

# Problematic aspects of control over the illicit trafficking of goods from the Donetsk-occupied territories

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## Abstract

This article investigates contemporary trends in contraband activities as a cause of the destabilization of the economic system of Ukraine, which is exacerbated by military conflict. Most of the export-import goods flows in Ukraine are contraband in nature, which has a negative impact on the development of the domestic economy, not only destabilizing the domestic market but leading to corruption in state and local governments. The theoretical and methodological aspects of investigations of contraband, including the impact of military conflict, are analyzed in the context of Ukraine's economic security. The criteria for evaluating customs security related to the fight against contraband are identified, the methods to combat contraband are discussed, and the statistical indicators of contraband from the Donetsk region are determined.

**Key words:** contraband, economic security, contraband methods, Anti-Terrorist Operation, Donbas.

## Introduction

Contraband is one of the main causes of the destabilization of the economic system of Ukraine. Contraband flows have existed since the beginning of independence, but with the introduction of the Anti-Terrorist Operation (ATO) in Donbas, it has become more relevant. Fighting this negative phenomenon is one of the state's primary tasks in protecting its economic interests. Contraband is closely linked with such state systems as the financial and credit system, foreign economic activity, fuel and energy, taxation, and legalization of enterprises.

Most of the export and import goods flow in

Ukraine have a contraband origin, which negatively affects the development of the domestic economy, destabilizes the domestic market, and can lead to corruption in state and local authorities. The study of armed conflicts confirms the increase in the activity of contraband commodity flows during such periods and the increase of threats at a regional scale, international and transnational scale.

Consequently, the study of the impact of contraband on the customs and foreign economic components of the country's economic security is a topical issue in the

context of the current armed conflict between Ukraine and the Russian Federation, the loss of control of a large part of the border area of Donetsk and Luhansk regions, and a decrease in the efficiency of the functioning of the State Fiscal Service of Ukraine (SFSU) in these regions.

According to the Main Directorate of the SFSU in the Donetsk region, there are currently two checkpoints (Mariupol Sea Commercial Port and the Mariupol Sea Port of Azovstal Iron & Steel Works, with control station 'Azov Ship Repair Plant') and nine customs posts (Mariupol

Port, Mariupol Specialized, Mariupol, Azovstal, Sartana, Kramatorsk, Sloviansk, Artemivsk, Kostyantynivka). There are six checkpoints that are currently not functioning: Dusky (automobile), Marinovka (automobile), Novoazovsk (automobile), Kvashino with the control point 'Ilovajsk' (railroad), Donetsk (air), and Mariupol (air). According to the DFS General Directorate in the Luhansk region, the uncontrolled customs border is 358 km (the total length being 746 km).

## Material and methods

The objective of this research is to study the extent of contraband and emerging methods used in smuggling operations since the start of the ATO in Eastern Ukraine and to analyze their impact on the economic security of the state.

Investigations of random and organized smuggling in the presence of a shadow economy in the country were investigated by Goel and Saunoris (Goel & Saunoris, 2018). Analysis of the instruments and the strategies of the actors involved in countering smuggling is discussed in the article by Rabossi (Rabossi, 2018). A study of the relationship between states and smugglers at international borders reviewed by Gallien and Weigand (Gallien & Weigand, 2021).

The essence of smuggling and its influence on the customs security of the state were investigated in Ukrainian scientific papers by Pashko and Berezhnyuk (Pashko & Berezhnyuk, 2013: 30) and Basel' (Basel', 2005: 119-122). Analysis of the features and problematic aspects of smuggling flows from the uncontrolled

territory of the Donbas is partly covered in the work of Gorbulin, Vlasyuk, Libanova, and Lyashenko (Gorbulin & al., 2015) and Voloshin (Voloshin, 2014:58). However, the **problematic aspects in the study of smuggling** from the point of view of the threat to the economic security of the state remain:

(1) the choice of an optimal methodological approach, taking into account the complexity of operations to combat smuggling and the influence on the effectiveness of its work;

(2) expansion of the classification parameters of smuggling and methods of its commission, which are aggravated by the military conflict in the Donetsk and Lugansk regions;

(3) the imperfection of Ukrainian legislation regarding the settlement of the trade regime with Donetsk and Luhansk regions;

(4) the scale of trafficking of smuggled goods, which threatens the economic interests of Ukraine and affects the crime situation in the country.

## Results and discussion

### Customs safety as a component of state economic security: the view of Ukrainian scientists

Economic security is a key component of national security. It reflects the state of equilibrium and socially oriented development of the national economic system, which is achieved through economic policy.

Economic security presupposes: (1) the availability of conditions for solving the main

socio-economic problems, satisfying the vital needs of citizens, society, and the state; (2) preventing economic and financial pressure from the outside and destructive forces within the state; (3) sufficient material and technical support of the armed forces to prevent external aggression, conduct military operations and assist in the efficient functioning of the economy.

The components of economic security aimed

at ensuring the proper level, strategic objectives, and objectives of the national security policy include foreign economic and customs security.

