course, underhand smuggling does take place, as capacity necessarily limits the ability of any customs department to scrutinize every declaration, but in Ukraine, it is alleged that the customs authority is aware of and complicit in grey trade. 'Absolutely they [customs] know everything,' said the former Kyiv customs official. 'They need to know everything to profit from everything.'²⁶

'Telephone law'

In Transcarpathia, organized corruption has been present for decades. After the turbulence of the 1990s, when newly independent Ukraine was struggling to establish institutions and governance, the relationship between smugglers and the authorities grew closer, reaching endemic levels during the presidency of Viktor Yanukovich.²⁷ As one investigation in *Ukrainian Pravda* in 2015 commented, 'almost the entire local police, border guards and customs are involved in the same smuggling'.²⁸

In recent years, several customs officials at the highest levels in Transcarpathia have been dismissed for their involvement in smuggling.²⁹ One – Valeriy Peresolyak – worked for 10 years in the Transcarpathian customs department, becoming deputy head of risk analysis and countering customs offences, before being sanctioned as one of Ukraine's 10 biggest smugglers by Ukraine's National Security and Defence Council under President Zelensky in April 2021 (see the box: Taking a cut at Chop).³⁰ (These sanctions expired in April 2024.³¹) In other cases, customs officials, or their relatives, have reportedly amassed vast and, compared to their salaries, inexplicable wealth. Serhiy Duran, the deputy head of the Transcarpathian Customs Department, was described as 'the richest customs officer in Ukraine' after his declaration revealed that his wife had cash assets totalling US\$6.7 million in various currencies; the officer 'only' had cash assets of nearly US\$300 000.³² Ukraine's National Agency for the Prevention of Corruption (NAZK) found the official's explanation for the source of their assets unconvincing.³³

Corrupt fiefdoms also proliferate. This study found that Transcarpathia's border with its neighbouring countries was divided according to four 'zones of interest', each governed by one or several prominent local figures. Within these zones, corrupt customs officials may hold their own lucrative territories, such as that reportedly enjoyed by Vadym Izhevsky, head of the customs clearance department of the Tysa customs post. According to media reports, Izhevsky was fired in August 2023 for allegedly allowing smuggled goods to pass through the post without checks. He was subsequently reinstated and transferred to a post outside the region.³⁴

Smugglers usually choose to cross the border when 'their shift' is working the customs office. They are guaranteed that the officers will hinder their illicit activities because they have been given the order to do so and will receive a cut for their 'assistance'. When passing customs control, the goods moved by the smugglers will be intentionally undervalued using various methods like accepting false paperwork; or letting a truck or a minibus pass without a proper check, or even allowing it to pass through completely 'invisible'.³⁵ According to the former customs official, officers involved in these schemes keep a tenth of their earnings; the rest is paid to management. According to two sources, the management of the Transcarpathian customs has an interest in every transaction.³⁶

There are also express lanes for clearing contraband, although these channels often require the authorization of other bodies. According to one journalist,

any smuggler ... initially agrees the format of work and the tariff with law enforcement officers – what he will transport, how much to steal and where to process. If the security forces give their approval, then you can go to the customs office to negotiate ... [W]ithout prior approval from someone from the SBU [Secret Service], DBR [State Bureau of Investigations], BEB [Bureau of Economic Security], the prosecutor's office and the State Border Guard Service (plus the military administration added during the war), it is impossible to launch systematic smuggling schemes³⁷

This multi-agency involvement can come with a steep price tag: one smuggler noted that it was much cheaper to pay off a single group of corrupt Romanian customs officials than their Ukrainian counterparts. The Romanian officials would allegedly take US\$40 000 for a truck packed with cigarettes, while the Ukrainian officials would demand US\$120 000, to be divided among the various agencies involved.³⁸

A flourishing smuggling economy exists across the Ukrainian border with Romania, leveraging powerful figures in Transcarpathia.

Photo: GI-TOC



The biggest challenges for smugglers are created by non-local law enforcement units, who occasionally inspect the crossings without prior warning – although a former customs official said that these spot inspections are often for show and to improve statistics, and in reality ‘everyone knows in advance’ about who is coming and when.³⁹ In those instances where a smuggler is caught by law enforcement, they may appeal to their ‘roof’ for intervention.⁴⁰ A police officer spoke witheringly of the ‘manual mechanism of control’, referring to an incident in which his attempt to seize a minibus carrying cigarettes was interrupted by calls from the police hierarchy to release the smugglers.⁴¹ The pervasive nature of this practice has created an economy where the telephone is effectively the law. ‘The main tool of ... such smugglers is contacts in their mobile phone and [their] connections,’ said a former high-ranking customs official in 2021. ‘Everything depends on the position the [contact] holds at the customs, police, or court.’⁴²

Taking a cut at Chop

The border crossing at Chop is an illicit hub serviced by good road links to Hungary and a rail connection to Slovakia. The illicit trade in cigarettes here is lucrative: according to one former law enforcement officer, a carton of cigarettes will generate €300, a truck €300 000 – and the cut that goes to law enforcement is around 50%.⁴³

This section of the border, from the Slovakian border to Chop, near Hungary, was allegedly overseen by ex-customs official and once-sanctioned smuggler Valeriy Peresolyak.⁴⁴ In interviews with the GI-TOC, a former law enforcement official and local journalist claimed that Peresolyak was the go-to man for any kind of large-scale smuggling deals on the border with Slovakia and Hungary, coordinating the illicit trade at Luzhanka and several other smaller border crossings in the Berehove district.⁴⁵ Recent information, however, suggests that Peresolyak may not no longer be involved in the cross-border business (see below). ■

Transcarpathia's triumvirate

As well as state officials, there is another dimension that is critical for understanding the illicit economy of Transcarpathia. The criminal epicentre of Transcarpathia is Mukachevo, the region's second largest city, which has earned notoriety, particularly for smuggling drugs and weapons.⁴⁶ Owing to its role as a regional transport hub and a centre of wholesale warehouses in late Soviet times, this city found itself in the perfect situation to profit from the dire economic circumstances after the fall of the Soviet Union. As elsewhere in Ukraine, the early movers who could exploit such opportunities were able to amass considerable capital – political, financial and otherwise.

