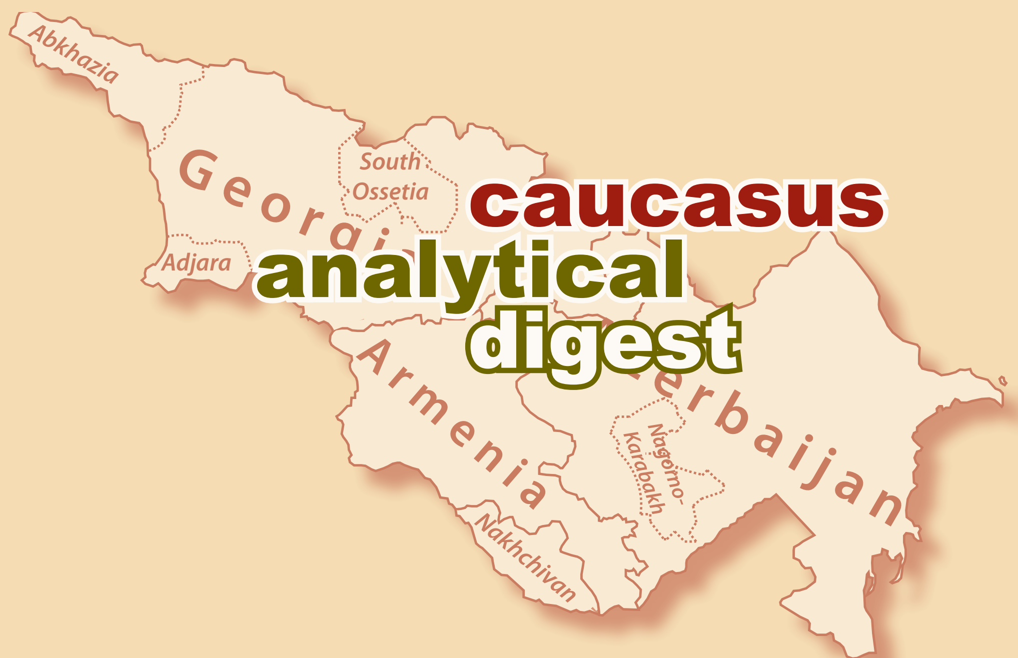
No. 96 25 June 2017



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TRANSBORDER TRADE

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Caucasus Research Resource Centers

The Chinese Connection—Informal Trade Relations between the Caucasus and China Since the Early 1990s

By Susanne Fehlings (Goethe University Frankfurt)

Abstract
This article surveys informal trade between the Caucasus and China since the early 1990s. Starting with the initial commercial activities of singular entrepreneurs from the Caucasus—here taken to refer to Armenia and Georgia—who began travelling to China for purposes of trade immediately after the collapse of the Soviet Union, I move to current business relations between Caucasian businessmen and women and their Chinese partners and to the growing influence of Chinese entrepreneurs who come to the Caucasus for trade.

Introduction
This article offers a survey of informal transnational trade between the Caucasus—specifically Armenia and Georgia—and China. Beginning with the initial wave of trade by singular individuals, who started travelling to China in the early 1990s, I move on to describe the proliferation of marketplaces (often described as bazaars) from this time, the emergence of a new generation of traders, their links to China, and finally the growing influence of Chinese traders and investors in Georgia.

Most of the data used in this article were collected during three and a half months of fieldwork in Tbilisi in 2014 and 2016. I relied on open-ended interviews, participant observation, and on a structured survey of approximately 200 traders in Lilo Bazaar, the biggest wholesale and retail marketplace in the Caucasus. My research is part of the current Volkswagen Foundation-funded project "Informal Markets and Trade in Central Asia and the Caucasus", which aims to build a deeper understanding of informal economic activities in the region. The project seeks to add new empirical evidence from the Caucasus and Central Asia within the conceptual framework of "globalization from below"[1]. In particular, we pay attention to the relationship between state institutions, economic activities, and socio-cultural value systems.[2] The changing transnational economic practices I describe in this article may be approached as the initial results in this framework. They speak about shifting moral attitudes and values in Armenian and Georgian society, and offer insight into the changing relationships of people, traders, and businessmen with state-governments and state officials. I illustrate how states and globally operating large-scale companies, and individual entrepreneurs and local traders, similarly adapt to local business environments and political frameworks. Both engage in, and negotiate with, formal and informal practices and techniques ascribed to globalization from above *and* to globalization from below. They do so in a multitude of ways, as I seek to describe here. In this context, I approach informality not as criminal but as an activity, which is not explicitly regulated by official law and state institutions.[3]

The "Chelnoki" of the 1990s
The dissolution of the Soviet Union was followed by a long and difficult period of economic transition that is frequently described by locals as "wild capitalism". My interlocutors recall "wild capitalism" as chaotic and violent: everyone struggled and only the fittest—or the most brutal—managed to survive. It was during this time that many citizens, who could now travel abroad, started to work as petty traders, locally known as "chelnoki".

The term "chelnoki" derives from the Russian term for "shuttle" (*chelnok*), which is a device used in weaving to carry the weft by moving back and forth. This motion describes the petty traders' travel activity. To my knowledge, there is only limited literature about the "chelnoki" phenomenon.[4] One reason might be, as I was told, that "*people do not want to talk about it because […] the experience was too painful for them*".