The customs security of Ukraine (i.e. the protection of Ukraine's interests in the customs sector) will ensure the:

- controlled transportation of goods and vehicles through the customs border
- implementation of customs regulations related to the establishment and collection of taxes and fees
- application of customs control and customs clearance procedures with the introduction of tariff and non-tariff regulation measures
- the implementation of the fight against contraband and violation of customs law, as well as the fulfillment of other tasks entrusted to the customs authorities through the effective implementation of the customs business (Pashko & Naumich, 2005: 3-7).

Economic and customs fraud, the manifestation of the destructive properties (corruptibility) of existing instruments of customs regulation, defective management, and insufficient provision of customs activities are a source of risk to customs security (Pashko & Berezhnyuk, 2013: 30). Contraband generates an increased social danger because it infringes on the established procedures for the movement of goods across the border and causes losses to the economy of the state, its cultural heritage, and promotes the development of shadow schemes (Basel', 2005: 119–122).

The illegal transfer of goods in Ukraine has intensified since the start of the ATO. Its negative economic aspects include the deprivation of the full potential revenue to the state budget, encouragement of unfair competition, and the distortion of market conditions. It also strengthens the criminal aspect of economic development, which manifests itself through the activation of organized criminal groups.

The scientific and practical developments of academics in the field of contraband research have proved that this phenomenon: (1) is

determined by a clear antisocial orientation; (2) is socially dangerous; (3) destabilizes the processes of economic development; (4) poses risks and threatens the state's foreign, economic, customs, financial, social, and military-economic security.

#### **Detecting contraband in Ukraine**

The development of contraband control in peacetime depends on the effectiveness of measures of tariff regulation of foreign trade activities. The development of crime in the eastern regions of Ukraine causes new risks in conditions of armed conflict: the spread of weapons, drugs, terrorist threats, contraband, and the growth of economic crime, which undermines social stability in the regions and violates the imbalance of public relations in the state.

In recent years, Ukraine has joined most of the multilateral treaties, and treaties on combating transnational crime and the illicit trafficking of weapons and ammunition. The legal mechanisms for international cooperation to prevent and counteract contraband of these items have been substantially improved. However, the absence of a sufficient set of mandatory international standards for implementation of strict controls over the trafficking of small arms and light weapons, and an effective set of sanctions against violators of the established order of international transfers of weapons and ammunition, has led to an increase in the number of cases of access to terrorist groups and sabotage of a large number of modern weapons of military designs, in particular, MANPADS, as is currently happening in the eastern territories of Ukraine. This circumstance also stimulates contraband. According to the Small Arms Survey (Geneva, Switzerland), more than 3 million units of small arms and light weapons are in circulation on the black market in Ukraine (Antonov & Varava, 2014: 118).

Another factor affecting contraband operations from the eastern regions of Ukraine is the uncertainty of domestic legislation and the lack of synchronization of changes in the criminal and customs legislation regarding the demarcation of the state border in the period of

armed conflict with the Russian Federation.

De facto law enforcement agencies of Ukraine record the movement of a large number of contraband goods to and from the territory of Ukraine, but legal movements across the state border are not determined, as the legal status of the territories (the Autonomous Republic of Crimea and Sevastopol, part of the Donetsk, Luhansk and Kherson regions) in which they are located are defined as temporarily occupied territories, and the legal crossing of the state border when crossing the 'line of delimitation' of smuggled goods does not occur.

These facts complicate the examination of contraband cases, hinder the implementation of strict control over the movement of small arms and light weapons and drugs, undermine an effective set of sanctions against violators of the established order of international transfers of weapons and ammunition, and falsify criminal statistics.

#### **Methodological approaches to the study of combating smuggling**

The theory of potential conflicts (TPK) is based on the theory of the economic security of the national economy, which was studied in detail by German sociologists such as Simmel (Simmel, 1903: 490–525) and Dahrendorf (Dahrendorf, 1959), the French scientist Durkheim, and American sociologists Parsons (Parsons, 2002), Coser (Coser, 1956: 188), Boulding (Kaplan, 1963) and Smelzer (Smelzer & Alexander, 1999).

The essence of TPK is based on the assertion that all things that exist in the world are, first of all, different forms of existence of an energy that is in constant potential conflict with each other and with all other forms. Consequently, the universe is based on the transformation of one form of energy into another with a change in the levels of their potential. Proceeding from the provisions of the TPK, the emergence of a new independent state in the world community at the same time gives rise to its conflict with other states. And economic security, with the external economic and customs components, would help

minimize the risks and threats to society and neutralize such conflict. Among the top priority issues of ensuring economic security is the monitoring and assessment of the level of threats to priority national interests: the calculation of total potential, the disclosure of laws in the system of priorities of national interests – threats.

Threats to the economic security of Ukraine should be considered as factors that directly, or in the future, make it impossible or complicate the realization of national economic interests, creating obstacles to the normal development of the economy and the danger to the independent state existence and welfare of the people. Threats to Ukraine's economic security during a modern armed conflict have become permanent in nature and provoke its critical state on a number of key criteria. The task of all subjects of the national economy now is to create a reliable system of blocking and preventing economic threats, which would ensure its stability and development.