The Baloha brothers have arguably been the most influential political family in Transcarpathia for decades, with Mukachevo serving as their power base.⁴⁷ Viktor Baloha was elected mayor of Mukachevo in 1998, and became presidential chief of staff under President Yushchenko and then emergency situations minister under President Yanukovych. His brothers, Ivan and Pavlo, were elected to parliament after winning seats in Transcarpathia.⁴⁸ Vasyl Petyovka, a cousin of the Balohas, was also elected to parliament. In the 2014 elections, these family members won four of the six seats in Transcarpathia.⁴⁹

Viktor Baloha also paved the way for another powerful politician, the pro-Russian Viktor Medvedchuk,⁵⁰ who would in time play a crucial and deeply controversial role in Ukrainian politics under several presidents.⁵¹ In a media interview, Baloha once described Medvedchuk as his biggest mistake.⁵²

Today, the Balohas are still the most powerful figures in Mukachevo, in large part through Viktor's son, Andriy, who was elected mayor of Mukachevo in 2015. The latter forms one part of 'the Mukachevo triumvirate', along with head of the local district council, Mykhailo Lanyo⁵³ (who goes by a criminal nickname, Blyuk, according to former Minister of Internal Affairs Ihor Lutsenko⁵⁴) and Vasyl Petyovka through their factions in the city council.⁵⁵ This coalition came together in 2022, after the supposed healing of the reportedly fractious relationship between Baloha and Lanyo, which had been behind armed clashes in the city in 2015.⁵⁶



Andriy Baloha (left), mayor of Mukachevo and son of former mayor Viktor Baloha (right). © Attila Kisbenedek/
AFP and Sergei Supinsky/AFP via Getty Images

Of the three, it is allegedly Lanyo who serves as the bridge between the under- and upperworlds. According to a confidential law enforcement document shared with the GI-TOC, for years, Lanyo allegedly acted as the overarching manager and dispute-resolver for almost all organized crime activity in Mukachevo.⁵⁷ And according to media reports, sources and police documents, Lanyo has also been involved in illicit activity in the region, including the drugs and weapons trades.⁵⁸ (Lanyo himself has denied involvement in smuggling and said that his portrayal as a criminal authority was politically motivated.⁵⁹) Several years ago, the police estimated his criminal syndicate to number at least 200 people split into smaller groups specializing in various illicit trades from car theft to human smuggling.⁶⁰

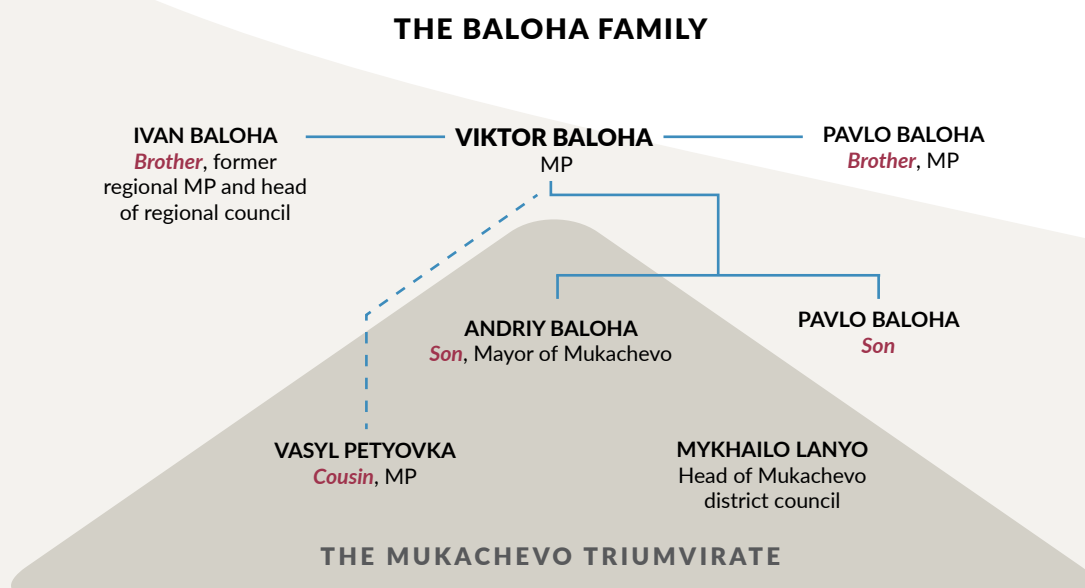


FIGURE 2 The 'Mukachevo triumvirate'.

A near monopoly on power in local politics, ties in the region and in the capital, and hefty financial resources have allowed these Transcarpathian political figures to often come out on top in their dealings with Kyiv.

As a consequence of these dynamics, Transcarpathia's relationship with the central government has been complex. Local elites have always tried to stay as autonomous from Kyiv as possible, with the power centres on both sides of the Carpathian mountains trying to strengthen and exert their influence through key positions in law enforcement, customs, tax and other government agencies. For a long time, it appeared the locals had the upper hand. An article on Transcarpathia in *Ukrainian Pravda* argued that 'the Ukrainian state is almost gone here, it has long been replaced by clans and families'.⁶¹

But 2015, the year the article was published, was also something of a turning point. After the 2015 shooting in Mukachevo, Ukrainian police legend Hennadiy Moskal, who dismantled the Crimean gangs in the late 1990s, was put in charge of Transcarpathia to bring more stability and thwart Russian attempts (including through organized crime) to inflame the already tense relations between Hungary and Ukraine. Moskal reflected that when he arrived 'the region was simply leased, the region is not controlled by Kyiv, not controlled by the president'.⁶² He set about cleaning house, replacing the heads of law enforcement, border guards, customs officials and district state administrations, and operating a zero-tolerance approach to smuggling at the border (the latter arguably more for show).⁶³ He left the region in 2019, and his impact was soon sorely missed.⁶⁴ The following year, the criminal situation in the city deteriorated to such an extent that the local council asked President Zelensky to intervene and bring the situation under control.⁶⁵

But whatever the pressure from Kyiv, local powerful figures have always been able to bolster support through the ballot box. The Transcarpathian chapters may be represented in Ukraine's national political parties, but they largely serve the interests of the local clans. The main actors often switch sides and form unsteady alliances depending on their political, financial and economic interests. They may also mobilize local ethnic populations to achieve their objectives. According to an activist in Mukachevo, the Roma, for example, are often used by political actors to swing the vote, especially in Mukachevo, by the ruling Servant of the People party.⁶⁶

In 2019, the most influential local politicians-cum-businessmen were elected to the Ukrainian parliament. Viktor Baloha is today an independent MP.⁶⁷ And among other prominent local figures in parliament is Vasyl Petyovka, his cousin. Notably, they tend to keep their distance from other political factions, having joined a separate group, Dovira (meaning Trust).⁶⁸ The history of the Ukrainian parliament has shown that such interest groups are often created to produce votes at crucial moments in exchange for certain favours – a useful tool at a time when the pro-presidential majority is shaky.