This pain manifests at three levels. First, the 1990s in general are remembered as "dark years" of suffering, where there was a shortage of food, heating, and elec-

1 Portes, A. (1997). Globalization from Below: The Rise of Transnational Communities. Princeton: Princeton University Press; Mathews, G., Ribeiro, G. L. & Vega, C. A. (2012). Globalization from Below: The World's Other Economy. London & New York: Routledge.

2 Fehlings, S., & Karrar, H. (2016). Informal Markets and Trade in the Caucasus and Central Asia: A Preliminary Framework for Field Research. *Working Paper Series on Informal Markets and Trade*, 1.

3 Hart, K. (1973). Informal Income Opportunities and Urban Employment in Ghana. *Journal of Modern African Studies* 11(1): 61–89.

4 Holzlehner, T. (2014). *Shadow Networks: Border Economics, Informal Markets and Organized Crime in the Russian Far East.* Münster & Zürich: LIT Verlag; Cieślewska, A. 2013. From Shuttle Trader to Businesswomen: The Informal Bazaar Economy in Kyrgyzstan. In J. Morris & A. Polese (Eds.), *The Informal Post-Socialist Economy: Embedded Practices and Livelihoods*. London & New York: Routledge.

tricity. Many people lost their jobs and were forced to trade to feed their families.

The second manifestation of pain is psychological. In Soviet times, trade was perceived as "speculation" (*spekulatsia*), which was condemned (and forbidden) as an immoral activity. Even though one could trade small quantities of local produce—agricultural products for example—and even though there were various informal economic exchanges in the sphere of a hidden, so-called "second" or "shadow" economy, most people shied from overt engagement in commerce. In the 1990s, having no choice but to engage in trade, citizens had to abandon such values which they had grown up with. In the old system, their self-esteem was based on their identity as "good workers" (schoolteachers, engineers or industrial workers). Now, they felt a decline in status and had to cope with deep ruptures that came from their having to question long-held beliefs.[5] For many, this was traumatic.

The third manifestation of pain is the activity itself. Uncertain conditions and a deficit of knowledge made trade a risky activity. Chelnoki travelled to distant destinations. This was *terra incognita*. They did not know the rules of the game, and they did not know the foreign customs and language. Their travels were exhausting and the conditions hard. Racketeering was commonplace. Women were particularly vulnerable. Many considered trade a threat to their reputation; sexual assault and harassment were a constant concern.

Caucasian Business and China

In the 1990s, a large number of chelnoki travelled to China. The father of my Armenian colleague Shushan sold the family's jewellery to go to Suifenhezhen. He took an airplane to Vladivostok and travelled to the Chinese border (Pogranitschny) by train. On the way back home, he took a bus to the border, then to Khabarovsk. There, he took a cargo airplane to Kuybyshev, where he waited a whole week for a connecting flight to Armenia. When he returned, the family organized a bazaar at home. Many people came to buy the Chinese merchandize, which, my colleague recalls, was ugly but cheap. However, her father never went to China again. "*He hated it*", and, like many other chelnoki, tried to get a more "respectable" job as soon as the situation had recovered.

Although many stopped trading, local marketplaces and bazaars continued to grow. Today, Lilo Market, founded in 1991, has become the biggest marketplace for whole and retail sale in the South Caucasus, covering a territory of approximately 22 hectares, including more than 5500 trading units. Lilo is overflowing with Chinese merchandize. However, current Georgian traders have little in common with the chelnoki of the 1990s. They describe themselves as professional traders (businessmen and women) and are proud of their jobs and their economic success. Their business is much more organized and the risk has reduced to almost mere economic factors. Their travel has become more comfortable. Trade links to China have developed into long-term relations with Chinese cooperation-partners who speak Russian. Information is abundant: there is little concern about where to go, where to sleep, and who to trust. For example, Dato, who owns three shops in Lilo, told us that his wife receives a call from Guangzhou as soon as there are sales opportunities. She then travels to China, where her Chinese partner receives her and accompanies her for about ten days. Another Georgian businessman, Zviadi, who goes to China once every three months to buy shoes and who we joined on his business tour, works closely with one particular Chinese wholesaler and factory. He orders the latest designs. The shoes are produced according to his specifications. The shipment arrives in the port of Poti, where it is transported to Lilo. Cargo and clearance have become routine.

Chinese produce, in Armenia as well as in Georgia, sometimes has a poor reputation. However, our interlocutors make good profit. They sell the merchandise in their own shops in Lilo, or to retailers in the marketplace. From Lilo, goods make their way to shops and boutiques in Tbilisi or Yerevan, and then across the Caucasus.

Chinese Businessmen in Georgia—Encounters on the Ground

Lasha, the son of a Lilo trader, states that "the Chinese produce everything". At the 2016 Georgia–China (Jiangxi) Featured Commodities Exhibition, which was hosted by the Georgian Chamber of Commerce and Industry, I grew convinced that this was true. China's export goods range from tea, healing mushrooms and cultured pearls to chemicals, electronics, textiles, and building materials. All these goods range from low- to high-end quality.

For a few years, this merchandise was not only imported through Georgian intermediaries but also brought to the Caucasus by Chinese traders who may work in Georgian marketplaces. Lilo, for example, has developed a Chinese section, a small sub-bazaar with its own Chinese-style gate. The Chinese traders working there trade with small amounts of goods and live in very modest conditions.