Objects of nuclear, chemical, metallurgical, and mining industries, unique engineering structures (dams, overpasses, oil and gas storage), transport systems (aerospace, surface, and underwater, land), main oil and gas and product pipelines, most of which are controlled export control goods, are objects of potential danger. They also include hazardous objects of the defensive complex. A source of social threats is the uncontrolled export of weapons and military equipment, and weapons of mass destruction, which are the object of smuggling and export control. Threats to economic security in the future generate strategic and national risks. Each threat meets a certain degree of risk.

Customs threats are the result of controversies that take place and are formed in society itself, in the foreign economic sphere, in political and economic relations, and in regional, natural, and other phenomena. The following indicators are used to determine the criteria for evaluating the customs security related to the fight against smuggling (Figure. 1).

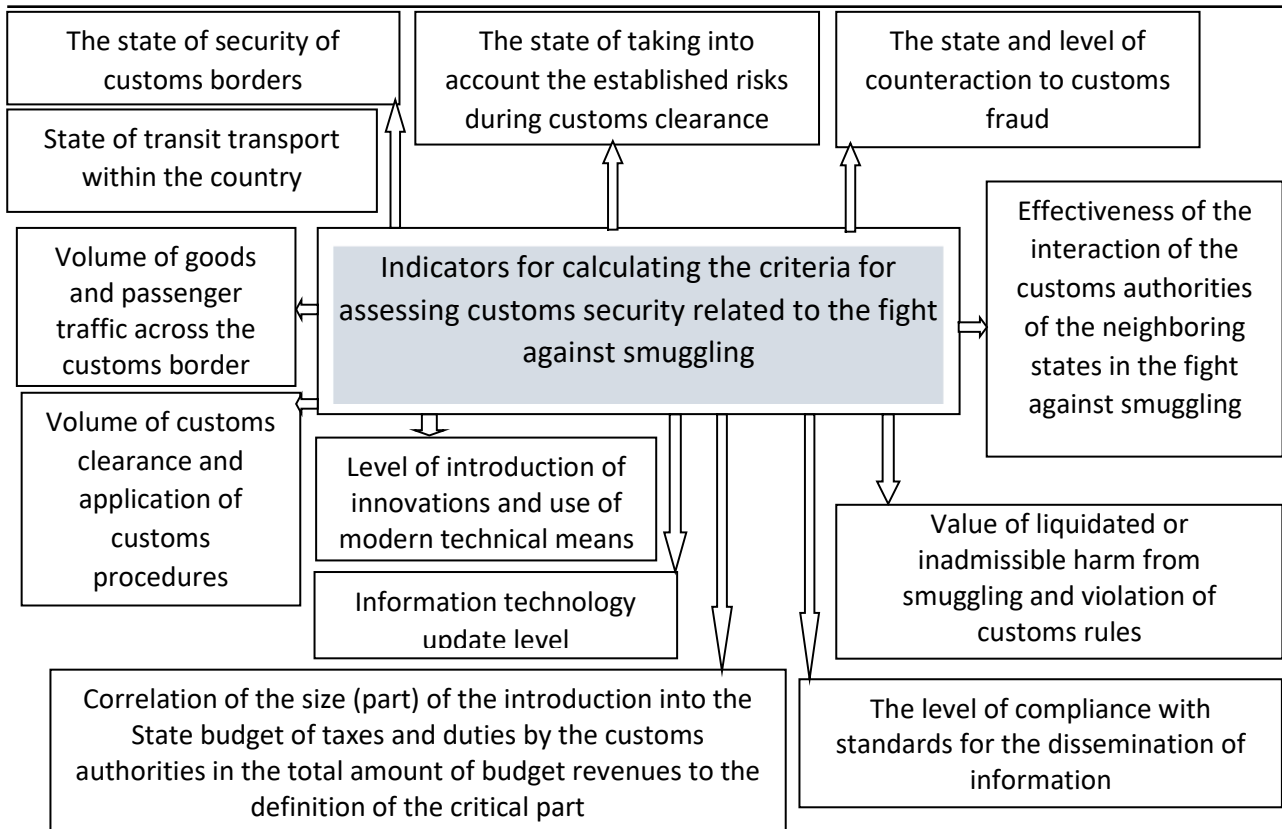


Fig. 1 – Indicators for calculating the criteria for assessing customs security related to the fight against smuggling

Source: Prepared for Pashko, Polons'ky and Khristenko (Pashko, Polons'ky & Khristenko, 2005: 100–104)

To analyze indicators that influence the assessment of customs and foreign trade security, it is necessary to classify the methods of smuggling. The definition of smuggling is a deterministic system of actions of the offender for the preparation, execution, and concealment of the illegal movement of smuggling goods across the customs border, as well as on the use of the results of this activity

(Shevchuk, 2003:51).

The main methods of smuggling are divided into two groups: *physical methods*, *economic methods*. The generalisation of statistical data on criminal proceedings violated under Art. 305 of the Criminal Code of Ukraine, testifies to the use of different ways of smuggling. Table 1 sets out the different methods that criminals used to conceal the transfer of a subject of contraband.

