

Zakarpattia – together, but separated

Piotr Żochowski, Tadeusz Iwański

Ukraine's ongoing conflict with Russia has diverted the central government's attention away from the deterioration of the security situation in regions which are not threatened by direct aggression from Russia. Zakarpattia is one of these. It is one of the poorest and most ethnically diverse regions of Ukraine and also its westernmost region, bordering Slovakia, Hungary, Romania and Poland. Kyiv neglected to launch measures to weaken the position of the region's unquestioned leader, Viktor Baloha and his family, who have been in *de facto* control of Zakarpattia for years now. Moreover, it seems that, after the Euromaidan, Kyiv decided to give the Baloha family a 'free hand' in the region in exchange for maintaining stability. This further strengthened their position. As a consequence, no measures were taken to limit negative phenomena present in the region such as smuggling and organised crime. It was only the armed confrontation between the police and representatives of Right Sector in July 2015 in Mukacheve that strikingly revealed the extent of these problems. This was a criminal incident and a blot on the image of Kyiv which assured the public that the reform of the public security system was making rapid progress. Furthermore, it had far-reaching political consequences—it forced the government in Kyiv to attempt to regain control of the region and to weaken Baloha's influence, as well as Baloha himself to carry out actions focused on maintaining the *status quo*.

So far, Russian-backed Rusyn separatism and the autonomy-oriented slogans of the Hungarian minority have been considered the main threats to state security present in the region. It seems, however, that the potential of these movements is low, unless they receive strong external support. In this context, the fact that a criminally-motivated incident has triggered a crisis in the region which resulted in a conflict between the regional political and business elite and the central government is all the more significant. The conflict is growing in importance particularly in the context of local elections planned for 25 October 2015 in which the balance of power in the region and the political future of the Baloha family is at stake.

The characteristics of the Transcarpathian oblast

For 900 years, until the signing of the Treaty of Trianon in 1920, Zakarpattia had formed a part of the Kingdom of Hungary (for more on the region's history see Appendix 1). In the interwar period, it was part of Czechoslovakia, and after World War II it was incorporated into the USSR (as a component of the Ukrainian SSR). The Transcar-

pathian oblast is Ukraine's westernmost region bordering four EU states and is separated from the rest of Ukraine by the Carpathians. The oblast occupies 2.1% of the Ukrainian state's territory, its population (1.25 million inhabitants) accounts for 2.6% of Ukraine's total population. Two thirds of the oblast's area is mountainous, it has 11 cities inhabited by 37% of Zakarpattia's population. Zakarpattia is one of Ukraine's poorest regions. In January–May 2015, the oblast's average

monthly salary was nearly 3,000 hryvnias (approximately US\$ 130), which was a half of the average salary offered in Kyiv. The average salary in the public sector is 50% lower. The official rate of unemployment is 10%, in practice however this figure is much higher and the grey economy accounts for a large proportion of the local economy¹. In 2013, the oblast generated 1.4% of Ukraine's GDP. In a 2013 ranking of the competitiveness of Ukraine's regions, Transcarpathia was ranked 20th (out of 27 regions)². The region's economy is mainly food and light industry, in particular vegetable and fruit processing, wood processing, the production of textiles and electronic devices. Tourism is becoming an increasingly important branch of the local economy. This is due both to the region's mountainous-forested landform and the large number of mineral water springs and to the contracting tourist offer available to domestic clients following the annexation of Crimea by Russia.

The Hungarian minority in Zakarpattia, approx. 150,000 individuals, is very well organised but divided in political terms.

Low salaries and negative prospects for the development of the region's economy, combined with its unique cross-border location, are elements which foster economic migration to the EU. This is also the reason behind the increasing scale of smuggling involving mainly cigarettes, people, drugs and illegal timber³. Due to the region's geographical location and its 19 border crossings, its inhabitants have more frequent

contacts with the EU than residents from the rest of Ukraine. This is also due to the fact that almost the entire oblast is covered by small border traffic with Hungary, and also because of its multi-ethnic nature. In this context, the policy pursued by Bucharest and by Budapest towards the Romanian and Hungarian national minorities is also important. As a result of this policy a large portion of inhabitants of Zakarpattia have two passports (in Ukraine, this is not formally allowed, however in practice it is tolerated)⁴.

The ghosts of separatism – a real threat or local flavour?

