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© The Caucasian Institute for Peace, Democracy and Development
P. O. Box 4 (158), Tbilisi, 380008, Republic of Georgia
Tel.: (7-8832) 954723
Fax: (7-8832) 954497
E-mail: cipdd@cipdd.ge

GOVERNMENT

Debates on the role of the Russian military in Abkhazia continued on the verge of bringing the country to the power crisis. Three opposition parties -- Republican, Charter-91 and Popular Front -- merged into the United Republican Party (URP -- 22 seats in the Parliament) thus giving hope to more coordinated activities of the opposition.

Another round of fervent discussions on the Abkhazian issue took place during the June 14 session of the Parliament. Head of State Shevardnadze said he needed the Parliament's approval to begin the deployment of the Russian peace-keeping forces in Abkhazia. The approval by the Georgian Parliament was also required by the Russian side (namely, Deputy Commander of Ground Forces Sokolov). The opposition, having reconciled itself to the use of the CIS peacekeeping forces in Abkhazia, this time fought against the domination of Russia within them. The Republicans said priority should be given to the Ukrainian forces, and referred to Azerbaijan, which refused to let the Russian troops in Karabakh. They demanded Abkhazia to be announced a "zone occupied by Russia". Merab Uridia of the URP made a statement that Russia was going to include into its peace-keeping forces Paratroopers' Regiment 345, which had earlier been deployed in Gudauta and was notorious for the support of the Abkhaz separatists. Head of State Shevardnadze denied the statement saying it was based on a misleading allegation of some TV anchor. However, during his visit to Tbilisi the Russian Defense Minister Grachev did not rule out the possibility of using the above regiment in peace-keeping operations, saying to *Svobodnaya Gruzziya* newspaper that he had yet to make final decision about it.

The opposition used the problem of the Regiment 345 as an emotional issue to divide the majority. It enhanced skepticism among those supporting Shevardnadze whether the Russian troops could bring any hope of returning the refugees. Only 85 MPs (out of 222) joined the declaration which supported the deployment of the Russian forces as the only proper way to solve the Abkhazian problem, and qualified activities of the opposition as endangering territorial integrity of Georgia. This meant, that the Parliament would not approve of the deployment of Russian troops in Abkhazia. The pro-Shevardnadze majority members demanded additional guarantees of Georgia's territorial integrity and immunity of the refugees. The session was interrupted without coming to any decision.

Although by June 16 the number of those who signed the declaration reached 118, Mr. Shevardnadze had already made a statement that since the Parliament failed to achieve any decision, he felt free to act on his own. However, the lack of parliamentary approval showed that Mr. Shevardnadze's "majority faction" was melting down.

Another traditionally dividing issue -- that of fiscal policy -- led to less debates than usual. On June 21 the Parliament began to discuss the draft budget for April-June. Minister of Finance Iakobidze asked the legislators to approve budget emission of 12 trillion coupons, while Prime Minister Patsatsia called for the drastic rise of average salaries up to 3.5 million coupons (about \$4.4 at current exchange rate), though without mentioning the sources. At the same time Mr. Iakobidze pledged to continue the policy of strengthening the national currency. Mr. Shevardnadze supported the Cabinet proposals. However, the draft budget was rejected. The same happened on June 23. Former Prime-Minister Sigua (who resigned last August after the Parliament refused to approve draft budget) was the most active among its opponents. The disposition of the Parliament changed on June 28, when President of the National Bank Javaskhishvili and Vice-Premier Basilia, who had earlier been opposing the emission, supported both the draft budget and emission project. On June 30 the Parliament reached a compromise decision: the Cabinet had to submit the draft budget for April-December until August 1, and it would receive long-term credit of 12 trillion coupons. The use of the credit had to be supervised by the commission headed by Mr. Basilia.