Other Chinese entrepreneurs operate on a different scale. In recent years, the Georgian government sup-

5 Niyozov, S., & Shamatov, D. (2007). Teaching and Trading: Local Voices and Global Issues from Central Asia. *Toronto Studies in Central and Inner Asia, 8*, 281–300.

ported foreign investment. As China has sought new venues for overseas economic investments over the last decade,[6] the Chinese Huanling Group has emerged as a key stakeholder in Georgia. According to EurasiaNet's Weekly Digest from the 22nd of July 2015, China, thanks to Hualing's activities, has become Georgia's third largest source of annual foreign direct investment ($195 million in 2014).[7] Since 2007, Huanling has launched different projects in Georgia, one of which was the so-called Tbilisi Sea Plaza. According to Huanling's website, the Plaza covers a territory of 150,000 square metres and shall "become the largest wholesale and retail trading centre of Georgia and [the] whole Caucasus region and in future […] will […][have] an important role [as a] wholesale, retail and distribution centre […] [in the] Euro-Asian region."[8]

We visited the Tbilisi Sea Plaza in September 2016. It consists of an enormous shopping mall and a marketplace area of flat buildings, which are clustered into four corpuses (A, B, C, D) and tree lines (1, 2, 3). When we visited, my colleague and I felt like the only visitors. Entering a shop from the empty street, I was quite surprised that it was open. We talked to a young Georgian woman who worked at the desk of this shop. Her badge identified her as a "cultural mediator". She seemed to like her Chinese bosses and expressed her happiness about Chinese–Georgian trade links, emphasizing the benefits for both sides.

There are also other voices. During fieldwork in Georgia, I occasionally heard grumblings about the Chinese, who are suspected of "silently taking over the country". For example, Nino remembers that a few years ago, many Chinese migrants were coming to Georgia. She had heard that these first-wave migrants got support from the Chinese government, which for Nino—like for many other Georgians—looks like *"a strategy that one can observe all over the world"*.

Thus, the investments of the Huanling Group are met with some anxiety. The construction of the Tbilisi Sea Plaza and its sprawling marketplace raise obvious concerns that shall be amplified with the more time passes: What does this mean for the Georgian economy? How shall it affect traditional marketplaces such as Lilo Bazroba? What does this signify for the Caucasian traders working in bazaars who travel abroad for business? Still, at the moment, the Georgian traders we talked to in Lilo seemed to not worry too much about Chinese competitors. Dato, the businessman mentioned above, told us that currently the Chinese trade volumes are low. "*To get clients, one needs personal relations and networks*", which according to him, the Chinese presently lack.

However, according to Irakli, a young Georgian who manages the custom clearance for the Huanling Group, this is not true. He reports that it is very easy to communicate with the Chinese. He is impressed by their interest in Georgian culture and people and about how they establish social relations. Through Georgian intermediaries, such as Irakli, the Chinese enter into networks and learn how to negotiate local customs and official institutions. His Chinese boss, who joined the funeral of one of Irakli's relatives, fascinated him. Now, Irakli advises him: "*I told my boss that he should invite the customs officials […], show them what Huanling is doing, […] give them some Chinese food. And that's what he did. It worked. These people came, looked at everything, and now […], they make no troubles*." Simultaneously, Chinese businessmen—at least those of the Huanling Group—maintain very close personal relations with representatives of the Georgian government.

Interestingly, the situation in Armenia appears different. According to Yulia Antonyan, an investigator in our project, seven to eight years ago, the Chinese started opening shops in Armenia, too. There even rose a Chinese operated market—"Shanghai"—next to "Malatia Market" in Yerevan. However, contrary to what is occurring in Georgia, the Chinese did not establish more formalized businesses. According to Antonyan, the Chinese failed to cooperate with the local oligarchs, particularly those controlling the Malatia district. As a result, the Chinese presence did not further increase. Many, in fact, were perceived as competitors and were forced to leave. More research on this topic is needed.

In Georgia, when we compare Chinese investors and traders with local businessmen and traders, it is evident that both use personal relationships and informal practices of hospitality, albeit in different ways. The Chinese—with the help of local Georgian intermediaries—seek cooperation with senior Georgian officials. Local traders, however, seek to avoid contact with state institutions. While Georgian traders usually plan daily, the Chinese evidently have long-term strategies, which they implement by investing huge amounts of money. Even though Caucasian traders seem to have an advantage because of their knowledge of the local environment, Chinese traders in Georgia so far appear successful in establishing and growing their business. The Chinese have become visible in Georgian markets and have become important new actors in the Georgian economy.

Conclusion

Many local traders used to, and still, travel to China. Over the last twenty-five years, these businessmen have

6 Last but not least in the context of the OBOR (One Belt, One Road) initiative.

7 <http://www.eurasianet.org/node/74341>

8 <http://hualing.ge/language/en/tbilisi-sea-plaza/>

established transnational commercial networks, which are vital for local economies. At the same time, the Georgian government supports Chinese investment in Georgia, which means that Chinese investors enjoy favourable conditions in Georgia. Both groups of traders, and local and foreign entrepreneurs, adapt to local conditions using personal relationships and informal practices. The different strategies of local and foreign entrepreneurs give insight into the nature of globalization, here manifesting through these local encounters. Interestingly, we are at an important juncture as the roles of Chinese traders are growing, which will probably influence the economic landscape across the whole region.