Hungarians are Zakarpattia's largest national minority group. Their number is estimated at approximately 150,000⁵; they mainly live in the region's southern part and form several population clusters. This minority is very well organised and grouped into several organisations and associations. It is, however, divided along political lines. The division reflects the shape of the Hungarian political scene: the Cultural Union of Transcarpathian Hungarians (KMKSZ), led by Vasyl Brenzovych (László Brenzovics), is associated with the Fidesz party led by Prime Minister Viktor Orbán, whereas the Democratic Union of Ukraine's Hungarians (UMDSZ), led by László Zubánics, collaborates with the Hungarian Socialist Party. Both organisations have been active in Ukraine since the early 1990s. KMKSZ has cooperated with national-democratic parties, such as Viktor Yushchenko's Our Ukraine or currently Petro Poroshenko's Bloc, while UMDSZ in recent years cooperated with Viktor Yanukovych's Party of Regions.

¹ According to the Ministry of Economic Development of Ukraine, at present the grey economy accounts for approximately 47% of the country's GDP; <http://www.slideshare.net/apizniuk/ss-51625703>

² For more on this topic see: ЗвітпроконкурентоспроможністьрегіонівУкраїни 2013, Foundation "Efficient Management".

³ Шеремет П., Закарпатський вивул: Щороблять в області Москаль, Найєм і Балога, *Українська правда*, 20 August 2015.

⁴ According to information from the Hungarian government, until the end of 2014 Hungarian citizenship was granted to 94,000 residents of Transcarpathia; <http://www.mukachevo.net/ua/News/view/105782>

⁵ According to the most recent population census of 2001 – this number is 151,516. Currently, however, the number is probably lower due to the assimilation and emigration of a portion of the younger generation.

The change of power which took place in Ukraine in February 2014 triggered changes in the above mentioned organisations: the leaders of both parties lost their positions. In the case of KMKSZ it was Miklós Kovács, who had led the party for 18 years, and in the case of UMDSZ it was Istvan Gajdos who had been the party's leader for 13 years. The reasons behind the change of leaders were different. Kovács officially named Brenzovych his successor after Brenzovych had been included in the list of candidates supported by Petro Poroshenko's Bloc ahead of the elections to the Ukrainian parliament in October 2014. The unofficial reason behind Kovács's resignation was the fact that he had not been approved by Ukraine's new government due to his repeated support for autonomy-oriented slogans. The price for his resignation was a parliamentary seat for Brenzovych⁶. Gajdos, on the other hand, lost his position because he had compromised himself and his party which used to cooperate with the Party of Regions. He had been a deputy to Ukrainian parliament supported by the then ruling party and an active member of the Anti-Maidan⁷. Currently, KMKSZ appears to be the considerably stronger organisation grouping together Hungarians. This is due not only to its cooperation with the party led by Ukraine's president, but also to the support it has from Fidesz and to subsidies it is receiving annually, estimated at HUF 100 million (over US\$ 350,000). Of equal importance is the informal influence this party's representatives have on the process of issuing the Hungarian Card and Hungarian passports. In May 2014, Viktor Orbán issued an appeal for

Hungarians to be granted the right to have their own self-government in Ukraine and to be issued a second (Hungarian) passport⁸. Currently, however, this issue is no longer emphasised by Hungarian diplomacy. Similarly, after Kovács's resignation KMKSZ ceased to promote autonomy-oriented slogans. The main political goal pursued by Hungarians in Ukraine (by representatives of both parties) still involves the creation of so-called Trans-Tisa region (*rayon*) – an administrative unit with a predominant Hungarian minority and/or a constituency enabling a representative of this minority to be elected to the parliament in Kyiv. Currently, however, there is no particular activity evident by Hungarians in the context of a decentralisation reform launched in Ukraine and a voluntary grouping of *hromadas*, which in practice could bring them closer to attaining that goal. In early September 2015, as a result of initiatives carried out by a representative of the Hungarian government, an agreement was reached between KMKSZ and UMDSZ. Pursuant to this agreement, the two parties are to submit joint candidates in local elections planned for 25 October 2015.

Despite the current situation, the present threat posed by Hungarian separatism in Zakarpattia seems to be rather insignificant, unless it receives strong external support.

