

By Alec Luhn

## Ukraine's rebel 'people's republics' begin work of building new states

### *Українські повстанські «народні республіки» починають будувати нову державність*

*В Донецькій та Луганській областях почалося будівництво нової державності. Так, на облік стають нові підприємці, які реєструють свої організації вже у Донецькій Народній Республіці, а не в Україні. При цьому сепаратисти відмічають, що бізнес клімат на цих територіях не зазнав негативних наслідків, а навпаки – всіма силами допомагав представникам ДНР у боротьбі з українськими військами. Окрім цього, міністерства спорту проводять турніри та змагання, намагаючись показати, що життя входить в своє звичне русло. Також лідери Республік наголошують на тому, що вони мають надію на підтримку з Росії, а саме гуманітару, військову та дипломатичну підтримку.*

<http://www.theguardian.com/world/2014/nov/06/ukraine-rebel-peoples-republic-states>



New metallic letters have already been hung above the entrance of what was once the Ukraine tax service headquarters in Donetsk, spelling out: “Taxes and Revenues Ministry of the Donetsk People’s Republic.” A sign on one of the large wooden doors reminds visitors to “turn in weapons upon entry”.

Inside, Svetlana Mikhailishina, a former private tax consultant who now directs the registration department, has already put more than 2,000 entrepreneurs and 1,000 companies on the tax rolls of the self-declared pro-Russian republic, in the month since she started. Nine out of 10 applicants already write “Donetsk People’s Republic” rather than “Ukraine” when they fill in their addresses, she said.

Mikhailishina denied that the business climate was suffering under the fledgling rebel administrations, cut off from government-held Ukraine by a snaking frontline. In fact, it was flourishing, she said. “All the businesses that stayed here support us,” she said. “Those that were afraid all left.”

But the coming winter and rising tensions pose huge problems for Donetsk and neighbouring Luhansk, which rely on humanitarian aid and diplomatic and military support from Russia.

The two “people’s republics” carved out over the past seven months by pro-Russia rebels have not been recognised by any countries, and [a rushed vote to elect governments for them](#) on Sunday was [declared illegal by Kiev, Washington and Brussels](#). Rebel leaders claim the elections have given them legitimacy and begun the work of building a new state, further reducing chances that Kiev will ever be able to take back this coalmining region along Ukraine’s eastern border with Russia.

A peace plan signed on 5 September in Minsk by Russia, Ukraine and the rebels was, however, shaken by the elections and new fighting has threatened to shatter the fragile ceasefire. Tank and mortar fire hit Ukrainian troop positions outside the port city of Mariupol on Tuesday, killing one soldier and wounding another, according to the local defence headquarters. Rebels fired mortars at Ukrainian positions again on Wednesday, it said.

Donetsk’s rebel leader, Alexander Zakharchenko, who easily won the vote on Sunday, has repeatedly stated that the borders of the republic should include all of the former Donetsk region, including Mariupol.

After a relatively quiet day during the elections, intensive bombardment resumed on Monday near Donetsk airport, controlled by Kiev. On Wednesday, a round landed in a school stadium, killing two teenagers.

The Ukrainian defence ministry said on Wednesday that the number of Russian soldiers in the Donetsk and Luhansk regions and on the border had been increasing in recent days and a flurry of military and aid convoys was obvious over the weekend. But the commander of the Makeevka garrison of a rebel battalion named after the Berkut riot police denied there was an escalation in military activity. “In a war, there’s always a troop rotation. But there’s no military buildup going on,” said the commander, a Russian with the nom de guerre Sochi.

Moscow has backed the peace process and may be reluctant to condone any rebel military campaigns, which have in the past reportedly required the assistance of Russian troops. Since the elections, the German chancellor, Angela Merkel, has called for more European Union sanctions against Russia, and the US secretary of state, John Kerry, has warned that “pressure will increase” if the Minsk peace plan is not implemented.

The Ukrainian government last week signed an agreement with Moscow, to supply it with gas until March, that it may be loth to jeopardise before winter. Fighting in the winter is anyway more difficult and expensive.

Political tensions aside, rebel leaders face the task of trying to create a functional government and economy. Officials have tried to show that life is returning to normal, holding sporting events and concerts. On Wednesday, the rebel republic’s education and sport ministers held its first youth billiards and bowling tournament. But the conflict has forced many businesses to close and has heavily damaged roads, railways, heating and gas infrastructure. According to the Donetsk People’s Republic energy minister,

15% of mines in the Donbass coalmining area that includes large parts of the Donetsk and Luhansk regions will be impossible to restore.

The two regions are likely to be dependent on Russian aid to survive, and already food, medicine and building supplies have been arriving. A huge Russian emergencies ministry aid convoy arrived in Donetsk on Sunday, with voters at some polling places receiving sacks of potatoes, cabbages and other vegetables.

Ilovaisk, a city in Donetsk region devastated by fighting in August, remains full of destroyed homes and displaced people, although some electricity has been restored. “We need [Russia] to give aid so that we can get roofing and nails, because they’re not paying salaries and it’s expensive,” said an Ilovaisk resident, Pavel. The coalmine where he worked was shuttered during the conflict. “I need to put new roofing on my house, or the roof will fall in this winter.”

The Donetsk rebel government has received “credits” from Russia amounting to up to 7% of its expenditure on pensions and is seeking more, the acting chairman of the supreme soviet, Boris Litvinov, said. “Russia has billions of dollars in reserves. They can use a little bit to help us establish our state, I think.” Ukraine’s president, Petro Poroshenko, said this week that Ukrainian-controlled infrastructure was continuing to provide heat and electricity to rebel areas. Natural gas for heating and fuel also comes via a pipeline from Russia.

Collecting taxes is arguably the most important step towards creating a functional government, since Kiev has stopped paying social benefits. Most local businesses are registered in both the Ukrainian and DPR tax systems, which “doesn’t allow enterprises to work effectively”, said Dmitry Neilo, a lawyer helping rebels draft a tax code.

Faced with the prospect of paying taxes twice on fees still owed to him by the Kiev government, the construction company owner Vitaly Grigoriyev is considering leaving Donetsk. “We’re waiting to see what model of government they will establish, and whether it will be realistic to run a business here,” he said.