The third debatable issue had been that of the ad hoc Commission on Fight against Corruption and Organized Crime. The National-Democratic Party and the Union of Georgian Citizens submitted two drafts of its statute on June 16. The former authorized the commission to give special assignments to and obtain classified information from the law-enforcement bodies. Factions had to be represented in it on the proportional basis, while Ms. Sarishvili of the NDP seemed to claim its chairmanship herself. The UGC draft included the right to audit budgets of the parties and income of the MPs, thus causing discontent among deputies. The National-Democrats' draft passed. The observers marked that the Head of State did not show any support to the project of his own party, which could be explained by his unwillingness to have complications with the National-Democrats when other important issues had to be solved.

Additional elections to the Parliament in four constituencies took place on June 12. During the elections in the fall of 1992 three of them (Zugdidi, Tsalenjikha and Chkhorotsku) had been controlled by the supporters of the ousted president Gamsakhurdia. In this region voting passed in a fairly orderly way, with the turnout reaching 60 percent. The opposition questioned the legitimacy of the elections since they took place under the State of Emergency. The only incident took place on June 4 in Chkhorotsku, where, according to the official information, the police protected the Union of Georgian Traditionalists' leader Akaki Asatiani from angry voters after he had criticized the government and the police. All of those elected were formally independents: Prime Minister Patsatsia won the seat in Zugdidi, former district procurator Amiran Tkebuchava in Chkhorotsku, and former Rayon Secretary of the Communist Party Valeri Chanturia in Tsalenjikha. It was not clear whether the winners in Tsalenjikha and Chkhorotsku were the most desirable ones for Mr. Shevardnadze: A. Zhvania of the Union of Citizens in Georgia lost in Chkhorotsku, and Chief of Regional Management Office of the Head of State Temur Pipia in Tsalenjikha. Opposition candidates showed poorly.

Disturbances occurred in the town of Rustavi near Tbilisi, where Murman Omanidze, formally independent but backed by the Union of Georgian Traditionalists, was running. Mr. Omanidze, former Vice-Premier in Gamsakhurdia's administration, left Georgia after the December-January coup of 1991-92 and returned shortly before elections. He was not involved in pro-Gamsakhurdia political activities and used his time to make a successful business career in Russia. Thanks to his frequent appearances on television and heavy campaign spending (which allegedly included free lunches for the electorate) he soon emerged as a clear favorite. Huge violations on the election day, including appearances of armed groups in the polling stations, resulted in the suspension of voting in 8 stations. According to the official information,

the armed groups forced people to vote for Mr. Omanidze, but independent observers rendered this highly unlikely, since the latter had the best chances to win anyway. Others mentioned *Mkhedrioni* and National-Independence Party, in whose interests it was to derange the elections thus preventing Mr. Omanidze from getting into the Parliament. The Central Electoral Commission recognized elections invalid and set new voting for July 3.

Sarangi newspaper of Merab Kostava society accused Chief of Regional Management Office of the Head of State Pipia of receiving \$5,000 from one of regional administrators. Mr. Pipia did not deny this, while Mr. Shevardnadze's Chief of Staff Vazha Lortkipanidze said the money was taken for the war in Abkhazia, this practice having been a not quite legal but indispensable way to raise money for the needs of the Georgian Army.

On June 13 three parties of the opposition -- the Republicans, Popular Front and Charter-91 announced the creation of the United Republican Party (URP). Leaders of the merging organizations -- Vakhtang Dzabiradze, Nodar Natadze and Tedo Paataashvili -- became co-chairmen of the new party until its congress is held. With 22 MPs the URP emerged as the second largest force in the Parliament after the Union of Citizens of Georgia, which is not formally established as a parliamentary faction. The URP regards itself as a moderate opposition force: it criticizes Mr. Shevardnadze's policy of rapprochement with Russia as well as his indecision in economic reforms, but does not raise demand of his resignation.

On June 2 the Parliament enacted the *Law on Factions* requiring at least 10 MPs to form a faction. On June 14 a bill *On the Social Development of Citizens* was passed.