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Moscow Azerbaijani-Juhuro "Oligarchs" and the Eurasian Trade Networks

By Chen Bram (Truman Institute, Hebrew University)

Abstract
This paper analyses the role of 'Juhuro' post-Soviet Oligarch entrepreneurs in the evolving trade networks in Eurasia. 'Juhuro' is the self-described name of the Caucasus 'Mountain Jews'. Several Oligarchs from a specific subgroup of Juhuro, mostly from the Jewish settlement of "*Krasnaya Slovoda*" in the northern Azerbaijani town of Quba, became active participants in cross-border trade and have been the most silent developers of new post-Soviet markets in Moscow since the 1990s. They later moved on to other businesses, such as real estate and investments. Based on long-term anthropological research and field work examining Caucasus Jews in various locations[1], in this paper, I explain what enables the success of these Jews from the periphery of Azerbaijan and analyse their role in mediating and connecting Russia, Azerbaijan, other states and societies along the renewed 'Silk Road'.

Introduction
The difficult economic situation that occurred in many Soviet peripheries during the disintegration of the Soviet Union was clearly felt in the peripheral areas of Azerbaijan. This caused a growing number of labour migrants to leave Azerbaijan for major cities in Russia (Braux 2013). Jews of the Caucasus (Mountain Jews), particularly Quba Jews, soon started to establish a specific and important place among work immigrants from different Soviet peripheries. Building on their former experiences in the Soviet economy, many of them started to dominant new modes of trade. With the disintegration of Soviet Union, the initiatives of various entrepreneurs replaced the involvement of the state in trade operations across Eurasia.

Focusing on the trade of basic necessary goods, such as clothing and food, Caucasus Jews were involved in shipping goods from former Soviet Republics, Turkey, and especially China to Moscow and other Russian cities. By the mid-1990s, some of them had already become prominent controllers of this trade. Currently, there is already a second generation of Juhuro Oligarchs, and their businesses have expanded; whereas the first generation focused on trade in retail and wholesale markets, the second generation shifted to real estate, shopping malls and other modes of investment in the global economy. The Gilalov family are an example of this changing business profile within one generation. The father, the late Talhum Gilalov, was one of the first Juhuro Oligarchs and made his fortune in trade and the construction of open-air markets (especially *Izmailovo*). His sons, the late Zaur Gilalov and the current head of family Akif Gilalov, spent more time in Moscow than in Quba. The Zakharyayev brothers are another prominent Juhuro family (who oper-

1 The understanding of Juhuro Oligarchs was given additional insights during my cooperation with Yoann Morvan, while working together on a paper on this subject (Bram and Morvan 2016).

ate the STMGI foundation), which is led by German Zakharyayev and his brothers. A somewhat exceptional figure among Juhuro oligarchs is Telman Ismailov. Unlike most other leading Juhuro Oligarchs, he is not from Quba. His family can be traced back to the "Shirvoni" Caucasus Jews, who previously lived in North-West Azerbaijan and later moved to Baku. He is the only one of these Oligarchs who no longer resides in Russia. He now spends his time in Turkey and France following a conflict with Vladimir Putin.[2] Finally, the most influential figures are two second-generation Oligarchs who often cooperate: Zarakh Iliev and God Nisanov (with net worth of $3.2 and $3.3 billion, respectively).[3] In 2015, Nisanov and Iliev jointly opened Moscow's *Moskvarium*, which is said to be Europe's largest aquarium, with 8,000 sea creatures and seven pools where visitors can swim with dolphins. The photographs of Nisanov with Putin during the opening event demonstrate the status of this new generation of Juhuro Oligarchs in Russia's capital. Putin had previously major clashes with Russian Oligarchs of Jewish descent such as Boris Brezovsky, Mikhail Khodrokovski, Vladimir Gusinski and Leonid Nevzlin. The Quba Juhuro Oligarchs, however, gained a different position; their peripheral image and identification as Azeris and the nature of their activities and close connections with Chabad Rabbi Berl Lazar (who was appointed by Putin to be the chief Rabbi of the Russian federation) made them less of a threat. [4] Moreover, their connections across Eurasia, particularly in Azerbaijan, further strengthen their relations with Putin and his administration.[5]

The 'Oligarchs from Below'

What enables the success of people from a small minority peripheral group? Further, what can we learn about their methods? First, I concentrate on the initial phases of these success stories, following their migration from Azerbaijan to Moscow, arguing that they can be defined as "Oligarchs from below". Whereas other Oligarchs (including many Russian Jews) used their connections in government and corporations during the process of privatization to gain control of former state companies and new economic initiatives, Juhuro Jews (CJ) used their special ability to work from below to gain prominent positions in specific fields, especially in cross-border trade, which is the backbone of post-Soviet open markets.