Although Hungarian separatism in Zakarpattia has a certain historical and geographic background, it does not at present seem to be a real threat unless it receives strong external support. An almost threefold depreciation of the Ukrainian currency and the difference in living standards as compared to Hungary speak in favour of maintaining a *status quo*. Holders of Hungarian passports or the Hungarian Card

⁶ A relevant agreement was reportedly concluded between President Poroshenko and Prime Minister Orbán; in exchange for his consent Kovács, an acquaintance of the Hungarian Prime Minister (they met during their university years), was appointed advisor to Orbán with a monthly salary of US\$ 5,000. Екс-голова КМКК Міклош Ковач на Закарпатті отримує чималу зарплату від Віктор Орбана (ДОКУМЕНТИ), see.: <http://www.mukachevo.net/ua>, 17 November 2014.

⁷ Гайдош знову у "блатній компанії" на Антимайдані (ФОТО), <http://www.mukachevo.net>, 14 January 2014.

⁸ Угорщина вимагає для угорців на Закарпатті автономії і подвійного громадянства, *Українська правда*, 13 May 2014.

who receive certain benefits in Hungary, as well as Ukrainian citizens who work in neighbouring EU countries make tangible profits from the exchange rate difference. The Ukrainian state services managed to limit actions launched in Zakarpattia by the Hungarian extreme right and pro-Russian Jobbik party. The Berehove office of Béla Kovács, a member of the European Parliament supported by this party, accused of spying for Russia, was closed in 2014 and several Jobbik activists were banned from entering Ukraine.

Currently, Rusyn separatism does not pose a serious threat to Ukraine. It could be revived only in the case of a central government crisis and support for secession from the local elite.

Since Ukraine's independence, the problem of Rusyn separatism has set Zakarpattia apart from other regions of Ukraine. So-called 'political Ruthenism' promotes the view that the Slavic population of Zakarpattia is a separate ethnos, not a component of the Ukrainian ethnos, and it has the right to national self-determination. Factors which foster this view include: the feeling of foreignness and dislike towards Ukrainians from Eastern Galicia which is particularly strong in Zakarpattia; attempts by elites of this region (which usually do not identify themselves with the Rusyns) to achieve autonomy of Zakarpattia within the Ukrainian state, as well as frequent use of the term 'Rusyns' among Ukrainians in Zakarpattia to refer to themselves. Both the government and the Ukrainian national movement challenge the existence of a Carpatho-Ruthenian ethnos and claim that the entire Slavic population of Zakarpattia are Ukrainians. In a 2001 population census in the region, slightly more than 10,000 individuals (0.8% of the oblast's population) claimed they have Rusyn national identity. According to Rusyn activists, the number of individuals who refer to themselves as

Rusyns is estimated at approximately 170,000⁹. Demands by Rusyn leaders for political autonomy are considered by Kyiv to be attempts to challenge the territorial integrity of the state or – more directly – as actions carried out in Russia's interest. Rusyn organisations have repeatedly appealed to the international community to recognise the Rusyn nation.

Radical demands for Rusyn separatism were voiced three times – in 1991, 1993 and 2008. On 1 December 1991, along with the independence referendum, a referendum was organised in Zakarpattia on establishing 'special self-government' (regional autonomy). The 'yes' option was supported by 78% of voters (who also included Ukrainians and Hungarians), however, the government in Kyiv ignored the referendum result. To interpret the referendum results as an example of the Rusyns' separatist tendencies would, though, be an overstatement. In May 1993, a Provisional Government of the Republic of Subcarpathian Rus was formed. It was headed by the leader of the Association of Subcarpathian Rusyns, Professor Ivan Turyanitsa. In August 1994, the 'government' was criminalised. In 2008, during the Second European Congress of Rusyns, the chairman of the Congress of Subcarpathian Rusyns Dymitr Sydor (archpriest of the Cathedral of Christ the Saviour in Uzhhorod, belonging to the Ukrainian Orthodox Church of the Moscow Patriarchate) issued an ultimatum to the government in Kyiv – if Rusyn autonomy aspirations were to be repeatedly rejected, he would launch measures to declare the independence of Transcarpathian Rus. Following Sydor's statement, Rusyn organisations came under close scrutiny by the Security Service of Ukraine (SBU). This is confirmed for example by the fact that in March 2012 Sydor was sentenced for acting against Ukraine's territorial integrity.