On June 30 the Parliament was dissolved for summer holidays. The Republicans tried to protest but without success. An idea about taking it to the streets was ripening among the more radical part of the opposition. Possibilities emerged of coordination between the latter and pro-Gamsakhurdia "Round Table": during their June 22 press-conference spokesmen of the latter did not rule out cooperation with the parliamentary opposition in the event it acknowledged the necessity to restore the "legitimate government" (i. e. the Supreme Council disbanded in January 1992).

The Head of State signed several decrees concerning the military. In one of them he introduced a common uniform and insignia in the army. He defined a list of military offices to be filled directly by himself; including deputy Defense Ministers, Chiefs of Staffs of arms of the service, chiefs of the Guard and Frontiers departments, Commanders of Brigades, the Military Procurator and his deputy, military judges. Military police, which had existed independently from the Ministry of Security, was abolished. Military formations not subordinated to the Ministry of Defense were abolished once more.

The Georgian officers created the Union of Fighters for the Territorial Integrity, led by Gen. G. Uchava. Its founding meeting was attended by Minister of Defense Nadibaidze, Vice Premiers Menagharishvili and Nadareishvili.

The Head of State initiated some changes in his staff. During his June 9 press-conference Chief of Staff Vazha Lortkipanidze said the apparatus would be reduced by one third and include 110-130 people. He said it was not a ruling body, but the one supposed to analyze and predict developments in the country and implement the decisions of the Head of State.

On June 24 Lado Papava, director of the Institute of Economy, Academy of Sciences, was appointed Minister of Economy.

FOREIGN RELATIONS

During his visit to Georgia on June 10 Russian Minister of Defense Grachev discussed with the Georgian Head of State two issues: settlement of the conflict in Abkhazia and prospects of Russian military bases in Georgia. After the meeting Mr. Grachev said the negotiations had been fruitful and setting up of the bases would begin the same summer. The same two issues were discussed during the visit of Russian Foreign Minister Kozyrev to Tbilisi on June 30. It seemed Georgia used the military bases as a bargaining issue for regaining some degree of control over Abkhazia.

It is hard to say whether this bargaining was successful or not, but the Russian foreign minister must have changed his position to the Abkhazian and Ossetian issues during the month. According to his statement of June 2, if some region within one of the former Soviet republics declared independence, that should not be regarded as violation of the principle of integrity of borders. This approach helped Minister of Nationalities Egorov justify inviting Abkhazians and (South) Ossetians to meetings of representatives of the southern regions of Russia. On June 30, however, Kozyrev referred to Abkhazia as to an autonomy within Georgia.

Leaders of the two countries Yeltsin and Shevardnadze had telephone talks twice during the month on June 4 and 11, in which they discussed deployment of the Russian peace-keeping forces in Abkhazia (see section on Abkhazia below).

Vice-Speaker of the Georgian Parliament Rcheulishvili said the CIS was the most important international organization for Georgia and he was against the internationalization of the conflict in South Ossetia.

On June 14 representatives of Georgia, Russia, CSCE and two Ossetian autonomies met in Vladikavkaz (North Ossetia) to sign an agreement on the joint control of roads, healthcare, and intensifying of the work on political settlement of the Ossetian problem.

Georgian Minister of Security Giorgadze signed an agreement on cooperation with his Russian counterparts.

On June 28-30 Foreign Ministers of the Organization of Black Sea Economic Cooperation (BSEC) held their fourth meeting in Tbilisi. Israel, Poland, Egypt, Tunisia and Slovakia sent observers. Ministers of the 11 participating countries signed an agreement on creating the Trade and Development Bank of the BSEC. An idea of Georgian-Egyptian water-pipe was discussed. Georgian Head of State had separate meetings with Foreign Ministers of Russia, Armenia and Azerbaijan. He proposed to Foreign Minister of Azerbaijan Abbas Abbasov an idea to organize a four-partite (Russian-Georgian-Armenian-Azerbaijani) meeting.

Prime Minister Patsatsia took part in the Cren-Montana international forum in Switzerland dedicated to East-West economic cooperation. Foreign Minister Chikvaidze participated in the meeting of Foreign Ministers of NATO in Istanbul on June 10.