It is difficult to trace all of the specific modes of operation that enabled CJ to gain such positions, but we can note a few of them: (1) the ability to build long-term relationships with suppliers and shippers in vastly different areas, often with personal commitment to cash payment; (2) the quick acquisition of knowledge about how to get around new or renewed borders and regulations, which also involved building relationships with different levels of officials; and (3) the identification of the need for new arenas of marketing and the building and controlling of new post-Soviet open-air wholesale and retail markets, especially in Moscow, such as the *Izmailovo* and *Sadovod (in their previous forms)* and Cherkizovsky. Throughout these different levels of operation, the Juhuro Oligarchs' ability to build informal trusting relationships beyond ethnic and cultural boundaries was crucial to their success. Although such commitment relations are based on trust, the even higher degree of trust among CJ circles themselves was equally necessary for this level of entrepreneurship.

In building long-term relations with suppliers and in their negotiations with official and state regulators, Caucasus Jews built on the experience that had been gathered during the Soviet era and had been passed across generations. Caucasus Jews were involved in different economic positions during Soviet times that gave them a broader understanding, beyond the scope of their specific region or Soviet Republic. This included mid-level managerial and organizational positions in the supply lines through which Soviet goods were transferred as well as different management and technical positions in various parts of the Soviet Union. Some of them were also involved in specific types of trade between far regions of the Soviet Union, such as the Soviet fur trade. This was often connected to their understanding and involvement in the Soviet 'gray' market and in getting the "right" connections with various officials. These new masters of the post-Soviet Eurasian trade had access to this knowledge from their families or among their kin and group members, even if they were not directly connected to these former experiences. This enabled them to take the first step towards establishing a central role in the circulation of goods in post-Soviet spheres and beyond.

Group Identity and Poly-Cultural Capacities as Resources

Yelcin-Heckman (2016) points out the importance of memory of past economic relations in borderlands. Juhuro Jews of the Caucasus had a clear memory of how new borderlands had been permissive in the past, and they had the capability to re-build this permissiveness. Quba Jews themselves are from a town close to the Azerbaijani–Daghestan border that became the new border

2 Ismailov is also different in his quiet, extravagant lifestyle.

3 See Forbes: <https://www.forbes.com/profile/god-nisanov/>; <https://www.forbes.com/profile/zarakh-iliev/>

4 On Putin relations with the Jews and the role of Berl Lazar, see Gebert 2015.

5 Though this list mentions the most prominent Juhuro Oligarchs, there are many other entrepreneurs who operate in Moscow and in the former Soviet Union.

with the Russian Federation. Their life before the disintegration of Soviet Union used to be connected to both Baku and Daghestan, which is an important centre for Juhuro Jews in Derbent and in other locations in the north Caucasus. However, their role in the post-Soviet economy went far beyond the local memories of border regimes. They had a special combination of an understanding of space and border regimes in the Eurasian sphere overall but also a peripheral local identity that became trans-national. This made them critical to the post-Soviet process of "globalization from below" (Porte, 2000).

The peripheral identity of Juhuro Jews differentiated them from other agents of the new market economy. Other agents often came from the centre, and negotiation with them often involved colonial historical residues. Hence, Caucasus Jews could negotiate with different agents across Eurasia as 'locals' from the peripheries rather than as people who would be identified with the declining Soviet (and former Russian) metropolis. However, we should avoid over-romanticizing these activities. In the first chaotic years of the post-Soviet era, acquiring a central position in former Soviet markets also required risks associated with working in the "grey zone", as exemplified by the fate of both Talhum Gilalov and his son Zaur, who were murdered, although the direct connection between their fate and their commercial activity is not clear.

However, even more than their willingness to take risks, it was their specific poly-cultural capacities that helped Caucasus Jews gain their central role in evolving post-Soviet trade. Traditionally, they were multilingual and were comfortable operating in diverse and multicultural surroundings. Michael Zand (1991) states that men of this group spoke between five and seven languages. Their life in the diverse Caucasus area and their connections with other Juhuro Jews, who were scattered across Azerbaijan and North Caucasus, enabled them to develop cross-cultural abilities and claim a central role in the maintenance of multi-ethnic networks (Bram, 2008). This enabled them to create new multi-ethnic networks in Moscow and across Eurasia in the new post–Soviet environment. At the same time, they also effectively utilized their high in-group solidarity. Their own language, Juhuri (Judeo-tat) was used as a "secret language" while negotiating with outside agents (as suppliers or workers), and they maintained this solidarity by emphasizing their connections to Azerbaijan and Quba, even after they moved their families to Moscow. This was done through annual trips to Quba during rites of passages and especially during the Jewish holy day of Ninth of Av (the commemoration of the destruction of the temple). One example of the way in which Juhuro Jews were able to utilize these abilities can be seen in their direct relationships with Chinese suppliers. They successfully "cut" mediation by starting their own "branch" in Beijing at the end of the 1990s. They even had their own synagogue there, and they quickly learned enough Mandarin Chinese to allow them to operate and control both sides of the emergent, renewed Silk Road.

Multicultural skills and the ability to create multi-ethnic networks were especially important skills in the operation of the post-Soviet retail and wholesale markets. This not only included operating as suppliers and clients but also having the vast manpower needed to operate these new venues at different levels—from shop and vendor keepers to porters and managers of traded goods. The skills and specific set of identities of Caucasus Jews enable them to recruit and manage the many other immigrants who have arrived in Moscow since the beginning of the 1990s.