KEY CHANGES FOLLOWING THE RUSSIAN INVASION

Much has changed in Transcarpathia since the full-scale Russian invasion of Ukraine in February 2022, although some illicit trade still bears the same complexion. Information gathered for this study indicates that contraband continues to be the main illicit business in the region since the invasion. In 2024, the main illegal commodities seized on the border during attempts to smuggle them out of Ukraine were tobacco products, timber and antiques. Cash is the latest trend. The inward flow was mostly cars (sometimes under the guise of humanitarian aid), clothes, smartphones, spare parts, foodstuffs and drugs.⁶⁹

This section discusses four key trends seen in the region, namely changes to the illicit tobacco trade; the rise in conscript smuggling; an increase in environmental crime; and the power struggle between the central government in Kyiv and local figures for control of the region, as discussed in the previous section.



With Kyiv tightening rules on conscription, Romanian border police have noted an uptick in young Ukrainian men trying to illegally cross the Sighetu Marmației border point into Romania. © Daniel Mihailescu/AFP via Getty Images

Mapping the border



FIGURE 3 Smuggling points between Transcarpathia, and Hungary and Romania.

Smuggling routes across the Transcarpathia border vary according to the scale of smuggling being done. For large-scale smuggling, the crossing points of Chop, Vylok, Dyakovo, Luzhanka and Solotvyo, near the borders with Hungary, Slovakia and Romania, are preferred due to their infrastructure (see map). For small-scale smuggling, the mountainous terrain to the east of Sighetu Marmăției in Romania provides more cover than the flat terrain of Hungary – and avoids the more intense controls of Hungarian border guards.⁷⁰ Our research has shown that Romanian smugglers also have established linkages with smugglers in other countries.⁷¹ The level of the Tysa river falls in summer, which allows it to be forded at several points (see the map inset) by people seeking to enter Romania illicitly and cigarette smugglers. Romanians living near the border allow Ukrainian traffickers to hide smuggled cigarettes in their properties, to be collected by their Romanian counterparts later.⁷² Payment is made after the Romanian smugglers have sold the cigarettes.⁷³

There is no reported large-scale smuggling in the region's areas adjoining Poland in the north because of the lack of official border crossings in this part of Ukraine (Polish tobacco smugglers are usually caught on the border crossings into Hungary).⁷⁴ However, the Polish–Ukrainian border crossings in Lviv oblast (to the north of Transcarpathia) may be seeing some displaced Transcarpathia trade. According to a smuggler, the Hungarians and Slovaks have clamped down on some smuggled trade, diverting the flow of some goods to the busy Polish–Ukrainian border.⁷⁵ ■

Difficult times for tobacco smugglers

Tobacco has continued to be a reliable earner for organized crime in the broader region of Transcarpathia and Eastern Europe. A carton of Ukrainian cigarettes, for example, will double and may even quadruple in price once smuggled into Romania, although bribe payments must be factored in to the bottom line.⁷⁶ A smuggler interviewed in Romania, while claiming less sensational margins, explained the typical process:

Let's imagine you have five boxes. You bought them for €6 000 in Ukraine. At the border you give €500 to the Ukrainians and €500 to the Romanians [law enforcement agents]. Then you drive to Bucharest. This is risky because they search trucks sometimes and it's not that easy to bribe those guys. Then I sell them for €1 700 [per box; €1 700 x 5 = €8 500]. Congratulations, you have just made €1 500 in one trip!⁷⁷

Nevertheless, business has become more complicated since the invasion. Cigarette production in Ukraine has remained robust: there is some local industrial production, although most of the supply comes from the Lviv region⁷⁸ and other parts of the country such as Kyiv.⁷⁹ But at the time of writing, a major countrywide crackdown had been launched on illicit tobacco production in Ukraine.⁸⁰



Counterfeit cigarettes discovered at the Luzhanka checkpoint on the Ukrainian-Hungarian border, hidden in a storage compartment in the floor of a tourist bus.

Photo: State Border Guard Service of Ukraine

Probably the biggest change has been the consolidation of the market. Fieldwork in Solotvyno and the surrounding area found that small-scale smugglers have mostly switched from contraband tobacco to smuggling draft dodgers, as the tobacco trade is now firmly in the hands of the 'big guys' (although the crackdown was also complicating business for the large-scale operators). The volume of trade in illicit tobacco previously done by 'ants' – individuals carrying cartons of cigarettes in, for example, backpacks – has therefore died down. This in part due to the difficulty of entering the border zones (where they may be apprehended as draft dodgers, as avoiding conscription has become targeted as a political priority).⁸¹ Controls at the border crossing point of Vylok into Hungary were tightened in 2023, and illicit flows of tobacco have consequently diminished.⁸²

A similar story is seen on the Romanian side of the border, where tighter controls to counter the illicit tobacco trade have also had a profound impact. Romanian border guards have deployed drones, thermal imaging technology and cameras with motion sensor technology (supplied by British American Tobacco) in high-traffic areas.⁸³ Frontex, the EU border guard agency, has also been supporting efforts through the provision of patrol cars and equipment. According to a journalist, this has strangled the smuggling trade, as Frontex personnel reportedly cannot be bribed.⁸⁴

Seizure data is not without complications, but the relatively low values of the confiscated cigarettes at Satu Mare (€90 000) and Maramures (€325 000) in 2024 indicate that small-scale tobacco smuggling into Romania may now be a relatively low-value business.⁸⁵ (Greater flows were seen at Suceava [€661 800], which can be explained by the fact many tobacco smugglers moved south to the Chernivtsi region in Ukraine in 2022 and 2023.)