Currently, the most active Rusyn organisations in Zakarpattia include the National Council of

⁹ <http://goloskarpat.info/rus/society/55b628d92e8e7/>

Rusyns of Transcarpathia, headed by Yevhen Zhanupan¹⁰, and the Aleksander Dukhnovych Association led by Yuri Prodan, an organisation with no political aspirations. Another problem is the activity of the government of the Republic of Transcarpathian Rus established in 2008 during the Second European Congress of Rusyns. The government is headed by Petro Hetsko, who lives in Moscow. He is also the leader of the Network Rusyn Movement. His activity, which is clearly supported by Russia, has not been particularly popular among local people. It mainly involves issuing anti-Ukrainian statements and offering patronage to symbolic protest actions staged in Zakarpattia during which separatist demands are repeatedly voiced, calling for detaching the oblast from Ukraine¹¹. As a consequence, Rusyn separatism in Zakarpattia does not currently pose a serious threat to Ukraine.

After the Revolution of Dignity, President Poroshenko reached an informal agreement with Viktor Baloha, which further strengthened Baloha's position in Zakarpattia.

This is confirmed for example by the fact that in early 2014, when the threat to Ukrainian territorial integrity from intensive Russian action was at its greatest, no increase in separatist tendencies was observed. It remains an open question whether Russia, by sponsoring and promoting 'Rusyn irredentism', is able to form sufficient potential for destabilisation in the future. Currently, the activity of pro-Russian (pan-Slavic) activists among Transcarpathian Rusyns is weak. It cannot be excluded, however that, should the need arise, their activity might be boosted upon inspiration from Moscow. The

activity's effectiveness will nonetheless depend on the scale of financial support and on whether local groups are formed to present political demands. This scenario is possible only in the case of a serious crisis of central government structures and the complete disruption of administration bodies, as well as support from the local elite for secession. However, the most critical factors which is hamstringing the fulfilment of any pro-Russian scenario include: the distance from the borders of Russia, the multiethnic composition of Transcarpathia and the economic contacts which local residents have with EU states which border the Zakarpattia oblast.

Disruption of the balance of power in the region

Since the mid-1990s, the political influence in the region exerted by Viktor Baloha, a local politician and businessman, has been growing. Close cooperation between Baloha and subsequent presidents of Ukraine has given him a large scope of influence in the oblast, and the United Centre organisation which he leads has become the political party holding power. Baloha enjoys considerable popularity in Zakarpattia, and this is 'boosted' by local media controlled by him and by officials nominated on his recommendation. Focused on fighting Russian aggression in Donbas and on the economic crisis, Kyiv did not have used sufficient measures to curb Viktor Baloha's domination in the region. Similarly, it was not willing to change the political situation fearing that any alteration thereof might destabilise the region. As a consequence, President Poroshenko reached an informal agreement with Viktor Baloha, which further strengthened the latter's position. The two politicians have known each other since at least the late 1990s, when they were both members of the Social-Democratic Party of Ukraine (united), and from later years when they worked in the administration of former president Viktor Yushchenko. For 15 years

¹⁰ The organisation supports Ukraine's European aspirations and has been associated with Viktor Baloha.

¹¹ Российская пресса выдумала историю об этническом сепаратизме в Закарпатье; <http://ehorussia.com/new/node/10788>

now, Baloha and members of his family have been the main political power in the region and the United Centre party has been represented in most local councils or has dominated them. The family's strength and self-confidence was confirmed by the fact that in the snap parliamentary election in October 2014 several of them submitted their candidacies in four out of six single mandate constituencies in the region. They included Viktor Baloha, his two brothers Ivan and Pavlo and Viktor's distant relative Vasyl Petiovka (they ran as independent candidates, the Petro Poroshenko Bloc did not submit candidates). This enabled them to remain independent of BPP's parliamentary faction after election. Baloha's goal has been to remain in control of the region and probably also of the profits gained from smuggling. He also intends to play a more important role in Ukrainian politics at a central level. However, he is more active on social media than in parliament, and his brothers often skip parliamentary sessions¹².

A weakened link in Ukraine's security

In reaction to the shooting in Mukacheve on 11 July 2015, President Poroshenko announced that he would launch a campaign against clans active in Zakarpattia¹³. He dismissed Vasyl Hubal (considered to be Baloha's protégé) from the office of governor of the Zakarpattia oblast and appointed Hennadiy Moskal to the office. Formerly, Moskal had been the head of civil-military state administration of the Luhansk oblast, in 2001–2002 he had been the governor of Zakarpattia, and in the 1990s the head of the region's militsiya structures – this means he

¹² Pavlo Baloha has not participated in a single meeting of the parliamentary committee for fiscal and customs policy, the only committee of which he is a member; <http://blogs.pravda.com.ua/authors/bratushchak/55358600658eb/>. He and his brother Ivan are leaders among those deputies who skipped most (more than half) parliamentary sessions; <http://novezakarpattya.com/uk/post/28489/>

¹³ Клань, разделившие Закарпатье и игнорировавшие власть, должны быть в тюрьме – Порошенко, *Українська правда*, 19 July 2015.

has extensive knowledge of local connections. Moskal has a reputation of being an uncompromising and loyal official and a proponent of the fight against corruption and smuggling. In late August 2015, he announced that the main tasks defined for him by the president include: personnel changes in the state administration, a radical reduction in the scale of smuggling and an appeasement of the social mood.

