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1. (C) Summary. Land issues dominate the Autonomous Republic of Crimea's local agenda, according to a wide range of Crimean officials, journalists, and community leaders we talked to November 20-22 in the Crimean capitol of Simferopol, the separately administered city of Sevastopol, and Bakhchiserai, the former Crimean Khanate capital and a flash point for land-related interethnic conflict. Land politics in turn are intertwined with questions of who asserts authority from within national and local structures; dozens of figures with known criminal backgrounds were elected to local office in the March 26 elections. A new squatter movement, initiated by Crimean Tatars in the immediate wake of these elections, now includes "Slavic" residents frustrated at long delays in apartment and land allocation while the rich and criminally connected secure choice parcels of land through other means. Local pro-Russian forces have tried to make political hay by condemning the squatter actions as the latest example of the "Tatar threat" to Slavic Crimea, inflaming interethnic tensions in spite of good personal relations between most Tatar and Slavic Crimeans. The single biggest steps which could help stabilize Crimea's political, economic, and social situation would be completion of a land registry and sale of land via auction rather than nontransparent transfers. Note: Reftel explored the external dimension of Crimean developments, specifically the multifaceted Russia factor. End Summary and Comment.

It's mainly about Land

2. (SBU) Since Crimea's most prized asset is the Mediterranean climate of its south shore, which draws an estimated seven million tourists annually, it should come as no surprise that land -- ownership, access, and sale -- is the hottest issue in Crimea. There is both an economic component and a sharply socio-political one, since an



estimated 300,000 Crimean Tatars have returned from exile in Central Asia since 1990 without any legal mechanism or hopes to lay claim to the properties their families controlled until they were deported en masse in May 1944. There is also a foreign policy angle, with Ukraine and Russia still struggling over control of the considerable land assets formerly belonging to the Soviet Black Sea Fleet, not only in Sevastopol but across Crimea, with Ukraine maintaining that Russia should transfer control of many properties (like lighthouses) not specifically listed in the 1997 agreement for Russian use through 2017 and that the Russian BSF should stop sub-leasing facilities to commercial ventures.

3. (SBU) The Ukrainian land code places local councils in charge of making decisions to grant communally- or state-owned land for permanent use, lease, or sale. Crimea still lacks a land cadaster (registry), as a 2005 effort to set up one initiated after the Orange Revolution collapsed in the face of local opposition; National Security and Defense Council Department Head Oleksandr Lytvynenko told us December 1 that only 4.7 percent of Crimea's most valuable south shore land is inventoried. The lack of a unified registry creates freedom of action for local councils and those in a position to benefit from opaque transactions, particularly relatives, the wealthy, and criminals, according to Crimean journalists. While certain categories of residents and returnees have theoretical legal rights to land/apartments, and land sales are meant to be conducted via open auction, the reality is quite different: multi-year waits for apartments, few auctions, and opaque giveaways to the rich and connected, with land scandals a regular feature of the Crimean news.

4. (SBU) The local headlines during our November 20-22 visit focused on a scandal in Alupka, the south shore town which hosts the famous Vorontsovsky Palace. Local authorities sold six hectares from a national children's sanitarium which provides long-term treatment for pediatric tuberculosis cases; the estimated value of the land was between \$6-8 million, with a standard 1/100th of a hectare slice going for \$10-14,500. The young TB patients now face years of construction dust and the loss of nearly all outdoor play/garden space, undermining the primary purpose of the sanitarium. Meanwhile in Kyiv, the police arrested Russian businessman Maksim Kurochkin upon his arrival November 20 from Moscow; Kurochkin had fled arrest warrants issued after the Orange Revolution for his efforts to acquire, through armed threats, control of hundreds of acres of a protected nature reserve around Yalta. (Note: Kurochkin had formed the infamous "Russia Club" of businessmen, a pseudo think tank that openly supported the Kremlin's agenda in Ukraine in the

