



BULLETIN

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Editors: Marcin Zaborowski (Editor-in-Chief) • Katarzyna Staniewska (Managing Editor)
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Creating a “Failed State:” Russia’s Destabilisation of Eastern Ukraine

Ievgen Vorobiov

The presence of Russian intelligence officers during seizures of administrative buildings by local pro-Russian activists in eastern Ukraine indicates the unrest is being instigated by these agents. The population of eastern Ukraine remains largely distrustful of the new authorities in Kyiv due to security and economic concerns. The continuing armed standoff between the Ukrainian security forces and Russia-backed militants in eastern Ukraine risks disrupting the presidential election scheduled for 25 May. This conundrum will require the EU to step up its assistance to ensure the election goes forward and fair results are established despite the difficulties on the ground.

The First Casualties in Eastern Ukraine. The political situation in eastern Ukraine has escalated in the past two weeks. Armed militants have gained full control over the town of Sloviansk, killing a Ukrainian security service officer in the process. On 15 April, the central government in Kyiv announced that it would launch an “anti-terrorist” operation involving special police units and National Guard troops. During these operations, the first casualties on the anti-Kyiv government side emerged. These events illustrate a different dynamic to the one seen in Crimea in March: Ukraine’s military in eastern Ukraine is likely to defend itself against assaults, even at the risk of collateral damage (harm to civilians). Any potential escalation of the situation is unlikely to be prevented by a declaration signed in Geneva on 17 April by the foreign ministers of the U.S., EU, Ukraine and Russia.

Public Sentiment in Eastern Ukraine. There are three major causes for public discontent in the eastern regions of Ukraine: the claim that the new government in Kyiv is not representative of the region and the lack of public safety and employment security. As these concerns have not been adequately addressed by the new authorities in Kyiv, they are being exploited by Russia.

The declining cohesion of the Party of Regions (PoR), which used to hold a political monopoly in eastern Ukraine, has left voters in disarray. Opinion polls show that about 40% of voters in the region have not decided which presidential candidate to support, even though many PoR members are registered. This vacuum has triggered the emergence of previously covert pro-Russian separatist groups.

Support for the active separatist movements in the region has proved relatively limited. None of the weekly separatist protests in the past month in Donetsk, a city of about a million people, has numbered more than 5,000. According to polls in March support for the pro-Russian separatists was less than 30% in the Donetsk region and 20% in the Kharkiv region in March. However, some of these people were indeed ready to storm Ukrainian administrative buildings as an act of defiance to the central government. The emergence of pro-Russian militants has helped galvanise these radical groups among the population in the Donetsk region.

Meanwhile, pro-Russian agents have successfully used the perception of a threat to public security in eastern Ukraine, and rising rates of crime, to gain support. The number of violent crimes in the Kharkiv region has increased by more than 40% in January–February 2014, compared to the average in 2013, even though local police did not register attacks on Euromaidan (pro-Ukraine) activists. Given that the local police in the Kharkiv and Donetsk regions remain disloyal to the new central authorities, the continued presence of pro-Russian militants is fraught with the potential for diversion and sabotage. That is why the Kyiv authorities are reluctant to rely on the local police to disarm the Russian militants.

Another strong reason for the protests in eastern Ukraine is its citizens' concerns about employment. The official unemployment rate in the Donetsk region is quoted as 8%, while the national average is 7%. The planned closure of illegal coal mines in the Donetsk region, which employ up to 70,000 people (or more than 3% of the labour force), was an ominous sign to workers in Donetsk and Luhansk. Donetsk Governor Serhiy Taruta's move to legalise these mines is a step in the right direction, but re-gaining control would require significant police force.

Despite Moscow leaving a cloud of military intervention over the area, its threats of a trade disruption have triggered a sense of "Stockholm syndrome" in many citizens in eastern Ukraine. Following announcements of a gas price increase for Ukraine of more than 40% starting at the beginning of April, Russia is likely ready to impose trade restrictions on Ukrainian exports similar to those applied in August 2013. The impact of such sanctions on employees of Russia-oriented enterprises in the Kharkiv region would be severe, affecting 46% of exports. That indicator is well above the 2013 national average of 24%. The Donetsk region, on the other hand, is less exposed to trade with Russia: the region as a whole exports only 20% to that market. However, many local businesses in the Donbas area (such as Sloviansk) are more dependent on cross-border trade. These patterns of dependency are likely to be touted by pro-Russian business owners at separatist rallies, especially given the worsening economic situation in Ukraine.