Table 1 – The different methods that criminals used to conceal the transfer of a subject of contraband

Method of concealment	Proportion
In a service compartment of conductors of passenger trains	4%
In a passenger compartment of a train	20%
In technological places of passenger trains	6%
On himself or in personal matters while following a passenger train	27%
In the toilet of a passenger train	3%
In passenger cars	6%
In passenger transport	3%
On oneself or in personal belongings when following car transportation	18%
On oneself or in personal matters at a pedestrian crossing the border	5%
In an organism of a person or an animal	1%

Method of concealment	Proportion
In international postal items	2%
Other	5%
<b>Smuggling methods have been identified to prevent the smuggling of goods outside customs control</b>	
In passenger cars	6%
On himself or in personal matters during his post in a motor transport	4%
On their own or in personal matters when crossing the border	55%
Other	25%
<b>Drug trafficking</b>	
In travel bags among personal belongings	24%
In travel bags equipped with repositories	3%
In bed linen	3%
By myself, in personal things, pockets, and others	4%
In special repositories of motor vehicles	4%

Source: Plukar (2014: 37–46)

In the context of the armed conflict between Ukraine and the Russian Federation, an active transformation of methods of concealing malicious acts is taking place. In this regard, for the possibility of an objective assessment of customs security, which is related to the fight against smuggling, it is appropriate to extend the classification of methods used in smuggling operations in the light of the current specifics of contraband in the Donetsk region (Fig. 2).

Consequently, for an objective analysis of the indicators affecting the assessment of customs and foreign trade security that are connected with the fight against smuggling, areas that require additional research include:

- identification of objects and objects of smuggling
- methods of smuggling
- indicators of effective measures to combat smuggling
  - analysis and monitoring indicators of the risks leading to such offenses
  - other influential indicators that require further research.

A significant factor in the impact of the smuggling research methodology is its transboundary nature and the specifics of the preparation for smuggling (which is associated with the creation of a complex structure of the interactions of members of the criminal group and

the consideration of the temporal parameters). In this aspect, some experts rightly point out that the criminal formations of Ukraine and post-Soviet countries form a holistic network system. They carry out, on a regular basis, criminal activities related to ensuring the exit from social and legal controls; and they penetrate the authorities and actively seek out exits, contacts with criminal groups already existing there (Skulysh, 2007: 350–355). Thus, all elements of the contraband and smuggling process can be attributed to a complex dynamic system.

Regarding methods for measuring the effectiveness of risk management associated with the fight against smuggling, we note that, along with the general economic theory, there are economic theories related to the nature of the production of the product of labor. The economic theory of crime and punishment, control and monitoring, as instruments of economic security, is much less developed than the theory of property rights and the law of economics. The development of the theory is complicated by the lack of reliable information on specific economic and criminological indicators, and even more so in the area of the circulation and smuggling of drugs and psychotropic substances, and their analogs or precursors, in the military-economic sphere, in connection with which economists are forced to restrict themselves to general models of high-degree probability.