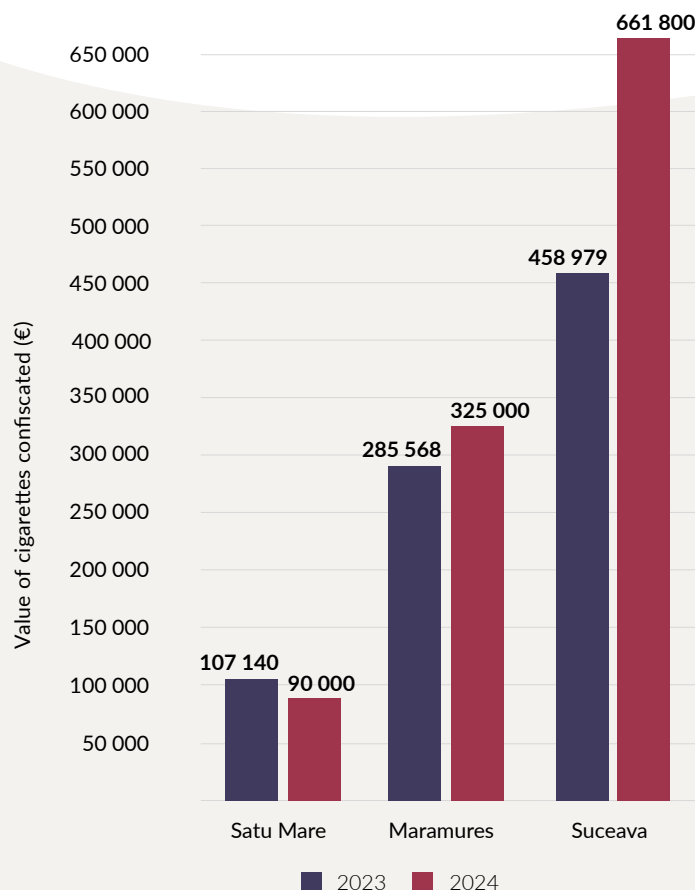


FIGURE 4 Value of seized cigarettes at Ukrainian–Romanian border crossings in 2023 and 2024, in euros.

NOTE: The Satu Mare and Maramures regions border the Transcarpathia region; Suceava is the destination for cigarettes smuggled from Chernivtsi.

SOURCE: Stop Contraband, <https://stopcontrabanda.ro>

Faced with these market dynamics, many small-scale tobacco smugglers left Ukraine recently. Some settled close to the border with Ukraine to capitalize on the burgeoning trade in smuggling conscripts (discussed below), but other more serious operators moved their tobacco businesses to neighbouring Slovakia, Hungary, Czech Republic and further afield, setting up clandestine factories in Western Europe.⁸⁶

Other evidence would appear to support this offshoring trend. In October 2024, in the Lviv region, border guards and inspectors from the Bureau of Economic Security foiled an attempt to illegally move cigarette-making equipment from Ukraine to the Czech Republic. The equipment had been passed off as machinery for packaging food and other products.⁸⁷

New illicit economies: conscript smuggling and call centres

Another profitable flow has undergone a radical change since the invasion: people. Before 2022, Transcarpathia was a gateway for migrants from Asia and Africa attempting to enter the EU illegally, especially via Slovakia. The business was so profitable that even foreigners became involved.⁸⁸ But since the open border policy adopted by the EU to handle the refugee crisis, smugglers have switched to helping men eligible for military service, but unwilling to fight, escape Ukraine.⁸⁹ According to a Ukrainian MP, some 200 ‘dodgers’ tried to cross the border illegally every day in 2024,⁹⁰ a fair share of them through Transcarpathia. Evading conscription led the government to introduce a tough border regime in January 2024.⁹¹ Those dodging the draft are apprehended in their dozens.⁹²

In the first days of the invasion, those wanting to flee conscription would pay up to US\$100 000 to escape, but prices later fell to a tiny fraction of that (US\$5 000–US\$7 000). However, afterwards and especially after the adoption in April 2024 of a new law on mobilization aimed at increasing the numbers of soldiers in the ranks and a campaign to curb corruption among the medical, military and border staff, the dodger smuggling fee has risen again to around US\$20 000. Although some conscripts choose to try to make their own way across Ukraine’s borders, hiring the services of local guides and procuring fake paperwork makes for a much safer passage. For example, many of those who take the off-road route have drowned in the Tysa river or died of exposure in the Maramureş mountains. One fugitive was shot dead by a border guard in May 2024.⁹³ The conscript smugglers may also be involved in smuggling other commodities, and know the routes and understand the bribery process. In some cases, they are border guards⁹⁴ or even locals who see an opportunity to make money fast by taking conscripts in their car.⁹⁵ Teenagers are also involved in the people smuggling trade.⁹⁶

In Romania, draft dodgers reportedly pass through the Poienile de sub Munte, an area used for illegal logging. But the terrain is rugged and harsh, and many have died attempting to cross the border here.

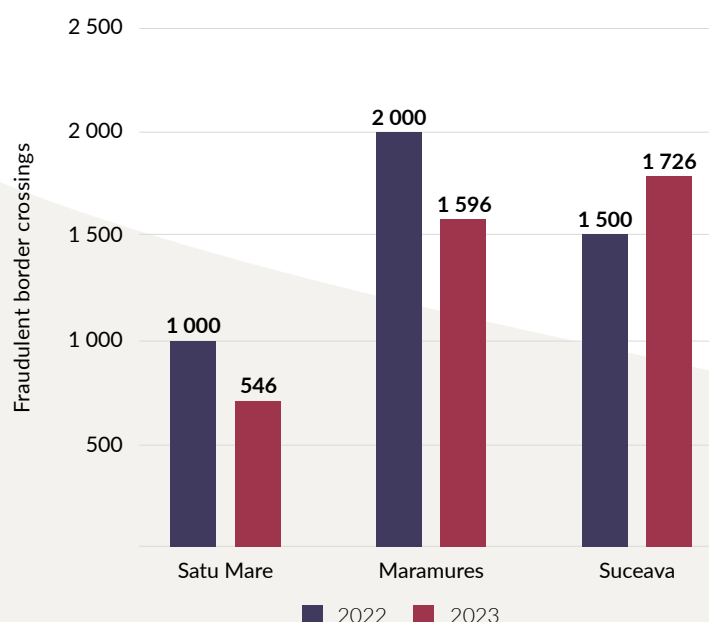


FIGURE 5 Fraudulent border crossings into Romania from Transcarpathia (Satu Mare and Maramures) and Chernivtsi regions (Suceava).