American military delegation headed by Gen. Bauman visited Georgia to study the possibility and desirability of the American participation in training the Georgian troops.

Georgia opened its consulate in Turkey and trade representation in Mongolia. Diplomatic relations were established with Afghanistan. Italian and Ukrainian Ambassadors presented their credentials to the Georgian Head of State.

IN AND AROUND ABKHAZIA

On June 2 the Federation Council, the upper chamber of the Russian Parliament, denied a mandate to the peace-keeping operation of the Russian troops in Abkhazia. On June 21, however, it reversed its attitude, giving its approval with 107 positive and 7 negative votes. The explanation may be found in the statement of Chairman of the State Duma Committee for the CIS Affairs Zatulin saying that the alternative to sending Russian peace-keepers was the deployment of international forces under the aegis of the UN (Turkey, Uruguay and several other countries had consented to send their troops) -- which seemed hard to accept for Russia.

On June 1-5 a tripartite (Georgian-Abkhazian-Russian) working group held its meeting in Moscow to discuss the deployment of the CIS peace-keeping forces in Abkhazia. The Georgian delegation was headed by J. Ioseliani. It was decided that all level commanders of the peace-keeping forces would have Georgian and Abkhaz deputies. Both sides would have representatives on all check-points. Kodori valley, which had still been under the Georgian control, would be patrolled by the Russian forces.

The problem of resuming the railway operation between Abkhazia and the rest of Georgia was discussed on June 3-5 during the meeting of the four-partite Coordinating Commission (in which the three above sides plus the UN are represented) in Sochi. Documents regarding the registration and return of refugees were adopted. The UN will provide for transportation and restoration of the buildings, determine location of check-points and the routes, create the questionnaire for the refugees. The Abkhaz side demanded to include into the questionnaire a point on the recognition of the Abkhaz laws, to which no other side agreed. After the next meeting of June 22 representative of Sochi administration Sizov said the negotiations made no sense until the political status of Abkhazia was defined.

By June 28 the deployment of 2,500 Russian peace-keepers was completed in 24 kilometer-wide corridor alongside Enguri river. The Russian corps was divided into northern and southern zones with headquarters in Sukhumi and Gen. Kondratiev its Commander-in-Chief. It has 15 military checkpoints in each zone. On June 26 Commander of the southern zone Gen. Potapov declared curfew.

On June 15 Press-Center of the Group of Russian Troops in Transcaucasus reported that roads in Abkhazia were cleared of mines. On June 29 the bridge over Enguri river was restored by the Georgian side. It was controlled by Russian troops.

Several skirmishes still took place. On June 11 and 12 the Georgian village of Kvabchara in Kodori valley was shelled. On June 14 the village of Lata was shelled. The Georgian side reciprocated. On June 29-30 Kodori valley was shelled from Grad plants. Occasional shooting took place across Enguri river. According to the Abkhaz sources, all these exchanges were initiated by the Georgian side.

The prospect of refugees coming back caused anxiety among the Abkhaz leaders. Lakerbaya, a Deputy of the Abkhaz leader Ardzinba, said large-scale return of the Georgian refugees was unimaginable, and the process would take 20 years.

On June 27 the Russian nationalist leader Zhirinovski visited Abkhazia to hold meetings with the Abkhaz leaders in Gudauta. According to Russian sources, two years ago 70 per cent of his party members came from Abkhazia, and he also had some financial interests there. After the conflict began in August 1992, he sued Shevardnadze for financial damage.

Russian *Izvestiya* newspaper reported that for the moment being the fate of 866 Georgians and 81 Abkhazs was unknown. By June 30 re-registration of refugees was completed in Georgia. Out of the total figure of 260,000, 60% were accommodated by the state, others on their own. Tbilisi hosted 50,000 refugees, Zugdidi -- 42,000, Tsalenjikha -- 21,000, Kutaisi -- 21,000. Migration office of the Krasnodar region reported that there were 34,696 refugees in Sochi, among them 19,000 Armenians, 10,000 Russians, 3,500 Abkhazs and 1,500 Georgians. Together with non-registered ones the sum total of refugees was estimated at 60,000.