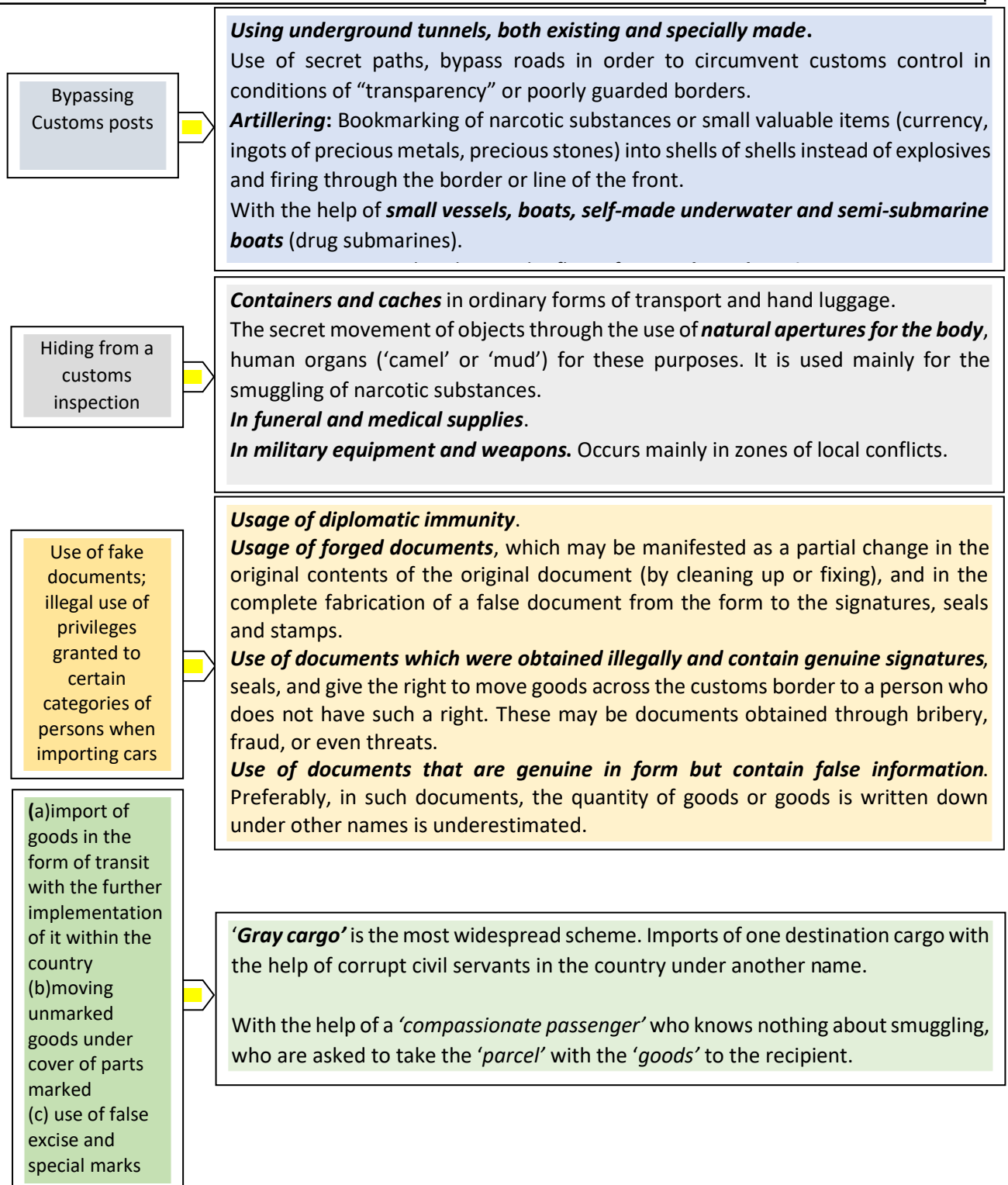


Fig. 2 – Classification of contraband methods

Source: author's development

According to the American economist, George Stigler (Stigler, 1971: 3–18) ‘marginal costs are required for marginal containment’. That is, the stronger the degree of protection of law and order (in this case, the procedures for customs regulation and control), the more

pressure is felt by citizens who are forced to withhold their taxes from the forces of law and order. If all the resources of society are thrown exclusively into law enforcement activities, most of the perpetrators will be punished. Of course, society can, on the other hand, avoid the

necessary expenses for the protection of the rule of law, but in such an anarchist society, economic losses from crime will inevitably grow catastrophically. Extremes in this case are undesirable.

An economic solution to the problem of the necessary optimization and rationalization of the fight against smuggling in the context of strengthening the customs component of security can be considered on the basis of the economic-mathematical model, developed in 1970 American economists and criminologists, Phillips and Votey (Phillips & Votey, 1981: 29–30). This model can be applied to cases of violations of state customs control that entail property losses. Regarding the measurement of the risks of the customs subsystem of economic security as a complex dynamic system, the most acceptable method of research from the point of view of the impact of smuggling on the customs security of the country, the proposed multidimensional multifractal method, where the sum of the probabilities of development of all unfavorable trajectories of the movement of the subsystem of customs security will determine the risk of economic losses.

#### **Contraband indicators in Donetsk region**

One of the key factors in the intensification of smuggling to Ukraine in recent years is the imperfection of economic state policy, which led to a significant increase in prices for various groups of goods in the country and anti-terrorist operations in the Donetsk and Luhansk regions. According to the SFSU report, during 2015, 17,808 cases of violation of customs rules, valued at more than 1 787,19 million UAH, were opened at Customs.

As well as 970 cases of illegally trafficked drugs, psychotropic, and their analogs, precursors were revealed. SFSU Customs detected: 736.2 kg of heroin; 56 kg of hashish; 24.2 kg of cannabis; 2.8 kg of cocaine.

They also seized industrial goods for more than USD 366.85 million; food products valued at UAH 106.27 million; the currency of UAH 102.28 million; and vehicles worth over UAH 53.37 million.

The SFSU customs authorities detected 574 cases of illegally trafficked weapons and

ammunition across the customs border of Ukraine, including 997 kg of explosives (374 units), cold weapons (3 units), smooth-bore weapons (12 units), gas weapons (18 units), military weapons (20 units), pneumatic and sporting weapons (2,659 pieces), squirrels for smoothbore and rifled weapons (1,517 pcs), other types of beacons, and 226 units special means (SFSU, 2016). In the process of fulfilling the tasks of the Ukrainian state control bodies on the line of demarcation with the uncontrolled territory in 2019, 26 units of weapons were detected (a decrease of 26%), ammunition of 3.3 thousand units was detected (decreased by 4.3), stopped the movement of 3.4 kg of explosives (an increase of 28%) (State Border Guard Service of Ukraine, 2020).

Historically, the armed conflict has been and is the main reason for smuggling. The war was a mechanism for the illegal transportation of goods, including during the Second World War and wars in Afghanistan, Syria, Eastern Ukraine. Syria is one of the most significant and large-scale smuggling points across the Middle East. Through this country there are billions of dollars and as many washed. The volume of Syrian contraband cannot be counted by any international organization. In parallel with the Syrian conflict, an armed conflict in Donetsk and Luhansk region occurs in Ukraine. Ordinary domestic transportation between Donbas and the rest of Ukraine during such a conflict became illegal and turned into a dangerous and criminal business.