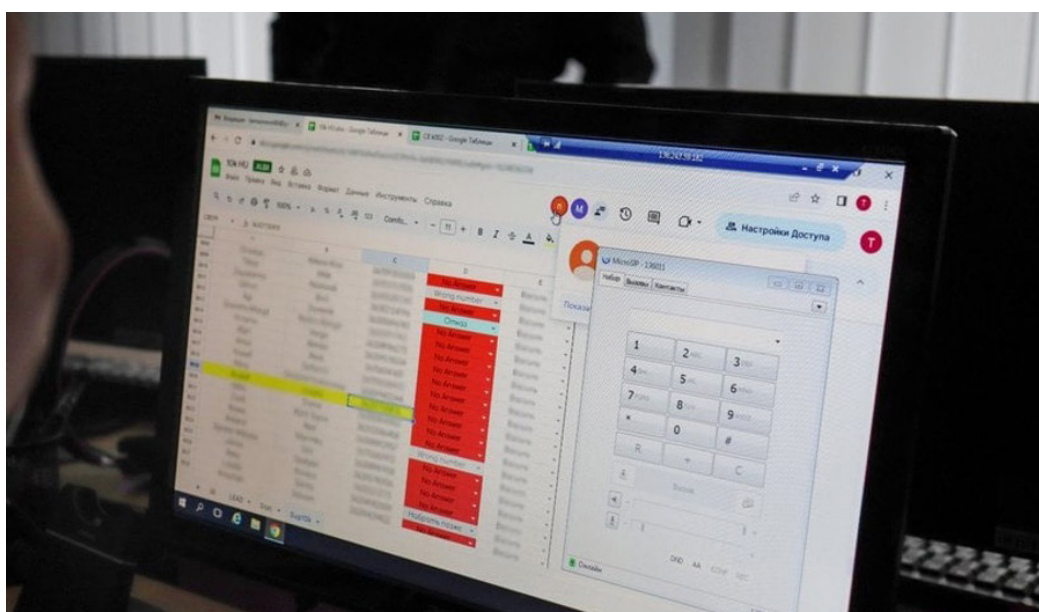
NOTE: Ukrainians accounted for more than 97% of attempted crossings in 2023.

SOURCE: Official data supplied by a spokesperson for Romanian border police, April 2024

Those who make it may be assisted on the Romanian side by locals, who are almost entirely ethnic Ukrainians.⁹⁷ There is evidence that some of the dodgers are met by smugglers in the Romanian border towns, before continuing their journey west to countries such as Austria and Germany.⁹⁸

Slovakia is also a favoured crossing point for those avoiding military service. In an August 2024 interview, the Slovakian interior minister put the number of dodgers apprehended on the Ukrainian border at 700.⁹⁹

Because of political imperatives dictated by the war, the Ukrainian border guards are more concerned with the flow of dodgers than tobacco, and have doubled their efforts to stop it. For security and monitoring, many are now equipped with body cameras, a technology that hinders their ability to accept bribes to allow dodgers to pass. The latest step in cracking down on conscription fugitives came in July 2024, when the authorities closed mountain tourist routes close to the border.¹⁰⁰ Things are not always as they seem, though. Local witnesses said that they have been illegally detained by border guards, taken to the border, geotagged there using their phones, photographed and paraded as dodgers caught trying to cross – probably in a move to boost their statistics.¹⁰¹



Spreadsheet showing call centre operations, from a bust in October 2023. *Photo: Main Directorate of the National Police in the Transcarpathian region*

As is the case in other parts of Ukraine, particularly Odesa and Kyiv, scam call centres have also become more prevalent in Transcarpathia. One call centre busted in Transcarpathia in June 2024, which had made a million dollars through a scam where the operators impersonated bank officials to get access to victims' financial information, was established by a resident from Kriyvyi Rih in eastern Ukraine.¹⁰² Although an isolated incident, this is in line with a trend where call centre criminals have been moving their operations from eastern to western Ukraine. The same phenomenon has also been seen in Odesa, for instance, which has experienced an influx of organized crime from Kharkiv and Dnipro.

The growing number of fraudulent call centres suggests a diversification in Transcarpathia's illicit economy, which had formerly been predicated on the movement of goods, whether it be contraband, drugs, weapons or illegal timber (see below), or people. But, in another way, the call centres are just as transnational as the more traditional flows, targeting citizens in neighbouring EU countries.¹⁰³ One of the more sophisticated operations, which made a profit of US\$500 000 a month, recruited staff who spoke Czech, Polish, Hungarian and Slovak, and used a polygraph to monitor their 'probity'.¹⁰⁴

Echoing another pattern seen elsewhere in Ukraine, synthetic drugs have become more prevalent in Transcarpathia since the Russian invasion in February 2022. Telegram and the distribution practice of 'dead drops',¹⁰⁵ where the seller and buyer do not come into physical contact, have become common tools of drug traffickers.¹⁰⁶ Transcarpathia has also become an area for the production of synthetic drugs.¹⁰⁷ According to a former law enforcement official, some labs in the region were established by 'cooks' from Odesa, who taught their trade to the locals.¹⁰⁸

Illegal logging and environmental crime

Transcarpathia is a land of natural biodiversity, home to the UNESCO-listed Carpathian Biosphere Reserve. The forests have also been the target for illegal logging, which escalated after a ban on unprocessed exports in 2016. One source said, 'Most of the timber I worked on was illegal. I know because I was the one faking the FSC certificate [which confirms the timber is from a responsibly managed forest]'.¹⁰⁹ The main destination countries cited were Ireland, Hungary, Italy, Romania, the UAE, Saudi Arabia, Pakistan and China.