The incident in Mukacheve in July 2015 was a criminal incident which has caused serious political consequences.

At the same time, however, in his press announcements the new governor refrained from criticising Baloha personally. State administration bodies are yet to launch any proceedings to investigate reports suggesting that he receives income from smuggling. Indirectly, however, Moskal has blamed Baloha for the events which happened on 11 July. Baloha, on the other hand, claims that the shooting in Zakarpattia was the result of a conflict over profits from smuggling between the Right Sector and a group centred on Mykhailo Lanyo, the independent deputy to the Ukrainian parliament, and a former member of the Party of Regions. The conflict had reportedly been triggered by the central government. The purpose of this provocation was to eliminate the Right Sector and to gain control over the income from smuggling. Baloha has voiced some criticism of the president and has in particular criticised the Interior Ministry and the minister Arsen Avakov himself¹⁴. The latter supervises the police and border guards, i.e. formations which are reportedly involved in smuggling and which gain profit from this.

¹⁴ Балага: Коли я подзвонив президенту і повідомив про перестрілку, він сказав: "Все буде добре", Громадське ТВ, 24 July 2015, see also: <http://www.theinsider.ua/politics/55ae5bb816bec/>

The incident in Mukacheve in July 2015¹⁵ was largely criminal in nature. However, attempts were made to interpret it as an event with political significance. It has not so much revealed the secrets of how the 'grey economy' functions in the oblast, but has rather revealed the combination of political and economic interests of the local elites. This combination has led to a petrification of negative phenomena in the area of public security. In recent years, the scale of smuggling of goods has been on the rise.

Personnel changes in Zakarpattia are not likely to contribute to a significant reduction in the scale of smuggling and organised crime in this region bordering the EU.

Corruption among local police, special service and customs officers has proved to be persistent, and individual areas of Transcarpathia's economic life have been largely controlled by organised crime groups. As a consequence, a decrease in the level of trust within society towards the reforms announced by the president and the Ukrainian government was observed, including in Zakarpattia¹⁶. This was also confirmed by the scale of the boycott of subsequent stages of mobilisation, which was Ukraine's largest. On 15 July 2015, when Hennadiy Moskal took office as the oblast's governor, the mobilisation ratio in Transcarpathia stood at a mere 8 per cent. As a result of measures taken to increase discipline within the local administration, in early August 2015 the ratio rose to 27 per cent¹⁷.

¹⁵ For more on this topic see: Iwański T., Żochowski P., The incident in Mukachevo: a symptom of Ukraine's systemic weakness, *OSW Analyses*, 15 July 2015; <http://www.osw.waw.pl/en/publikacje/analyses/2015-07-15/incident-mukachevo-a-symptom-ukraines-systemic-weakness>

¹⁶ A survey by the International Republican Institute, July 2015; http://www.iri.org/sites/default/files/wysiwyg/2015-08-24_survey_of_residents_of_ukraine_july_16-30_2015.pdf

¹⁷ Data after: <http://korrespondent.net/ukraine/3549834-nazvany-khudshye-oblasty-ukrayny-po-mobylyzatsyy>. A worse ratio was recorded in August 2015 only in the Ivano-Frankivsk region – 25%.