KYIV 00004558 002 OF 004

2004 Presidential campaign).

Illegal Acquisition: Dereban, Raiderstvo, Samozakhvata

5. (SBU) Crimean Tatar returnees understood early on that they would not be able to reacquire the valuable south shore properties they and their parents owned through 1944. However, the ease with which connected insiders like Russian Ambassador to Ukraine Viktor Chernomyrdin and Russian billionaire Aleksander Lebedev snap up beachfront properties in places like Alushta, the south shore's second city after Yalta (the pair co-own Alushta's swank new "Morye" resort as well as several other prominent properties), while Tatars wait for years for allocations in much less favorable parts of Crimea, is a source of constant irritation. (Embassy

note: Lebedev, during a recent visit to Kyiv, told the DCM that then-President Kuchma had arranged for the grant of the land, implying that he had very little to do with its acquisition. End note.)

6. (SBU) The process of acquiring/stealing state property/resources is known in Russian as "Dereban" - the key to understanding how Crimea operates, said many observers. When former PM Tymoshenko made headlines in early 2005 by suggesting a review of 3000 Kuchma-era privatizations, the vast majority were not enterprises but instead these sort of Crimea insider land-deals. At the time, former General Prosecutor Piskun told us that many involved land from nature reserves. A companion action by those with muscle and legal connections is "raiderstvo" - taking over property or land owned by someone else through a combination of physical force and after the fact rulings by sympathetic/bought courts. The Crimean prosecutor's office accused local Cossack unions of being involved in these "raiderstvo" attacks on companies and enterprises throughout the peninsula.

7. (SBU) Cut out of the property grab and denied orderly distribution, Tatars launched a concerted land grab effort March 27, the day after local elections, using the one mechanism available to the disenfranchised: squatter actions ("samozakhvata"). Echoing a similar campaign in the early 1990s involving 150,000 squatters in 300 locations, Tatars began building simple one-room sandstone block huts in fields around Simferopol, Bakhchiserai, and other cities, a total of 56 sites in all, according to Crimea's leading journalist, Liliya Budzhurova of Pervaya Krymska. As the squatter sites proliferated, ethnic Slavs fed up with the long waits for apartments and outraged at "dereban" joined the movement. An estimated 15,000 squatter huts have gone up in the past eight months, and squatters have become the main issue discussed in Crimean media and political circles.

8. (SBU) While ownership of the underlying land remains in dispute, the shacks are considered private property under Crimean law and cannot be simply destroyed without compensation. Another legal loophole allows squatters the right to privatize the land after a certain period of occupation/use. Budzhurova told of a recent televised roundtable on the squatter issue which she initially feared would become a platform for anti-Tatar sentiment, but the program's discussion highlighted the Slavic squatters as well. The unscientific phone-in poll of those watching favored privatization in favor of the squatters rather than forced confiscation. Referencing the eventual settlement of the 1990s squatter wave, Budzhurova predicted: "Crimea will live through this phase as well."

Using Land to Provoke Interethnic Conflict

9. (SBU) Echoing the results of the TV roundtable, many observers said that personal relations between local Tatar and Slavic residents continued to be good, even as political rhetoric heated up. Crimean Tatar communal leader Mustafa Jemilev and Nadir Bekir, a Tatar community activist and Jemilev critic, both accused Russian Bloc leader Oleh Radyvilov of turning an economic conflict over the location of a Bakhchiserai open air market into a political one. Radyvilov controlled revenues from a market located on an historic Tatar cemetery, resisted court orders to move the market, and sent in nearly 500 Russians associated with the Russian Bloc and affiliated organizations like the Crimean Cossack Union August 12 to assault Tatars gathered at the cemetery site. The serious violence finally forced central authorities to move the market, but Radyvilov apparently

retained control of market revenues at the new site and gained a PR tool for use in future recruiting, charged Bekir.