The territory of Ukraine is used mainly as a transit zone, particularly for the contraband of cocaine from Latin America and Europe, heroin from Asia, synthetic psychotropic substances from China, and methadone from Belarus and Russia. The trafficking routes of the heroin of Afghan origin to the countries of Central and Western Europe (the northern and the Caucasian branch of the Balkan route) are trafficked through Ukraine (Ukrainian Research and Medical Center on Drugs and Alcohol of the Ministry of Health of Ukraine, 2017).

Prior to mid-2015, contraband in the ATO was an entire industry that involved not only entrepreneurs on both sides of the front and

ordinary freight carriers, but also units at checkpoints, and law enforcers who were supposed to be in charge of combating this same smuggling. The smuggling reached such an enormous scale that the Ukrainian Government was forced to introduce measures such as official checkpoints that involved employees of the fiscal service. Operational mobile groups, with the participation of the Security Service of Ukraine officers, police, and volunteers, were organized to control the borders in the ATO zone. However, these steps did not eliminate smuggling, but only changed the logistics of the illegal trafficked of goods through the front line (Sibirtsev, 2016).

Because of the intensification of trafficking from the zone ATO, there was a change in the

range of smuggling. Previously, these were traditional cargoes demanded on both sides of the front (e.g. coal, fuel, products, cigarettes, and alcohol), then, over time, drugs took on greater importance. Channels of illegally trafficked drugs across the border in the ATO were set up in the spring of 2015 after the cessation of hostilities in the Donetsk and Luhansk regions. Border guards and customs officers confiscated drugs such as cocaine, heroin, methamphetamine, ecstasy tablets, LSD, and marijuana. At the end of 2016 the volume of smuggling from the ATO, which was recorded by the State Border Guard Service of Ukraine, amounted to 5.9 percent of the total volume of detected and seized psychoactive substances per year (Table 2).

Table 2 – Volumes of detected and extracted psychoactive substances by the State Border Service of Ukraine, 2016

	In total (kg)	Types						
		Marijuana	Hashish	Poppy straws	Cocaine	Opium	Tramadol	Other
<b>Total for all countries:</b>	<b>153.895</b>	<b>115.229</b>	<b>19.423</b>	<b>5.143</b>	<b>0.181</b>	<b>3.528</b>	<b>0.929</b>	<b>9.462</b>
<i>Poland</i>	11.304	2.487			0.171		0.722	7.924
<i>Slovakia</i>	0.295						0.004	0.291
<i>Hungary</i>	0.044	0.002					0.04	0.002
<i>Romania</i>	0.11	0.001	0.023				0.04	0.082
<b>EU border:</b>	<b>11.753</b>	<b>2.49</b>	<b>0.023</b>	<b>0</b>	<b>0.171</b>	<b>0</b>	<b>0.004</b>	<b>8.299</b>
<i>Moldova</i>	76.326	64.575	7.9			0.011	0.77	0.17
<i>Russia</i>	58.648	43.01	11.5		0.01	1.507	0.127	0.989
<i>Belarus</i>	7.168	5.154				2.01	0.032	0.004
<b>Sea border</b>	0.806	0.645						0.06
<b>Air border</b>	11.498				11.493		0.101	0,005
<b>State border in total</b>	<b>166.22</b>	<b>115.874</b>	<b>19.454</b>		<b>11.664</b>	<b>3.528</b>		<b>9.572</b>
<b>Administrative Border with Authonomus republic of Crimea</b>	<b>0.17</b>	<b>0.04</b>					<b>1.03</b>	<b>0.13</b>
<b>On demarcation in the area of ATO</b>	<b>9.12</b>	<b>8.282</b>	<b>0.59</b>		<b>0.1</b>		<b>0.028</b>	<b>0.12</b>
<b>Total</b>	<b>175.51</b>	<b>124.196</b>	<b>20.044</b>	<b>5.143</b>	<b>11.764</b>	<b>3.528</b>	<b>10.58</b>	<b>9.777</b>

Source: Ukrainian Research and Medical Center on Drugs and Alcohol of the Ministry of Health of Ukraine (2017).

Monthly receipts of narcotic substances in both directions through the separation line of the ATO zone for 2015–2017 ranged from 50 kg (cocaine) to 2500 kg (marijuana), with an average price per gram of substance distributed from 450 UAH (synthetic narcotics) to UAH 3900 per 1 gram of cocaine (Fig. 3).

For 2020, the price of 1 gram of cocaine ranged from € 89.3 to € 178.5, amphetamine – from € 9.8 to € 13.4, heroin – from € 53.6 to € 80.3 (Ukrainian Research and Medical Center on Drugs and Alcohol of the Ministry of Health of Ukraine, 2020: 42-43).