Although the process of orderly return of refugees had still to begin, some 15,000 of them returned on their own to Gali region. However, the risk was quite high. *Iberia* agency reported that 4 Georgians were tortured and then killed in Gali region on June 30. 23 houses were burnt on the same day. Altogether about 2,000 houses had been destroyed in the region since the end of the war..

On June 3 Georgian Head of State Shevardnadze issued a decree on creating Regular Staff on Problems of Full-Scale Return of Refugees from Abkhazia, Chaired by Prime-Minister Patsatsia, and Center for Informational Service of Political Settlement of the Abkhaz Conflict, chaired by Londer Tsaava.

On June 25 a civic movement For Native and Peaceful Abkhazia was founded in Tbilisi. It comprised refugees from the region, who supported Shevardnadze's plan to bring Abkhazia back under Georgian jurisdiction by political means, and is regarded as a counterbalance to the more militant Organization for Liberating Abkhazia.

SOCIETY. HUMAN RIGHTS

Sakartvelos Respublika newspaper wrote on mass evasion from military service in Georgia. Only 15 draftees out of 301 of those warranted reported to one of the recruiting stations; 8 of them were found unfit.

On June 2 court-hearings on the case of supporters of late president Gamsakhurdia detained on charges of terrorism (so called "Domukhovski-Gelbakhiani case") were resumed. One of defendants Zaza Tsiklauri rejected services of his attorney T. Nizharadze referring to divergence of positions. Although Mr. Nizharadze himself declared a self-objection, the court rejected Mr. Tsiklauri's demands. As it was learned by *Resonance* newspaper, later the Presidium of College of Barristers relieved T. Nizharadze of his position in this body without any argumentation.

On June 14 this decision was protested during an unauthorized rally organized by pro-Gamsakhurdia parties in front of the building of the Ministry of Justice. The demonstrators also carried posters with names of 32 people whom they regarded to be political prisoners. Later the rally of some 100 people moved to the Parliament building but was raided there by the police. Local correspondent of *Reuters* D. Kvizhinadze who had been filming the proceedings was detained for several hours and released after high ranking government officials interfered.

Iberia-Spektri, a pro-Gamsakhurdia newspaper which had been closed during the State of Emergency last fall, renewed publication. Its Editor-in-Chief Irakli Gotsiridze had been detained for more than a month in the same period. In the first issue of the newspaper Mr. Gotsiridze expressed gratitude to foreign embassies and international human rights organizations, whose support made it possible to resume the publication of the newspaper.

All-Georgian Human Rights Association protested against continuing persecution of former Minister of Culture in Gamsakhurdia's government and Editor-in-Chief of another pro-

Gamsakhurdia newspaper *Sakartvelos Samreкло* Elizbar Javelidze. Mr. Javelidze is wanted by the authorities on charges of libel against Head of State Shevardnadze.

The *Kommunisti* newspaper of the recently re-established Georgian Communist Party reported on June 7 First Secretary of the Worker's Communist Party Tsiklauri and its former Secretary, MP Berianidze invaded the publisher's office and destroyed matrix-molds of May 26 issue. The other side did not deny the information.

The Georgian Writers' Union expressed its concern on threats and blackmail against the editor of the Union's newspaper *Literaturuli Sakartvelo*, which published several materials revealing wrong-doings of some high-ranking officials and the Republican Defense Fund.

The Georgian Security Service, which shared the building with the Caucasian Exchange and other commercial organizations, demanded from the latter to vacate their premises until August 1, threatening by law-suit in case of resistance. Security State officials referred to certain violations in rental agreements supposedly valid until 1995. The campaign in the media in support of the commercial structures did not help. President of the Caucasian Exchange V. Svanadze regarded the pressure from the Security Service as one more impediment for the serious business in Georgia coming from the governmental bodies.