Problems with personnel changes in the leadership of the Interior Ministry, the SBU, the State Border Service, and the customs service were proof confirming that radical changes were intentionally abandoned. The ambivalent attitude of the central government towards informal connections between the local security service and local oligarchs, combined with a reluctance to introduce personnel changes, have led to a petrification of clientelism and nepotism within state security bodies. The head of the regional Interior Ministry board, Serhiy Sharanych, has since 1985 been linked with the structures of the Interior Ministry in Zakarpattia¹⁸. The former head of the regional SBU, Volodymyr Heletey (the brother of Ukraine's former defence minister Valery) is considered to be a protégé of Viktor Baloha. The personnel changes carried out so far in the border guard, where the heads of the structures in Zakarpattia (the Chop and Mukacheve branches) are representatives of a younger generation, have not improved the situation in the institutions they run. The personnel are still being rotated there; most of the local heads of the border guards have been replaced since spring 2015. These changes have not noticeably improved the situation and cases of corruption among officers continue to come to light. This also concerns the customs service, which has been heavily criticised by Prime Minister Arseniy Yatsenyuk¹⁹. It was only the shooting

¹⁸ Sharanych's subsequent career confirms the fact that he was not considered responsible for the security crisis in the region. On 18 July 2015, the Interior Minister Arsen Avakov announced that Sharanych would be transferred to the office of the first deputy of the head of the Criminal Department of the Interior Ministry. This decision triggered suggestions that it might have been the former head of regional SBU structures Volodymyr Heletey, a protégé of Viktor Baloha, who supervised smuggling and enabled a Right Sector unit to be active in Transcarpathia.

¹⁹ On 22 July 2015, the Prime Minister announced that Ukraine was considering transferring border controls on the border with the EU (the Zakarpats'ka, Volyn, Lviv and Chernivtsi regions) to a British company, Crown Agents; <http://gordonua.com/news/politics/YAcenyuk-V-upravlenie-britancam-budut-peredany-Zakarpatskaya-Volynskaya-Lvovskaya-i-CHernovickaya-tamozhni-90812.html>, and on 7 September 2015 Konstantin Likarchuk, deputy head of the State Fiscal Service who supervised the customs service, was dismissed. The reason for his dismissal was his ineffectiveness and the lack of progress in improving the standards of work of customs offices.

in Mukacheve that caused a change in the leadership of the local SBU and Interior Ministry structures. Interestingly, this change was carried out according to a scheme applied in other regions of Ukraine. Individuals who had not been linked to local political and business structures were appointed to specific posts. In mid-July 2015, Oleh Voyevodin, formerly an official in Odesa, was appointed head of the regional SBU board, and Serhiy Kniازهv, a militsiya officer since 1992 and former head of the criminal police in Donetsk, Mariupol and Kyiv²⁰, became the head of regional Interior Ministry structures. These changes may temporarily help to reduce the scale of corruption among officers. However, they are not likely to considerably limit the scale of smuggling and organised crime, including that involving the transfer of illegal migrants to EU states²¹.

Zakarpattia ahead of local elections

After the incident on 11 July, the agreement between the central government and Baloha ceased to apply. Both sides remain in conflict and are actively preparing themselves for local elections planned for 25 October. The task of the new governor is to oust Baloha's protégés from regional and local state administration bodies and to consolidate all political groupings against the United Centre party in order to marginalise it in the elections to the greatest extent possible. Moskal is going to be the leader of the regional list of candidates submitted

²⁰ http://zn.ua/POLITICS/oleg-voevodin-vozglavit-sbu-v-zakarpate-a-miliciyu-sergey-knyazev-182553_.html

²¹ Smuggling passing through the Transcarpathian oblast has been a constant cause for concern for the European Union. According to EU experts, in 2013 the volume of smuggling cigarettes from Ukraine to EU countries was 1.3 bn items. A half of this volume was probably sold in Hungary and Slovakia. Transcarpathia has also become part of the smuggling route from Belarus to the EU. Moreover, a section of an illegal migration route runs across Transcarpathia. For example, in August 2015 a group of border service officers was detained for facilitating 29 citizens of Afghanistan and Pakistan to cross the border in exchange for a bribe; <http://7dniv.info/lang-ru/criminal/63018-zakarpatsk-prikordonniki-ves-serpen-dopomagali-perepravliati-nelegalv.html>.

by BPP and his strength is based on his control over what is called 'administrative resource', i.e. the advantage which results from holding power, and also due to his access to party and state funds. His weak point, though, is the fact that he leads a non-homogeneous project which has increasingly weaker support both in Zakarpattia and nationwide.