Illegal logging has reportedly increased again since the invasion in 2022. That said, one source conceded that although they were observing an increase in 'sanitized cuts' – felling 'sick', but in reality completely healthy, trees – tracing the true extent of illegal logging had also grown more difficult since the invasion because of a lack of data. Requests for such information are now vigorously rebuffed by the authorities.¹¹⁰

The central government in Kyiv has sought to increase its control over the forestry sector, establishing in September 2022 a state enterprise, Forests of Ukraine, which subordinates the 158 forestry enterprises that existed before, reducing local influence and bolstering government oversight.¹¹¹ But this new government agency also appears to have a mandate to increase profits from logging and drive development in forested areas, raising fears of more environmental destruction, as well as blocking the creation of new protected forest areas.¹¹²

Transcarpathia's ecosystem is also under threat from allegedly illicit construction in protected areas. Plans for a ski resort by a well-known Ukrainian oligarch and his partners in Svydovets, an area of natural beauty designated as 'emerald' and protected by the Council of Europe, would have involved the destruction of 3 000 hectares of primal forest and other ecosystems, and were widely condemned, including by the EU Parliament.¹¹³ Attempts to push the project through involved the use of force and administrative resources. The Supreme Court finally banned construction in October 2024, although a new proposal for a smaller resort was put forward two months later (without the involvement of the oligarch).¹¹⁴ Plans for building numerous windmills and mountain river mini-hydro-electric power stations under different pretexts sharpened by the energy crisis in Ukraine have also been opposed by locals.¹¹⁵

Local power brokers under fire from Kyiv

Zelensky's Servant of the People party tried to leverage its decisive victory in the 2019 elections to increase Kyiv's political influence in Transcarpathia, with varying success. In 2020, Zelensky's government appointed Oleksiy Petrov, a former high-ranking SBU (Ukrainian security service) officer, to try to keep the local power-brokers in check, but he failed and left after just five months. In March 2021, a political heavyweight, Mykola Tyshchenko – the godfather to the son of the head of the Office of the President, Andriy Yermak – was then given the task of effectively running the region. He was removed from this position a year later due to implied concerns over his reputation and probity, but still retains some leverage in Transcarpathia.¹¹⁶ After several scandals, Tyshchenko was replaced by the more prudent and moderate Viktor Mykyta,¹¹⁷ who adopted a notably more conciliatory stance towards the local political elites.¹¹⁸ Before taking political office, Mykyta had had a long career in the SBU, becoming deputy head of the agency in Transcarpathia, where he focused on tackling smuggling.

The war has also vested Kyiv with additional powers and tools, notably in the security sector. Critically, elections, a tool traditionally used by local figures to reassert their power and bargain with the authorities, were suspended during the period of martial law. Evidence now suggests that finally the central government seems to be gaining the upper hand in Transcarpathia. As the travails of the Mukachevo triumvirate described above indicate, change is in the air. Law enforcement agencies are taking an increased interest in the activities of Transcarpathia's leaders, including the MPs in parliament.¹¹⁹ Local MPs, journalists and smugglers all claim that Valeriy Peresolyak has allegedly distanced himself, or perhaps been removed from the smuggling trade, which is a telling sign of a shift in the balance of power in the region.¹²⁰ One customs official claimed that, while he is still influential, he is keeping a low profile – either not to irritate the central authorities or to assist them in their actions without getting into trouble. According to one former customs official, now 'everything is run from Kyiv, not at the local level'.¹²¹ One notable corroboration to this claim came in July 2024, when high-level officials at the State Customs Service Department in Kyiv were detained for receiving bribes from regional customs officers in exchange for non-interference in their activities.¹²²

Other powerful figures are also facing legal challenges. Andriy Baloha and Mykhailo Lanyo were investigated by the SBU and National Anti-Corruption Bureau of Ukraine (NABU) in 2023 over the sale of a former football stadium and surrounding land in Mukachevo. The property was sold for 90% less than its market value. At a session of the City Council, Baloha steered through the approval of the sale of the bargain-price real estate to a company co-founded by Lanyo.¹²³ In June 2024, Baloha and Lanyo were arrested; Baloha was later released on bail for UAH30 million (€645 000), and continues to act as mayor.¹²⁴ Lanyo was also released, but under certain conditions, though these were lifted in January 2025.¹²⁵ At the time of writing the case had yet to reach trial. Myroslav Chohey, considered Lanyo's main bodyguard, was also arrested. He is charged with destroying property and faces up to 10 years in jail.¹²⁶ The case is ongoing.

Viktor Mykyta was removed from his position as governor of Transcarpathia in September 2024 and appointed deputy head in the President's Office, an administrative body that reports directly to Zelensky – another sign of the strengthening influence of Kyiv.¹²⁷ Mykyta has reportedly been tasked with running the office's regional policy. After the latest blow to the once seemingly all-powerful Baloha–Lanyo alliance, Mykyta, who possesses detailed insider knowledge about under-the-radar local trades and actors, is likely to have a better chance of increasing Kyiv's control over the region.¹²⁸

Substantial revenues from Transcarpathia's vibrant smuggling trade are now allegedly monitored and controlled by watchers from the capital. Appointments to key positions, like the police, border service, customs and tax service, are Kyiv's prerogative, and the political and economic influence of the local clans appears to have been diminished – for the time being.



CONCLUSION: ADDRESSING A MATRIX OF CRIMINALITY

Smuggling in Transcarpathia is a complex issue, underpinned by the price differentials of goods between Ukraine and its European neighbours. Barring Ukraine's accession to the EU, which would radically change the situation, smuggling is likely to remain a constant in the region. According to a local village head, 'As long as there is a border, as long as there is a difference in prices, [smuggling] will be there.'¹²⁹

But if the economics are simple, the solution is anything but. The involvement of cross-border ethnic groups, family and religious ties, political and business elites, and corrupt officials in Transcarpathia has created a matrix of criminality that involves a significant proportion of the population. The local economy simply cannot compete with the easy money to be made in smuggling, and Transcarpathia's separateness – in terms of its history, ethnicity and geography – has given locals little reason to try. Changing this situation is therefore a challenging task that requires tackling each aspect of the illicit economy, while at the same time improving the viability of the licit economy.