Russia's Involvement in Militant Activity. With inaction by the local Ukrainian police, the Donetsk and Luhansk regions remain a hotbed for subversive Russian operations in Ukraine. Militant takeovers of buildings in Donbas appear to have been facilitated by agents who have infiltrated Ukraine directly from the Russian military, namely the General Intelligence Directorate (GRU), whose weapon-bearing officers have been identified in several Donbas cities. Russia's covert involvement in the region remains a decisive and coordinated factor in the escalation of protests and armed seizures of buildings.

Agents from Russian security services have long infiltrated pro-Russian groups in eastern Ukraine, including one such group headed by Pavel Gubarev, the self-proclaimed governor of the Donetsk region who was arrested by Ukraine's Security Service. In March, separatist rallies were mostly reinforced by "political tourists" bused in from Russia. As Ukraine's authorities have started implementing stricter border controls for men travelling from Russia, the influx of such "tourists" has diminished.

The counter-espionage activities of Ukraine's Security Service (SBU) are aggravated by the fact that Russia's Federal Security Bureau (FSB) had also effectively infiltrated the SBU until Yanukovich's flight from Ukraine at the end of February. There are clues this infiltration even reached the top ranks, including former SBU head Oleksandr Yakymenko, a Russian citizen until 1998. Given the lack of centralised control over SBU, most likely there are many Russian agents still working undercover and supplying information to Moscow.

The timing of Russian special operations carried out in the past week is explained by the failure of previous efforts at a "mild," non-violent takeover. After non-violent seizures of buildings and violent clashes with pro-Ukrainian protestors failed to stir up protest activity in the east, groups infiltrated by Russian provocateurs were activated in an attempt to violently escalate matters in the politically inert region. As a result, only now are pro-Russian protestors widely equipped with firearms. The seizure of firearms from the SBU building in Luhansk on 7 April has set a dangerous precedent and was followed by the emergence of well-equipped and armed militants in towns around Donetsk.

Local elites in the Donetsk and Luhansk regions have been providing financial support and security cover for the separatists. Rinat Akhmetov, Ukraine's wealthiest oligarch and based in Donetsk, personally met with pro-Russian protestors occupying the regional administration and warned the Kyiv authorities against storming the building. His affiliated firms have financed media outlets loyal to separatist groups. Oleksandr Yefremov, a Luhansk oligarch who controls major local enterprises, could well be the primary beneficiary from the occupation of the regional SBU office, given possible corruption investigations against him. Tellingly, the Party of Regions—currently controlled by these two oligarchs—protested the use of Ukraine's army against the pro-Russian militants. Thus, the oligarchs' influence on local law-enforcement agencies remains a major stumbling block to tackling Russia's subversive operations in eastern Ukraine.

Conclusions and Recommendation. The rhetoric of Russian officials has consistently highlighted the political instability in Ukraine and the authorities' inability to control the situation on its territory. In an attempt to legitimise future intervention, Russia aspires to instigate violent conflicts between groups loyal to the new authorities in Kyiv and bona-fide protestors in eastern Ukraine. If clashes occur on a broader scale and include fatalities, Russia may treat it as a pretext for a "selective" intervention rather than a full-scale invasion. That threat has been the major deterrent to the central government in Kyiv, but recent actions in Kramatorsk and Mariupol must have bolstered the central government's resolve to tackle militants even at the risk of collateral damage. It is necessary that OSCE observers are deployed after such incidents to properly document what happened and prevent misinformation.

An escalation of violence would render the presidential election on 25 May unviable as not free or fair. Although Ukraine's law allows for election results to be established even if voting does not take place in some areas, disruption would deal a blow to the current authorities' legitimacy. The EU should support election efforts even in the most extreme conditions and even if there are risks that they will be disrupted in some regions. Meanwhile, EU Member States should also support reform of Ukraine's police and armed forces, both financially and with technical expertise, in order to bolster public order ahead of the election.