10. (SBU) Pro-Russian groups--such as the Russian Bloc, Proryv, and Eurasian Youth Union (ref A)--who seek to stir up

KYIV 00004558 003 OF 004

anti-Tatar sentiment for a variety of political goals have tried to exploit the squatter situation. Radyvilov has publicly threatened to use his "Bakhchiserai methods" at all locations where Tatars resort to squatting, noted Budzhurova. The EYU called in Crimean TV to film their threat to burn out all squatters within a week, added Yunusov. Communist MP Hrach drafted a law that would criminalize squatting, leading to Tatar fears of mass arrests, said Jemilev. Two Russian community activists with only a localized agenda, Serhiy Shuvainikov and Syvatoslav Kompaniyets, separately told us that ethnic Russians needed to take stronger actions to defend their rights against the "Tatars" squatter initiative, overlooking the Slavic participants in the movement. The anti-squatting attention is misdirected, according to Maidan-Krym's Yan Sinitsyn, who claimed that there is more coverage of Proryv and EYU PR stunts threatening to smash squatter huts than of greater "dereban" outrages in which connected insiders steal hundreds of hectares of far more valuable land.

11. (SBU) Pro-Russian forces attempt to maintain a constant level of interethnic tension for political reasons, claimed Bakhchiserai Tatar community leader Ahtem Chiygoz. As soon as the Bakhchiserai cemetery/market conflict was resolved, a new one popped up several kilometers away: the Moscow Patriarchate-controlled Uspenski Monastery used a dubious court ruling giving it control of communal land to try to limit access on the narrow valley path that runs from the Bakhchiserai Khan's Palace, one of Crimea's major tourist draws, past the Monastery to a nearby former madreseh and the abandoned cliff city of Chufut Kale. This new conflict came on the heels of the resolution of Moscow Patriarchate efforts to build a new cathedral on top of a different Tatar cemetery. Local leaders finally agreed to build the church on the next hilltop, thanks to intervention by Hennadiy Moskal, Yushchenko's representative in Crimea. "The struggle never ends," complained Chiygoz.

Who's in Control? (No one, really)

12. (SBU) The weakening of central authority and Kyiv's inability to impose order in Crimea was a common complaint from everyone we talked to, including Moskal himself, who received universally high marks from others for his effectiveness in defusing conflict through informal interventions. NSDC's Lytvynenko stated that only 18 percent of the taskings in the first systemic Crimea-related NSDC decision, endorsed by Presidential decree in February, had been implemented, leading to a second NSDC document approved in October. The vacuum has only partly been filled by Crimea's own authorities, particularly after the March 26 elections brought a new group into the Crimean parliament with dubious pasts (below) and an agenda not focused on governance. That left local councils to act in their own base interests, everyone agreed.

13. (SBU) Even when there was an effort to forge some compromise on contested issues like land allocation--Jemilev told us he and Grytsenko had been working together for a peaceful resolution to the squatter situation--local councils

sabotaged Grytsenko's efforts. Radio Liberty's Volodymyr Prytula suggested Crimea's current power pecking order ran as follows: Anatoliy Grytsenko, Crimean Rada Speaker and head of Party of Regions' Crimean branch; Aleksandr Melnyk, head of a known criminal gang (below); and newcomers from Donetsk, with Anton Prigordskiy, Crimean Rada MP, in charge of Crimea for Regions' financier Rinat Akhmetov.

Reemergence of Criminal Figures from the Past

14. (SBU) Former Interior Minister Yuri Lutsenko attracted headlines February 17 when he held a "public interest" press conference to name names of dozens of candidates running for the Crimean parliament who had "problems with the law"; the total number of ex-cons and those suspected of criminal connections ranged into the hundreds if local council races were included. Leading this dubious honor roll, as it were, was the "Za Soyuz" party (For Union - with Russia), Party of Regions, which chose to run jointly with the "Russian Bloc" party, and Kunitsyn's Bloc. When Crimea's leading journalist, Liliya Budzhurova, published "Lutsenko's list" in the February 24 edition of her "Pervaya Krymska" paper, the reaction of one of them turned personal. Budzhurova's house was firebombed the night of March 1 (fortunately, her elderly mother saw the flames, which were extinguished before the house burned down).