The challenge to reform

Zelensky's drive against smuggling has had little in the way of long-lasting results. After a flurry of change in 2021 that saw smugglers sanctioned and 100 customs officers (including 17 heads of customs and customs posts) suspended, the system has recalibrated.¹³⁰ According to a May 2024 poll, the customs service was judged the most corrupt state agency in Ukraine, attracting 51% of the votes: a view corroborated by the anti-corruption body NAZK, which ranked the agency first in prevalence of corruption.¹³¹ One April 2024 investigation by NABU revealed the scale and ambition of corruption within the agency, as it emerged that the customs posts of Chernivtsi, Lviv and Volyn – all major smuggling gateways – had been put up for sale for a collective total of US\$1.7 million. The buyer of the post would be able to put in place whatever corruption schemes they desired, in exchange for a 50% kickback to the customs leadership.¹³²

A new drive has begun to reform the agency, culminating in the passing of a customs reform law in September 2024, backed by the IMF, World Bank and the US, which together are supporting the reform to the tune of US\$6 billion.¹³³ Reform of customs was also a condition for Ukraine to receive

a US\$15 billion IMF loan package.¹³⁴ The new law makes provision for international input into the appointment of the head of customs, as well as representation on the committee assessing all 10 000 customs employees. The law also ensures that the head of customs can appoint their own senior staff without approval from Kyiv.¹³⁵

There have been mixed responses, however. 'It's not reform. Reorganization would be the right word,' said a former customs official in Kyiv.¹³⁶ The same official was also sceptical towards Western efforts to create international oversight of key customs appointments. 'They don't know the situation. What right do they have to tell us what to do?' he said. Another analysis prophesied that it would be much harder to implement reform in 2024 as opposed to 2019: in 2019, Zelensky could have cleared out officials who had set up schemes under the previous president, Petro Poroshenko, as part of a political refresh, but now will have to contend with people associated with his own government.¹³⁷

There have also been mixed messages from the government. In October 2024, the new list of sanctions against smugglers was published, in accordance with the expiry of the three-year term of the original list published in 2021. Notably, 11 smugglers and several active companies were removed from the 2024 list, without explanation.¹³⁸

Still, the reform law places smuggling back on the political map and has concrete goals that will ameliorate some of the drivers of corruption, such as raising the minimum salary to UAH35 000 (from UAH16 000) and theoretically freeing the agency from interference from the finance ministry.¹³⁹ But the real work will come in translating these lofty objectives to the border areas such as Transcarpathia, and in the higher echelons of the state where the real revenue allegedly flows.

Making all smuggling a crime

To meet the requirements of EU funding, Ukraine passed a law at the end of 2023 recriminalizing smuggling (after 12 years of no criminal sanctions, and 18 months after the 'urgent' draft law was first tabled by the president). Yet the thresholds for criminal liability remained worryingly high.¹⁴⁰ Under the new law, any smuggling of goods under a threshold of UAH7.5 million (US\$180 000) or excise-liable goods worth UAH1.1 million (US\$29 000) will not incur criminal liability, only an administrative fine.¹⁴¹ Over these thresholds, cases would become the responsibility of the Bureau of Economic Security.

While law enforcement can still be active in apprehending smugglers, the upshot may be to leave the general policing of cross-border trade in the hands of customs, which may have a vested interest in protecting corrupt revenue streams. A practice of 'smurfing' may arise similar to that used to evade the threshold monitoring of money laundering, in which customs declarations are kept under the threshold, thereby hiding it from law enforcement and protecting smugglers from prosecution. As such, harmonizing the criminal and customs codes is of critical importance to make smuggling of whatever value a crime.

Creating alternatives

As the region increases its weight with the gradual shift of human and economic resources from the east to the west of Ukraine, the volume of its trade with neighbouring regions and countries will increase, including its main commodity – contraband. Although the profits to be made from smuggling will far outstrip those in the legal economy, work should begin now to offer the local population alternatives.

To achieve this, it will be necessary to ensure that local elites share the same agenda. To this end, media, law enforcement and anti-corruption agencies, NGOs and activists should be encouraged to increase scrutiny of local and national political parties, tax, border officials and judges to flag association with known criminal actors or engagement in criminal activity. If found, such figures should be barred from holding office.

Recommendations

In summary, tackling the smuggling economy should be guided by the following recommendations:

- Ukraine's new customs reform law of September 2024 is well designed and has strong international backing, but must contend with an entrenched system of corruption and the realities of smuggling on the ground. In particular, tackling the upper echelons of corruption will be critical but highly sensitive work.
- The criminal and customs codes must be harmonized to ensure that smuggling in whatever form is a crime, and can be prosecuted as such. The current arrangement makes smuggling under certain value thresholds an administrative offence, not a criminal one, and for which only a fine is payable.
- The clampdown on illicit tobacco production in Ukraine and on its western border demands a more concerted approach, involving EU law enforcement. Ukrainian smugglers are moving equipment production to Central Europe in an attempt to save their business and profit from new routes, partners and markets. But they are leaving a clear trail to follow – their names are common knowledge and they tend to use a cheaper Ukrainian workforce.
- In Transcarpathia, building alternatives to smuggling will be necessary, but not sufficient. Alongside economic incentives, it is also clear that the local ecosystem in which crime and politics are often not far apart must be neutered to allow for real change to be driven from the local level. Local and national political parties, tax, border officials and judges who have proven association with known criminal actors or have engaged in criminal activity should be barred from holding office. The long-standing culture of smuggling as a way of life needs to be eradicated.