Immigrants from the Caucasus and from Central Asia faced hardships, alienation and racism in Moscow and other large Russian cities. Caucasus immigrants were labelled "*litso kavkazski national'nosti*" (subjects of Caucasian nationality but literally "face of Caucasian") and *chernye* (blacks), and they often suffered from physical attacks. While examining the emerging relations and attitudes of Russians and Azeri after the disintegration of the Soviet Union, anthropologist Bruce Grant interviewed a professional Azeri opinion pollster, who explained that "…millions of dollars come from Russia every week from sons and fathers who have left to work there. But in a social sense, Russia has lost the place…For many it is completely alien, even if they were once born into a country where Moscow was their capital city. There's no contact, no connection" (Grant, 2009: 152–153).

Conclusion

In this state of affairs, the circulation of goods in new markets facilitated the movement of less mobile people: Caucasus Jews were able to provide workers whom they recruited with a work environment that was based on "peripheral ex-Soviet" trust and mutual understanding rather than on alienation.[6] These mutual perceptions were based on the former experiences of intergroup relations between local Jews and local Muslims in central

6 I was able to witness this during a visit with Caucasus Jews who had managing positions in Ismailovo market in 1998. When I asked to go around to see the markets, my hosts asked one of the workers, a Muslim Tadjik, to escort me. While talking to him and observing these relations, I learned about the mutual perceptions between Jews and Muslim workers in the market. I do not have enough data to say if workers were also able to get sufficient social conditions through this type of exchange, but their situation and mode of relations were different than those in many other Moscow settings at that time.

Eurasia and were very different from the mutual perceptions of Russian Christians. The peripheral and 'local Caucasian' identity of Juhuro Jews, together with their multicultural capacities and multi-ethnic connections, differentiate them from other 'middle-man minorities' described in the literature (Bonacich, 1973, Slezkine, 2004), and highlight the need to differentiate among the economic roles of different Jewish groups.

Through their activities, Juhuro Caucasus Jews reached a higher dimension of mediation between worlds on a different and international scale. Their success allows them to mediate between and connect Russia, Azerbaijan and other global players (such as international Jewish organizations) in various economic, political and cultural dimensions. After moving to Moscow, Juhuro Jews kept their houses in Quba and their Azerbaijani citizenship while also acquiring Russian citizenship.

They developed close relationships with the regime and ruling elite in Azerbaijan. They also became active in various international Jewish organizations, such as the Jewish Eurasian Congress and the World Jewish Congress. They also pursued connections with Israeli leaders and politicians. On different occasions, they have mediated between Russia and Azerbaijan and between Azerbaijani and Jewish organizations in both economic and non-economic spheres.

About the Author
Chen Bram is a research fellow at the Truman Institute, Hebrew University. He is currently a visiting Professor at the Strassler Center for Holocaust and Genocide Studies, Clark University.

Chen Bram conducted field work in the Caucasus, Central Asia, Israel, and among post-Soviet immigrant communities in NYC. His work focuses on inter-group relations, ethnicity and religion, Diaspora, immigration, Israeli Society, the Caucasus and Central Asia. Combining his academic interests with practical applications, he previously worked as an engaged and applied anthropologist.

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Suddenly a Border: Hazelnut Trade across the De Facto Border between Abkhazia and the Zugdidi Municipal Region of Georgia

By Ketevan Khutsishvili (Ivane Javakhishvili Tbilisi State University)

Abstract

After the Georgia–Abkhaz conflict that began in 1991, a new border appeared on the Enguri River, where the border of the Autonomous Region of Abkhazia was previously located. This separated the markets in Zugdidi town from the hinterland, where hazelnuts and other agricultural products were produced. In the 2.5 decades since, the variable border regime has created conditions where those who purchase the nuts from producers have had to use a variety of informal means to cope with a difficult and variable border crossing. Those moving these products across the border have had to face a wide variety of changing conditions, including hostilities between Russia/Abkhazia and Georgia, the quality of the annual seasonal harvest, the changing power of criminal groups that prey on cross-border trade, and the work of different institutions, including the border control, municipal authorities, and international groups that engage in mediating activities. This paper focuses on the dynamics of how trade interacts with formal institutions, including borders. The research is based on fieldwork in this region, with observations and interviews of the participants in the aspects of these processes that occur on the Georgian side of the border since 2012.

Description of the General Situation

After the Georgian–Abkhaz conflict in 1992–1993, Georgia lost control over the Autonomous Region of Abkhazia, and a new de facto border appeared. The borderline was defined across the river Enguri (Ingur) and separated the Gali and Zugdidi districts. Russian troops and Abkhazian units control this border. Political tension and discharge impact the situation on the de facto border, which is either strictly locked or relatively free for the movement of residents from both sides of the borderline. The population on both sides of the river has the same ethno-cultural roots and a common linguistic and religious belonging—they are Georgians. Thus, the cultural boundaries do not overlap with the physical ones. Such a discrepancy affects the considerations of the border and establishment and the reconstruction of the border relations. In addition, as a result of the conflict, thousands of ethnic Georgians were forced to leave their homeland. Currently, many Internally Displaced People (IDPs) inhabit the Zugdidi municipality. Before the emergence of the borderline, the Gali and Zugdidi districts were parts of a common economic system that depended strongly on each other. The new reality destroyed old structures and connections. This caused the separation of markets in Zugdidi town from those in the hinterland. The Gali district was famous for its good agricultural conditions (e.g., soil, climate irrigation) and well-developed agriculture. The cultivation of hazelnuts is one of the most important aspects of agriculture in this district. Additionally, hazelnut plantations are one of the main sources of income for Gali residents. For 2.5 decades, the variable border regime has created conditions in which those who purchase nuts from producers have used a variety of informal means to cope with the changeable border, which can be difficult to cross. Moving these products across the border has been connected to a wide variety of changing conditions, including hostilities between Russia/Abkhazia and Georgia, the quality of annual seasonal yields, the changing power of criminal groups that prey on cross-border trade and the work of different institutions, including border control, municipal authorities and international groups that engage in mediating activities.