Baloha, in turn, has lost some of his influence over 'administrative resource'. However, his approval rating is high²², including among holders of public office. This is indirectly confirmed by the fact that numerous officers had resigned of their own accord before the personnel changes were made, convinced that it is Baloha, not Moskal, who is shaping the region's political life. Baloha has openly sabotaged Kyiv's actions – on 31 August 2015 he voted against the proposed amendments to Ukraine's constitution (his brothers were absent from parliament), on 27 August the United Centre deputies to the regional council blocked the adoption of a regional plan to consolidate *hromadas*. Previously, he has launched a negative campaign against the central government and has placed billboards along the region's main roads promoting the United Centre party with slogans such as "The government is ruining peace in Zakarpattia". He also sent letters on behalf of the party to the region's residents containing a message emphasising the question of 'dignity' and written in a style similar to that used by Donbas separatists in the spring of 2014.

Conclusions

The upcoming October elections will be a test of strength and a verification of Baloha's support in the region. It is likely that the course of the elections will be turbulent since a change in the balance of power in the region and the political future of Viktor Baloha are both at stake. A good

²² No reliable sociological data on the level of support for the United Centre is available, however Baloha has enjoyed unquestioned popularity in the region.

result of the United Centre will be likely to force the central government to reach a new compromise. However, if the result is weak, it will be a signal that Baloha can be marginalised. This latter option may result in the destabilisation of the political situation in the region. Although the Transcarpathian oblast has its own characteristics, certain factors observed in it which weaken the security system are present in each cross-border region of Ukraine. This in turn results from the lack of systemic reform in recent years. Therefore, it should not be expected that

actions carried out by the central government to discipline local public security bodies (which mainly involve personnel changes in the leadership of specific services) will bring quick results. The possible secession of areas inhabited mainly by the Hungarian minority and Rusyn 'separatism' have so far been considered major threats to the region's stability but they have not enjoyed considerable support among local residents. It is only if there were to be a radical weakening of the Ukrainian state structures that separatist tendencies might become stronger.

APPENDIX I

The history of Zakarpattia

The 20th century was a period of dynamic changes in Zakarpattia. In 1920, pursuant to the Treaty of Trianon, the region was transferred to the newly created Czechoslovakia. However, after only 18 years, as a result of the First Vienna Arbitration, the southern part of the region was 'returned' to Hungary and in 1939 the Hungarian army went on to also occupy its northern part. These events ended the existence of so-called 'Carpatho-Ukraine' (an autonomous region within Czechoslovakia) which had been created in November 1938. They also led to this land's independence, which lasted only a single day under leadership of Rev. Avgustin Voloshyn, who remains a popular figure in the region till the present day. Zakarpattia remained within the borders of Hungary for another five war-time years until it was occupied by Red Army troops as they were moving west. In November 1944, the congress of National Committees of Transcarpathian Ukraine, arranged by the Kremlin, passed a resolution to annex the region to the Ukrainian SSR, i.e. to the Soviet Union. In this way, alongside Bukovina and Eastern Galicia, Zakarpattia became one of the final regions incorporated into Ukraine, excluding Crimea (which was incorporated in 1954).

APPENDIX II

Business dealings of the Baloha family

The Baloha family has had a significant influence on the economy of Zakarpattia. By their family connections and shares in specific businesses, the Balohas control several of the region's largest companies. These include the Barva supermarket chain, Zakarpatska Prodovolcha Hrupa (wholesale trade in alcohol and tobacco products), Hart (production of foodstuffs), Zavydivske (an agroholding) and one of Ukraine's most technologically advanced brick manufacturing plants located near Mukacheve. Due to their influence in public offices and in the regional and municipal councils, including the regional council, the Balohas have gained significant influence over state-owned and municipal companies, including in the energy sector. This influence, however, is difficult to estimate more precisely. Similarly, it is difficult to estimate the possible income from smuggling. The Baloha family is said to be in control of major local media including TRK M-Studio (a TV station), the news portals mukachevo.net, zakarpattya.net.ua, a radio station Zakarpattia-FM, the newspaper Staryi Zamok – Palanok, and they also control local state-owned media. Officially, the Baloha family's assets are insignificant. Due to the fact that several members of the family are currently parliamentary deputies, their assets are registered as belonging to their spouses and children. None of the Baloha brothers, including Viktor, has been listed as one of Ukraine's richest people.

EDITORS: Adam Eberhardt, Wojciech Konończuk
Anna Łabuszewska, Katarzyna Kazimierska
TRANSLATION: Magdalena Klimowicz
CO-OPERATION: Nicholas Furnival
DTP: Bohdan Wędrychowski

Centre for Eastern Studies
Koszykowa 6a, 00-564 Warsaw
phone: +48 | 22 | 525 80 00
e-mail: info@osw.waw.pl

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