15. (C) Moskal, whom observers credit with ending rampant criminality in Crimea via a "get tough" campaign in 1997-98,

KYIV 00004558 004 OF 004

blamed the reemergence of known criminals squarely on Regions' shoulders, along with the blocs of Kunitsyn and Vitrenko, noting that they had knowingly included many figures with criminal pasts on their Crimea election lists. Moskal claimed that Grytsenko had taken money from Aleksandr Melnyk and Ihor Lukashev, two of Crimea's top organized criminals, for their inclusion on the party list. However, he added that it had been National Rada members from Regions, not Crimean Rada MPs, who had lobbied for Melnyk to be released from custody under a travel ban after his September 29 arrest; Melnyk immediately fled back to Moscow.

16. (SBU) For her part, Budzhurova blamed Crimea's voters. "We published the names of criminals running for office, but the voters chose their blocs anyway." (Note: of 100 seats in the Crimean Rada, the "For Yanukovich" Bloc holds 44, Kunitsyn's Bloc 12, and Za Soyuz 10). Prytula said that conversations about the most influential criminals in Crimea who had gained office in March focused around three individuals: Melnyk (Regions), Lukashev (Regions), and Ruvim Aronov (Kunitsyn Bloc). Prytula stressed that such Crimean criminals were fundamentally different than in the 1990s: then, they were sportsuit-wearing, pistol-wielding "bandits" who gave Crimea a reputation as the "Ukrainian Sicily" and ended up in jail, shot, or going to ground; now they had moved into mainly above-board businesses, as well as local government.

Melnyk, Lukashev, Aronov : Worst of a Bad Lot

17. (C) Lutsenko told Ambassador November 17 that he had been shocked that the General Prosecutor's Office (GPO) had refused to file charges against Melnyk, who in the 1990s had led the "Seilem" gang responsible for 52 contract murders, including: one journalist; two policemen; 30 businessmen;

and 15 OC competitors. Ukrainian authorities had lured Melnyk from Moscow back to Ukraine this fall after a journalist wrote an article suggesting Melnyk was afraid of Lutsenko. Melnyk was arrested upon arrival, but after GPO non-action and Melnyk's release October 3, he fled back to Moscow. Lutsenko alleged Melnyk was behind the March 1 firebomb attempt of Budzhurova's house. Melnyk's sister Svetlana Verba served as Crimea's Economics Minister, noted Prytula. And Ihor Lukashev, who chaired the Crimean Rada budget committee, is known as the "wallet" of Melnyk's "Seilem" gang.

18. (SBU) Rounding out the top three, Ruvim Aronov is currently on the lam in Israel. Deputy Interior Minister Yevdokimov told reporters August 15 that Aronov was one of the leaders of the "Bashmaki" gang active between 1991-2005 in Crimea, Zaporizhzhya, Kharkiv, and Kyiv. The gang has been implicated in 50 murders and eight abductions.

Lutsenko: Resurgent Criminality to be expected

19. (C) Note: Prior to his dismissal December 1, Lutsenko argued to the Ambassador that there had been a resurgence in organized criminal activity in Ukraine overall since August, when Regions returned to power, after 18 months of calm under two orange governments. In his view, the police and Interior Ministry were now at war with the PGO, led by Donbas native Medvedko, over the PGO's refusal to prosecute known criminals such as Melnyk and Kuchma-era heavyweight Volodymyr Shcherban, who had returned to Ukraine in November after a voluntary departure from the U.S. "The PGO refusal to prosecute the likes of Shcherban and Melnyk was a green light to criminals that they could come back and operate in Ukraine with near impunity, able to cut a deal after the fact with authorities," Lutsenko charged.

20. (U) Visit Embassy Kyiv's classified website:
www.state.sgov.gov/p/eur/kiev.
Taylor

Website pages 