My research is based on fieldwork in this region, which has been conducted since 2012, including observing and interviewing Georgian participants who participate in trade on the Georgian side of the border.

Characteristics of the Region

The Georgian population of the same kinship is generally closely connected, and in this region, the responsibilities and obligations of kin are even stronger. The territory of both districts is well populated. The population density of these territories is directly linked to the qualities and opportunities of economic activities. It should be noted that after Tbilisi, Zugdidi is the second largest centre of IDP settlements. The population concentration in the city is highest in the Samegrelo region. Zugdidi Municipality includes one city (Zugdidi is conventionally called a city, but it has no official status) and 30 territorial administrative units (comprising 58 villages). The representation of the de jure government of Abkhazia in Samegrelo region is located in Zugdidi. This local government is mainly oriented to solving tasks for both IDPs and those living on the Abkhazian side of the border. Georgia does not recog-

nize the independence of Abkhazia; therefore, the citizens of Abkhazia are considered citizens of Georgia. Protecting them and dealing with their problems are the responsibilities of the local government, which executes and monitors the implementation of various state programs (e.g., healthcare programs, cultural events) for the IDPs and the population on both sides of the de facto border. Some projects are carried out by NGOs. In the Zugdidi district, there are more than 30 registered and operating non-governmental organizations, both local and international.

Gali district residents have relative freedom to cross the Enguri Bridge, which is the main legal communication channel (with the 4 crossing points on the border that was opened later). Many Gali residents cross the bridge daily, with some working or studying in Zugdidi and others going for various businesses (e.g., visiting relatives, trading). In fact, although the physical barrier exists, the communication channels function actively in the conflict zone. They are used to promote cooperation in healthcare issues and crimes. The agents that participate in the cooperation are international organizations, non-governmental organizations, governmental agencies, criminal groups and the local population. The general political situation is reflected in the variation and intensity of use of the communication channels. According to the locals' narratives, it is evident that the border is considered an imaginary barrier in a very complicated system of relations, even in the most difficult periods.

Chronology of Interactions

Chronologically, the situation has been permanently changing. Currently, it is quite different from what it was in 2008. After the open conflict (in 1992–1993), economic activities were totally destroyed. The territory was emptied, and there was a lack of workers. The legislative base was disordered, and the general situation was unstable and dangerous. Robberies occurred frequently. The nut harvest was especially interesting to the robbers. Despite their differences in ethnic backgrounds, Abkhaz and Georgian criminals were working well together. They easily found a common language and jointly repressed the local population on both sides of the border. They were particularly active during the harvest seasons. Their targets were those involved in economic activities. To avoid more difficulties, the Gali district residents agreed to pay a third of their harvest and ensure the patronage of such groups to regulate issues concerning the border crossing. For some groups of people, criminal activities turned into the only way of profiting.

Gradually, the situation became calmer. In 2011, so-called "nut collecting points" (the counters or booths, where the nuts are bought for pre-set prices) were opened in Gali district with the purpose of not allowing the transfer of nuts to the Zugdidi bazaar, thereby avoiding economic dependence on the Georgian side. For that period, there was no difference in price, and of course, the locals were avoiding the risk of crossing the border because it was unsafe. In this period, a significant proportion of trade was illegal.

Slowly, everyday routines took over and agricultural and trade activities began to improve. Since 2013, the locals started to involve additional hired workers in the harvesting process. When the harvest is large, owners hire additional workers. This is a common practice in western Georgia. Compared to Zugdidi, more additional labour is demanded in Gali, and the payment is better, which encourages workers to take the risk and cross the border on a daily basis. This was the usual practice from 2011 to 2013. In 2013, the gathering of cheap workers in the neighbouring spaces of the village of Otobaia in Gali district and the village of Orsantia in Zugdidi district was evident. Later, the gathering point was moved to the Ganmukhuri Bridge to reach the more remote villages of Gali district. The workers (men) were coming from various parts of Samegrelo and belonged to different age and social groups. To a certain degree, the workers were helping with the corn and nut harvests. In 2013, the nut business was the most profitable activity for Gali district residents. However, the risk was high, and it required extreme caution.

Over time, the nut business's rules and players have changed. The informants mentioned people who were involved in the business and controlled it. Most of them were killed in clan rivalries. Still, the business is controlled by clans from the Gali and Ochamchire districts.

In 2013, the construction of a modern nut-processing factory started in Gali district's village Achigvara. As the locals stated, Russian soldiers were also involved in activities connected to the nut business.