The State Committee for Human Rights and Interethnic Relations issued a protest (later supported by a public organization "Society against violence") against the decision of Ministry of Communications to establish new and much higher rates for all types of communication services, which citizens should pay in US dollars.

As it was reported by *Resonance* newspaper, Chief Physician of Tbilisi Disinfection Station V. Mosidze warned against the danger of several epidemics, tuberculosis among them, if drastic sanitary measures would not be taken.

Resident of Tbilisi, engineer N. Kiknadze started his single man round-the-world voyage on a yacht from Batumi harbor. Assumed duration of the voyage is 15 months.

ACCIDENTS. CRIME

Officially registered crime rate mounted to 1603 offenses against 1138 in May. 1015 of them had been disclosed. The police continued its practice of large-scale operations against organized criminal groups. On June 17 one of them was conducted simultaneously in several regions of the country. As it was reported by *Iprinda* agency, in its course 231 fire-arms had been confiscated and dozens of suspects arrested. Another round-up took place on June 24 in Tbilisi, accompanied by fire exchanges in some crowded places. Chief of Tbilisi Police Demur Mikadze said several dangerous criminals, some of them alleged murderers, were arrested.

In his interview to *Gulani* newspaper on June 11 Mr. Mikadze said that alleged killers of four *Mkhedrioni* members assassinated in May had been arrested. He also said that the police obtained sufficient data on much-talked-of assassinations committed in Tbilisi during the last period, adding that some high ranking officials had been detained in connection with these cases. On June 20 former Minister of Defense Kitovani said during his press-conference that the authorities were well informed who had carried out the assassinations but no measures were taken against them.

The Press-Center of Ministry of Internal Affairs issued a statement accusing *Droni* and *Dghe* newspapers of biased reporting and unfair depreciation of the large-scale operations of the Georgian police against criminal groups, although certain shortcomings and violations were admitted. The Press-Center noted that operations of this kind would continue.

A *Mkhedrioni* member, former deputy chief of Tbilisi police I. Mkheidze was murdered on June 12 in Tbilisi. *Iveria-Express* newspaper referred to the police investigation saying that Mr. Mkheidze was shot during a party with other *Mkhedrioni* members.

Sakinformi agency reported that on June 15 the Georgian police prevented an attempt to smuggle more of 500 tones of ferrous metals to Turkey.

Union of Georgian Traditionalists made a statement saying that on June 15 five armed people, one of them in police uniform, burst into the apartment of its member and president of the Public Center for Political and Economic Research N. Sanablidze, robbed him and threatened with murder if he would not abandon his political activities. The UGT noted that several terrorist acts against members of the organization had taken place in the past, and demanded proper investigation.

On June 16 undetermined persons severely beat-up an engine driver of Tbilisi subway, thus causing interruption of the whole Tbilisi subway for several hours.

The museum of famous Georgian 19th century poet Akaki Tsereteli was robbed in his native village of Skhvitori. Several rarities disappeared.

PUBLIC OPINION

Resonance newspaper changed its system of evaluating popularity of the Georgian politicians in its traditional telephone polls conducted in Tbilisi. In the beginning of July the respondents were asked to give the politicians marks between -3 and +3. E. Shevardnadze was still the most popular with average rating of +1.81. He was followed with I. Sarishvili of National Democratic Party -- +1.20, and Foreign Minister A. Chikvaidze -- +1.09, leader of *Mkhedrioni* J. Ioseliani -- +0.74, Chairman of the Supreme Council of Ajara A. Abashidze -- +0.72, leader of the National Democratic Party G. Chanturia -- +0.409. Opposition leaders not belonging to NDP had negative ratings: N. Natadze -- -0.12, I. Khaindrava -- -0.23, T. Paatashvili -- -0.64. Radicals like I. Tsereteli and T. Kitovani were the least popular with respectively -1.40 and -1.54.

In the poll conducted by *Kavkasioni* newspaper on June 8, 31% of those polled said if the Parliamentary elections were held ahead of time they would vote for the Union of Citizens of Georgia, 29% -- for the National-Democratic Party, 6% -- for Popular Front, and 24% -- for none. In the same poll, 75% said the Parliament was not able of taking the country out of the crisis, with 4% optimistic and 21% without opinion.

