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## Transnational Turmoil – A "Gift" from Russia's Underworld?

After a decade of relative calm, Russia's underworld is now violently restructuring itself. That's bad news, writes NYU's Mark Galeotti. Given its aggressive, entrepreneurial and transnational nature, how Russian organized crime reorganizes itself will negatively impact the wider world.

By Mark Galeotti for ISN

In the 1990s, Russia's gangsters – who were not only Russians, but of every post-Soviet ethnicity, from Armenian to Uzbek – fought for resources, territory and precedence in a series of ferocious turf wars. Since then, though, the country's underworld has been largely stable, both because those conflicts created a durable set of boundaries and hierarchies between gangs and also because Vladimir Putin's state-building project entailed a tacit understanding with the criminals. They avoided any large-scale crackdown in return for acknowledging the primacy of the regime and abandoning the indiscriminate street violence that had been such a feature of the 1990s. So long as they did not seem to challenge the state, then the criminals could largely continue their operations.

For a number of reasons, though, this stability is now under threat. The financial crisis of 2008-2009 unsettled the old balance of power, impoverishing some gangs more than others. As a result, competition for new sources of revenue became steadily more ferocious. The opportunity to exploit the massive public spending on the 2014 [Sochi Winter Olympics](#) and new [casino tourism](#) developments became the focus of increasingly lethal competition. The greatest opportunity of all, though, lay in the expanding '[Northern Route](#)' for Afghan heroin. Estimates of the flow heading through Central Asia and Russia range from [25%](#) upwards, but all agree that it is increasing. This is having a dramatic impact on the Russian underworld, opening up new fronts for competition.

This has led to a revival of violent power struggle between gangs, most recently touched off by the murder in January of senior organized crime figure [Aslan Usoyan](#), known as 'Ded Khasan.' A Georgian Kurd, the 75-year-old Usoyan was perhaps the most powerful Caucasian gangster in Russia and he was one of the first to appreciate the opportunities in Sochi. Suspicion fell on his long-time rival Taniel Oniani ('Taro'), who had instead concentrated on the heroin trade, and hungry Azeri rising power Rovshan Janiev ('Rovshan Lenkoransky'). Usoyan's confederates [seem to regard Janiev](#) as the guilty party and shortly afterwards two of his lieutenants were murdered, in Abkhazia and Moscow. Meanwhile the predominantly ethnic Russian gangs that still make up the preponderance of the underworld began positioning themselves, potentially to seize assets from Caucasian gangs weakened by these feuds.

The internal politics of the underworld could have a significant impact on Russia as a whole. Many groups are closely linked to local and even national political elites, there is considerable overlap between the worlds of crime and business, and a resurgence of gang violence would reflect badly on President Putin and his legitimating myth as the man who restored order to the country. However, Russian organized crime is a transnational phenomenon, which has for two decades not only extended its operations around the world but also developed important strategic partnerships with allies ranging from the Italian Mafia to mainland Chinese gangs. The state of Russian organized crime thus has wider potential implications.

## **The Invisible Empire**

Russian crime networks are powerful players within the underworlds of many post-Soviet states. In Ukraine, for example, the Moscow-based Solntsevo grouping remains a key influence, while many groupings have allies and subsidiaries in Central Asia (especially to control the heroin trade) and the Southern Caucasus. The Russians are also especially strong in the pseudo-states which have emerged, largely under Moscow's aegis: Abkhazia, South Ossetia and Transdnestria. Even further afield, many Russian-based transnational networks are significant elements of the underworlds of countries ranging from Spain to Israel and many key figures are resident in Dubai.

Already, the Russian criminal conflict has begun to spread beyond its borders. One of Janiev's henchmen was [murdered](#) in his native Abkhazia and unconfirmed rumors suggest that Janiev may have been [killed in Istanbul](#). Although Georgia had adopted an [aggressive policy](#) against the traditional criminal elite of the *vory v zakone* ('thieves within the code'), if direct hostilities emerge between the Usoyan and Oniani networks, then this will almost certainly also be fought out in Tbilisi and along the country's Black Sea coast, where both retain significant assets and local agents.

The nature of the Caucasian gangs of Usoyan, Oniani and Janiev is that they are largely strong in Russia, Georgia and Azerbaijan. However, if the gang war begins to spread to the Slavic gangs then the prospects for direct competition outside Russia's borders. [\[VBF1\]](#) Already, there are suggestions of growing tensions between Russian criminals in Latvia, for example, a country that is a key hub for [laundering their money](#). Likewise, in Ukraine the Ukrainian Security Service (SBU) has already begun making preparations to address any potential violence, given the presence of such Russian networks there as the Moscow-based [Solntsevo](#) and Tambovskaya groupings.

## **Further Afield**

The growing instability within the Russian underworld is also making itself felt far beyond Russia's borders. If a more generalized conflict emerges, this will affect the Northern Route and its heroin supplies. Disruptions caused by gang clashes and police responses alike will affect the market in Europe and China, driving prices up (which tends to contribute to rising street crime) and encouraging traffickers to move more drugs through alternative routes. The Iran-Turkey-Balkans route will see an upsurge, profiting and thus empowering local gangs and corrupt officials. To service the growing Chinese market, gangs will probably look to increase imports from Burma, where a downward trend in opium production has already been reversing in recent years. This will play into the hands of corrupt officials and local warlords. However, it is also likely that new routes would be developed from Afghanistan through Pakistan and northern India.

Nor is this a problem confined to Asia. The attempted murder of banker [German Gorbuntsov](#) in London in March 2012 represented the first gang-related hit in the UK. This breached an unspoken but powerful injunction not to make waves in a jurisdiction much favored by senior gangsters as a safe haven and money-laundering hub. It reflected the steady erosion of a consensus within the criminal elite that has helped limit inter-gang violence outside as well as inside Russia.

Furthermore, there appears to be a rise in efforts to transfer dirty money out of Russia, as mobsters contemplate the possibility of having to flee their rivals or, perhaps, ride out a government clamp-down on their assets. The fourth quarter of 2012 saw a [spike in capital outflow](#) from the non-financial sector, one of the better indices of criminal money-movement. This means that many financial systems, not least those of [Latvia and Lithuania, Ukraine, Israel, Spain, Cyprus](#), the [United Arab Emirates](#) and [Switzerland](#), face a growing problem dealing with the influx of criminal assets. While much will simply flow through their banks on the way elsewhere, some is then re-invested in everything from real estate and domestic companies to outright criminal ventures. Beyond representing an economic security challenge, it can also prove a political one. For instance, Germany's position on providing aid to Cyprus has been complicated by the findings by the BND, its security service, that [\\$26 billion](#)—distinctly more than the country's GDP—had been deposited in Cyprus by Russian businesspeople and gangsters.

The instability within the Russian underworld is thus a security issue outside Russia's borders. It raises the prospect of violence as inter-gang conflicts are prosecuted abroad. It also generates less obvious but nonetheless pernicious challenges as organized crime groups move assets and even people abroad. Finally, its impact on existing criminal flows through Russia will have a domino effect, strengthening some gangs and creating grounds for further conflict as new opportunities arise for mobsters around the world.

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For additional reading on this topic please see:

[Roundtable focuses on heroin movement from Afghanistan to Russia](#)  
[Global Governance and the Challenge of Transnational Organized Crime](#)  
[Drug Trafficking, Violence, and Instability](#)  
[The Crime of Russian Law Enforcement](#)

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