In 2014, the selling of nuts was quite difficult for the residents of Gali because the border was controlled strictly by Russian-Abkhazian troops, who had forbidden the transfer of nuts to Zugdidi. In 2014, the nut harvest was good, and the seasonal prices in Zugdidi were record-breaking. However, the Abkhaz authorities, along with the Russian troops, were forcing a decrease in prices in the Gali district, making locals sell for less and border crossing restrictions harsher. The locals indicate that there are cameras at Russian military checkpoints and that all movements on the border are observed and registered. In the case of transgressions on the border, the soldiers are too severe. The violators are arrested and taken to Gali prison/isolation. They may be kept there for several days, any goods will be confiscated and a ransom must be paid.

Some locals buy nuts from neighbours so they can later resell them in Zugdidi. Occasionally, transportation is unaffordable, and these locals have losses. Occasionally, the Russians force a decrease in prices to buy the yields and resell them to the other border, the Russian Federation, at a better price. People suffer, including those Abkhazians who are uncooperative with the Georgians. According to informants, Russians have started to dominate the nut business because they have the power to control.

In 2014, the so-called "Vegetable War" occurred between the Georgians and Abkhazians. Because of the prohibition of transporting nuts to Zugdidi, Zugdidians stopped selling these goods to Abkhaz traders. The Gali district is vitally connected to the Zugdidi Bazaar. Thus, Gali faced lack of fruits and vegetables from Zugdidi. Quite quickly, authorities on both sides reached an agreement, and the ban was removed, as it appeared to be too problematic for both sides. The largest demand in Abkhazia was for Imeretian vegetables. Abkhazian traders visit Kutaisi (the second biggest city in Georgia, situated in west Georgia), but Georgian traders mainly provide goods to Sukhumi. Along with food, there is a significant demand for household goods and furniture. According to informants, the Gali and Sokhumi bazaars are not significantly different from each other. The only difference is the prices, as Gali is cheaper and calmer. It is very important not only for Gali residents but also for the Sukhumi and Zugdidi districts, who play an intermediary role between them, even if trade is limited. The Zugdidi bazaar provides the Gali bazaar with all kinds of goods and products, some of which end up in Sukhumi. The flow of goods is mainly directed from the left bank of the Enguri to the right. The goods arrive in Georgian ports or airports; reach the Abkhazian side and occasionally also reach the border with the Russian Federation. Goods come from Russia as well, but these come in limited amounts. They are preferred by the locals; for example, Russian flour has recently been in demand, as have Russian sausages and chocolates. The Gali bazaar is open on Wednesdays and weekends. The activities there start early in the morning and end in the afternoon. Buyers come from all districts of Abkhazia to buy livestock and other goods. The geography of goods is wide. Here, one can find condiments and vegetables from Georgia, watermelons from the Russian Federation, American and German uniforms, and Turkish and Chinese household goods transported from Zugdidi, Kutaisi and Batumi. Georgians and Abkhazians cooperate for trade purposes, and Abkhazians take care of travel documents and, of course, payments for Abkhazian and Russian border guards.

In 2015, the Abkhaz authorities again banned the transportation of nuts to Zugdidi. They introduced taxes, which caused tension in the Gali district. However, the rules became stricter. The transport of nuts in large amounts was not allowed, and each kilogram was taxed.

Conclusions

Changes in the general political context are influencing the intensity and character of the use of communicational channels between Gali and Zugdidi, Georgian and Russian-controlled Abkhazia. There are also a number of illegal connections across the river. The river serves as a border, but it is not completely guarded. In some places, locals from both sides cross the river. At some points, informal communication comes into play, and locals negotiate with the heads of the checkpoints to allow them to cross the borderline. In the early years, locals used such illegal ways more often. This strategy later became in operational, especially for trade purposes. Locals from both sides developed various elaborate strategies to survive and improve their living conditions. Many IDPs are trying to re-establish connections with their neighbours or relatives living on the Abkhazian side. There are frequent cases where former citizens of Sukhumi and IDPs living in Zugdidi are building a kind of network for trading. An IDP woman from Sukhumi told me that she is permanently crossing the border to provide household goods and clothes to Sukhumi from the Lilo bazaar (the largest wholesale bazaar in the Caucasus situated in a Tbilisi suburb). She is assisted by Abkhazian neighbours, who often also visit Zugdidi and Kutaisi. Others buy in Zugdidi and sell in Sukhumi. Usually, they make this trip twice a week. Often traders receive orders to bring certain goods. Gali residents state that they generally visit Zugdidi 2–3 times a month. Their purpose is mostly to buy goods in Zugidi and visit relatives. Another strategy developed in Gali is to buy the nut harvest from neighbours and later sell it in small amounts at the better-paying bazaar (mainly in Zugdidi).

The de facto border has divided the population and destroyed old economic orders and nets. However, the locals fighting for survival have developed new networks and attitudes. For them, the border remains just a relative barrier in a complicated system of relationships that has never been cut, even during the most difficult periods. The reason for such a situation can be found in the cultural, ethnic, and lingual homogeneity of the population settled on both sides of the de facto border and their perception of the border as a virtual line.

See overleaf for information about the author and further reading.

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Layout: Cengiz Kibaroglu, Matthias Neumann, and Michael Clemens
ISSN 1867 9323 © 2017 by Forschungsstelle Osteuropa, Bremen and Center for Security Studies, Zürich
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