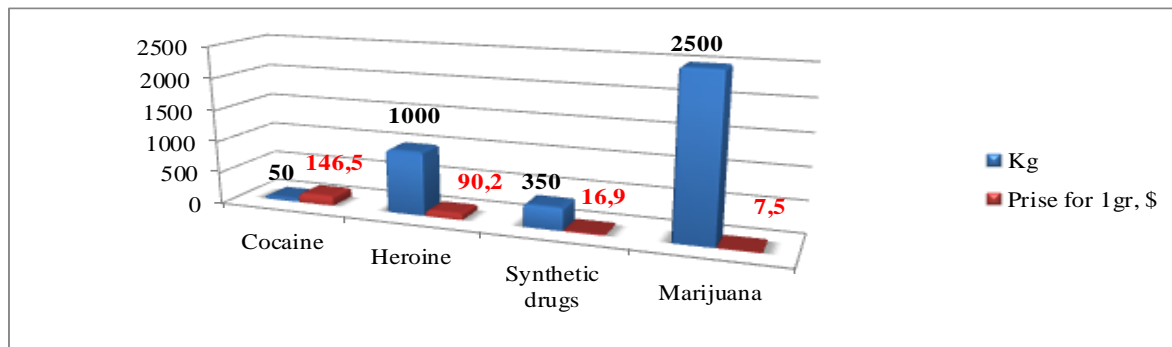


Fig. 3 – Monthly indicators of drug smuggling from / to the Donetsk region and their average price per gram

Source: Prepared for Vyazov (2016) and Sirov (2015)

In 2019, the Security Service of Ukraine and the National Police of Ukraine liquidated 40 international drug trafficking channels across the state border.

In 2019, in cooperation with the Security Service of Ukraine and law enforcement agencies of Germany, France, Romania, Poland, they exposed and stopped the activities of international smuggling channels, as well as transnational criminal groups, namely:

(1) a multi-stage special operation was carried out with the law enforcement agencies of Romania and Germany to expose and eliminate a powerful international channel for heroin smuggling to the European Union (more than 120 kg of heroin was seized, the value of which is almost € 10,000,000 on the “black market”);

(2) in cooperation with the National Gendarmerie of the French Republic and the Central Bureau of Investigation of the Police of the Republic of Poland under the auspices of Europol, the activities of an international organized criminal group specializing in drug smuggling were suspended (150,000 pills of the drug “Subutex” containing buprenorphine were seized, the estimated cost on the “black market” is approximately € 1 400 000);

(3) a powerful transnational drug group of 1000 people (known as Khimprom), organized by internationally wanted Russian citizens, has been shut down (more than 180 kilograms of the finished drug alpha-PVC have been confiscated, and the value on the “black market” is almost USD 5 000 000) (Ukrainian Research and

Medical Center on Drugs and Alcohol of the Ministry of Health of Ukraine, 2020: 38-40).

In Ukraine, cocaine falls into small batches – up to 10 kilograms. The most expensive drug is brought from Venezuela, Colombia, and Peru to Odessa. Another expensive and heavy heroin drug is delivered to Ukraine from the ‘golden triangle’ of Afghanistan and Pakistan through Georgia and Turkey by long-range vehicles and ships. Contraband caches of this drug are almost never repeated: from containers with oranges or bananas, food, vials of expensive perfumes, to concrete building blocks. In Ukraine, cocaine and heroin are packed in smaller quantities – from 100 grams to half a kilogram. Some types of drugs transported through the ATO zone have a domestic origin. For example, marijuana is tens of kilograms taken from the western districts of the Odessa region. The flow of marijuana production in the Mykolayiv and Kherson regions is delivered. Methamphetamine and other synthetic drugs are delivered from Poland and the Transcarpathian Region. In the 1990s, the production of synthetics underground laboratories in the border areas was set up in Transcarpathian Region (Vyazov, 2016).

In the nearest to advanced areas, narcotic substances are most often delivered in hand luggage on cars, trains, and buses. Here, they are transmitted to those who carry out direct transportation across the border to military personnel and local residents who are well aware of bypassed field roads.

During 2015, the channels of drug smuggling

in the ATO repeatedly changed, depending on the situation on the front, and had stabilized by the beginning of 2016. Considering the main security indicators of state tasks control bodies of Ukraine for 2019 (compared to 2018) on the line delimitation in Donetsk and Luhansk regions, it is possible to argue about their quantitative and qualitative stabilization. In the process of fulfilling the tasks of the Ukrainian state control bodies on the line of demarcation with the uncontrolled territory in 2019 found more than 14.4 kg of drugs (an increase of 2.7) (State Border Guard Service of Ukraine, 2020).

The main reasons for the intensification of contraband from the Donetsk region are:

- corruption in customs, border, and other supervisory bodies
- excessive rates of import duty, excise tax, and value-added tax
- the imperfection of the regulatory framework in the field of import regulation and the fight against smuggling, violation of customs rules weak cooperation of law enforcement and controlling bodies of Ukraine with regard to the exchange of information on combating the movement of goods outside customs control or with concealment from customs control with the relevant authorities of neighboring states
- prevailing unemployment among residents of Donetsk and Lugansk regions
- lack of proper control over the implementation of goods in the domestic market

## Conclusions

Considering the importance of the trade between Ukraine and the temporarily occupied territories of the Donetsk and Lugansk regions, it is expedient to resolve the issues of trade regime with them in the normative legal act at the level of the Law of Ukraine. For this purpose, it is expedient to extend the effect of the Law of Ukraine 'On ensuring the rights and freedoms of citizens and legal regime in the temporarily occupied territory of Ukraine' on the territory of certain districts of the Donbas, provided that a number of norms are supplemented by the provisions of this Law.