NOTES

- 1 Interview with local officials, Solotvyno, April 2024.
- 2 A former customs official said: 'The main destinations for smuggling are Chernivtsi and the Lviv region. Everything [major flows of illicit goods] goes through there. Transcarpathia is a scapegoat.' Interview with a former customs official, Transcarpathia, April 2024.
- 3 'Local elites' refers to actors who often blur the line between politics/law enforcement, crime and business, participating or having influence or connections in more than one sphere.
- 4 Transcarpathian Regional Military Administration, A special border regime was established in Ukraine, 11 January 2024, <https://carpathia.gov.ua/news/v-ukraini-vstanovyly-spetsialnyi-prykordonnyi-rezhym>; Additional bans were introduced in the border Zakarpattia region, Rubryka, 19 June 2024, <https://rubryka.com/2024/06/19/u-prykordonni-zakarpatskoyi-oblasti-vvely-dodatkovy-zaborony>.
- 5 Andriy Olenin and Anna Steshenko, Will Ukrainian smuggling die without 10 'kings', LB.ua, 8 April 2021, https://lb.ua/economics/2021/04/08/481902_chi_pomre_ukrainska_kontrabanda_bez.html.
- 6 Yulia Samayeva, 'Contraband' enters! Why did Zelensky remove the majority of smugglers from the sanctions?, ZN, 11 October 2024, <https://zn.ua/ukr/reforms/vstupaje-kontrabas-chomu-zelenskij-viviv-z-pid-sanktsij-bilshist-kontrabandistiv.html>.
- 7 'If you didn't go to work, you can survive only if you join one of the illegal business schemes. Salaries in state institutions and pensions amount to 1,200 hryvnias, a maximum of 1,500 hryvnias. It is impossible to live on this money.' Pavel Sheremet, Transcarpathian node: What are they doing in Moskal, Nayem and Baloga regions, *Ukrainian Pravda*, 20 August 2015, <https://www.pravda.com.ua/articles/2015/08/20/7078406/>.
- 8 An administrative unit, of which there are 24.
- 9 Piotr Źochowski and Tadeusz Iwański, Zakarpattia – together, but separated, Centre for Eastern Studies, Number 15, 29 September 2015, <https://www.osw.waw.pl/en/publikacje/osw-commentary/2015-09-30/zakarpattia-together-separated>.
- 10 Percentage of ethnic Ukrainians in Romania, 2021 census, <https://www.recensamantromania.ro/rezultate-rpl-2021/rezultate-definitive-caracteristici-etno-culturale-demografice>.
- 11 'The excise tax on filtered cigarettes in 2007 was approximately 17 percent of the retail price; including VAT, total taxes were approximately 34 percent of the retail price. By comparison, tax rates in other Central and Eastern European countries such as Romania, Poland and Hungary are much higher, at 68.5 percent, 79.4 percent and 79.9 percent of retail price, respectively.' Hanna Ross et al, Economics of tobacco taxation in Ukraine, International Union Against Tuberculosis and Lung Disease, 2009, p. 37, <http://www.tobaccocontrol.org.ua/uploads/resource/file/40/58ea5cc8a8947.pdf>.
- 12 Interview with a patrol police, Uzhhorod, October 2023.
- 13 On crossings, confidential police document shared with the GI-TOC. On amphetamine, cocaine, local use of cannabis and manufacturing labs: interview with a former law enforcement officer, Uzhhorod, October 2023; on amphetamine, alpha-PVP and mephedrone: Almost UAH 1 million worth of hard drugs were seized from a 19-year-old Mukachi resident, Zakarpattia.net, 9 June 2024, <https://zakarpattia.net.ua/News/233563-U-19-richnoho-mukachivtsia-vyluchyly-vazhkykh-narkotykiv-na-maizhe-1-mln-hrn-FOTO>; on methamphetamine: Almost UAH 250,000 worth of methamphetamine was seized from a detained group of Mukachevo drug dealers, Zakarpattia.net, 11 June 2024, <https://zakarpattia.net.ua/News/233581-U-zatrymanoi-hrupy-mukachivskykh-narkotorhovtsiv-vylucheyly-metamfetaminu-na-maizhe-250-tys.-hrn-FOTO>; on methamphetamine and cannabis imports: National Police of Ukraine, Поліція Закарпаття заблокувала міжнародний канал торгівлі наркотиками зі щомісячним доходом понад 13,5 млн грн, 16 April 2024, <https://zk.npu.gov.ua/news/politsiia-zakarpattia-zablokuvala-mizhnarodnyi-kanal-torhivli-narkotykamy-zi-shchomisiachnym-dokhodom-ponad-135-mln-hrn>; on cannabis: UAH 750,000 worth of cannabis and marijuana seedlings were seized from a 32-year-old resident of Dovhoy, Zakarpattia.net, 29 May 2024, <https://zakarpattia.net.ua/News/233439-U-32-richnoho-meshkantsia->

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- 14 Tetyana Cherevko, Police in Transcarpathia discovered a cannabis plantation worth 80,000 hryvnias, Suspilne, 30 August 2023, <https://suspilne.media/uzhhorod/561855-plantaciu-z-konoplami-na-80-tisac-griven-viavila-policia-na-zakarpatti>; Mariana Rusyn, Equipment and products worth UAH 3.7 million seized: clandestine drug laboratory discovered in Uzhhorod, Suspilne, 31 May 2023, <https://suspilne.media/uzhhorod/492589-vilucili-tehniku-ta-produkciju-na-37-mln-grn-v-uzgorodi-viavili-pidpilnu-narkolaboratoriu>; Tetyana Cherevko, Marijuana worth UAH 18 million was grown in the forest. Two men will be tried in Transcarpathia, Suspilne, 31 April 2023, <https://suspilne.media/uzhhorod/444285-virosuvali-v-lisi-marihuany-na-18-mln-grn-na-zakarpatti-suditimut-dvoh-colovikiv>.
 - 15 This was mentioned by several sources, including one former customs official. Interview with a former customs official, Transcarpathia, April 2024; the chain was also the subject of a criminal investigation by the SBU (Ukraine security service) for selling bulletproof vests that should have been donated to the army; in response, the chain said they had bought the vests with 'all supporting documents' from a third party. Security Service opened a criminal case for selling the vests that the army should get for free, Lviv Now, 19 May 2022, https://tvoemisto.tv/en/news/security_service_opened_a_criminal_case_for_selling_the_vests_that_the_army_should_get_for_free_132534.html; Krzysztof Boczek, Humanitarian aid for Ukraine: 'It is a nightmare. Sometimes everything gets trafficked', Open Dialogue, 12 June 2022, <https://en.odfoundation.eu/a/500562,humanitarian-aid-for-ukraine-it-is-a-nightmare-sometimes-everything-gets-trafficked/>. In 2011 the SBU seized documents from Epicentr after reports that it had received contraband goods, although some alleged the investigation was motivated by corporate raiding. 'Epicentr' and 'Foxtrot' remained without goods, TSN, 4 November 2011, <https://tsn.ua/groshi/epicentr-ta-fokstrot-zalishilis-bez-tovaru.html>.
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