According to the provision of Article 13 of the

- insufficient efficiency of customs and border control.

The second most important category of goods in the smuggling through the ATO zone, after drugs, is alcohol and tobacco products. The production of counterfeit tobacco products, in general, was delivered to the industrial level. For example, the Donetsk tobacco factory, Hamaday, openly manufactured cigarettes of famous brands without the permission of the owners of these brands. Despite the introduction of sanctions by the Ministry of Economic Development and Trade of Ukraine in 2015, the cigarettes are manufactured and delivered to Ukraine. According to operational summary data of the Ministry of Internal Affairs of Ukraine, border guards, and the fiscal service, for two years of the war, tobacco smuggling was delayed in tens of millions of hryvnias in the ATO zone.

The logistics of smuggling counterfeit alcohol and cigarettes is based on the principle: 'From Ukraine – primary components and products, into Ukraine – final products. For the production of vodka from Ukraine, tanks, and fuels remove alcohol, bottles, plugs, and excise stamps. In Donetsk, counterfeit vodka from the producer costs from UAH 20, while in Ukraine, the price for the same product is from UAH 90. The difference in prices for counterfeit cigarettes in Donetsk in comparison with other regions of Ukraine varies from 50 percent to 80 percent.

According to the Law, the peculiarities of economic activity in the temporarily occupied territory are determined by law; however, the practice of applying the Law of Ukraine 'On Creation of a Free Economic Zone' Crimea 'and on the peculiarities of economic activity in the temporarily occupied territory of Ukraine' demonstrated its vulnerability provisions for the application of corruption schemes, in which there is practically free movement of persons and goods (goods) through the occupied territory. This situation needs to be corrected by adopting appropriate changes to the legislation.

In this context, it is necessary to supplement

the law with provisions on:

(a) prohibition of the movement of goods to the temporarily occupied territory or temporarily occupied territory with certain exceptions established at the level of the decree of the Cabinet of Ministers of Ukraine;

(b) ensuring the right and proper control of the movement of goods with humanitarian assistance to the temporarily occupied territory;

(c) ensuring the rights of individuals to move freely to a temporarily occupied territory or temporarily occupied territory of personal belongings, personal belongings of vehicles registered in Ukraine, which are privately owned by such persons, other goods for personal, family, or other needs, with the implementation of entrepreneurial activity;

(d) increasing the monitoring of the export and abduction of narcotic drugs, psychotropic substances, and precursors from the territory of enterprises in the ATO area where they were stored and in circulation, as well as equipment that can be used for the production of drugs. The introduction of such standards at the level of the law of Ukraine will make it possible to regulate trade with the temporarily occupied territories of Donetsk and Luhansk oblasts and will not create preconditions for accusing the country of limiting its own citizens who were in uncontrolled territories.

Despite the intense activity shown by the various state structures in the ATO zone, the volume of smuggling from the Donetsk region is increasing. Due to the unstable economic and political situation in the country, smuggling becomes a massive negative phenomenon, which poses a threat to the economic interests and customs and foreign economic components of the security of the state. Contraband through the line of delineation with the ATO zone becomes a 'cancerous tumor', which corrodes an already corrupted state body. It is attracted by more and more representatives of power and control bodies, government officials. This is becoming an increasingly important factor in the expansion of the state power system.

The investigation of smuggling flow has shown that this phenomenon is determined by a clear

antisocial orientation; is socially dangerous; destabilizes the processes of economic development; and forms risks and threats to the economic security of the state (namely its foreign economic, customs, financial, social and military and economic security).

A significant factor in the impact of the smuggling research methodology is its transboundary nature and the specifics of the preparation for smuggling. It is associated with the creation of a complex structure of the interactions of members of the criminal group, as well as the consideration of the temporal parameter of influence on the economic security of the state in this case. Given the multi-element character of combatting smuggling and the significant influence of the time factor on the effectiveness of its work, it is expedient to use a multi-fractal method of studying a complex dynamic system from the standpoint of determining the methods for assessing the identification of threats and risks of customs and foreign economic security. This method is based on the definition of the Hurst exponent, which is used to analyze the fractal properties of economic systems in time series, ranging from the region's economy to macroeconomics. It can be used to predict the behavior of individual subsystems (the definition of the trend of change) as criminal groups, as well as law enforcement.

The analysis of the specifics of smuggling from Donetsk Oblast proves the necessity of expanding the classification of methods used in the smuggling practices adopted in the general theory of customs security and forensic science proposed by the authors.

The authors support the opinion of experts from the Institute for Strategic Studies of Ukraine regarding the need for amendments to the legislative framework regarding the settlement of the trade regime with the Donetsk and Luhansk regions. The gradual implementation of the established measures to combat smuggling will lead to the protection of Ukraine's economic interests and will affect the crime situation in the country, which in the complex will lead to the formation of more powerful reserves for strengthening the economic security of the state.

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