In a poll conducted by *Svobodnaya Gruziya* newspaper on June 17, 31% of respondents supported the idea of the parliamentary elections ahead of time, 52% did not think it would help, and 17% were undecided.

When asked by *Svobodnaya Gruziya* on June 16, whether they saw any signs of improvement of grave criminal situation in Georgia, 57.6% answered "Yes", 37.6% "No", with 4.8% without opinion.

On June 19-21 the *Resonance* newspaper asked 500 citizens of Tbilisi to assess the governmental plan of settlement in Abkhazia. 52.4% supported it with 30.6% negative and 17.0% neutral assessments. 75.2% said the Abkhaz problem has to be decided peacefully, with 4.2% supporting the military option and 20.6% without opinion.

THE ECONOMY

Official exchange rate of Georgian coupon had been fairly stable during the month, oscillating between 800,000 for one US dollar in its beginning and 814,000 in its end. In the meantime, however, non-cash coupon fell dramatically having reached 2,000,000 for one (cash) dollar. Despite relative stability, for the most part the coupon still stayed out of circulation. However, the conditions could differ from one region to another: Kutaisi Mayor Temur Shashiashvili decided to enforce by harsh measures the formally still valid regulations declaring the coupon the only legal tender in the country. Salaries did not change as well, with the minimal salary rate defined on January 15 at 50,000 coupons or about 6 cents. Different estimates of average wages in the state sector do not exceed \$1. However, measures of fiscal austerity led to about one month delay in paying salaries to state employees.

Price of a food basket for one person rose reached \$22.7 or about 18,200,000 coupons (against \$18.01 in May). Basic products cost: 1 kilogram of bread (commercial) -- \$0.10-0.20, butter -- \$2.25, beef -- \$1.75, cheese -- \$1.7, potatoes -- \$0.3, 1 liter of sunflower oil -- \$1,10 eggs -- \$0.6.

During two days in the second half of June the price of petrol rose sharply from 700-800 (\$0.35-0.4) to 1,000-1,200 rubles (\$0.5-0.6), although in a weeks time it dropped again to the level of 900-1,000 rubles. The surge, which was naturally reflected on other prices, was widely interpreted as an intentional act of illegal networks ("Petrol Mafia") which had monopolized petrol trade. The government still does not dare to tax petrol traders.

Our traditional survey of commercials did not indicate any substantial change in directions of business activities. Out of 272 commercials surveyed, 63 advertised tourist companies and 60 -- banks and trust companies. Others advertised different universities --29, air travel --12, advertisement agencies -- 12, food delivery --11, different merchandise -- 11, real estate -- 10, various services -- 9. Among destinations of the tourist groups, Germany was still the most popular with 25 ads, followed by Bulgaria -- 18, Turkey -- 16, the Netherlands -- 15, Iran -- 14, Cyprus -- 12, Greece -- 11, France -- 10, Italy - 9 (24 countries altogether; Russia appeared among them for the first time).

According to the State Committee of Social-Economic Information, in the first four months of the year the fiscal deficit reached 245.8 billion coupons or 6.4% of budget revenues in the same period. Overdue arrears of suppliers reached 3,973.3 billion coupons, that exceeded the level of the same period last year 124.1 times. Bank arrears increased 28.5 times, having reached 453.6 billion coupons. Despite the increase of the nominal sum of bank deposits, their purchasing power dropped 6.1 times.

In the same period commercial retail trade turnover comprised 1,195.4 billion coupons having increased 57.3 times in real prices. Physical volume of trade turnover was reduced in comparable prices 2.4 times. In the state sector, as well in the semi-state cooperative system, retail trade turnover dropped two times in comparable prices. Service tariffs rose 187 times, among them in communications 527 times, transport -- 261 times.

An official representative of the State Committee for the State Property Management stated that privatization vouchers would be soon distributed among everybody who had resided in Georgia until September 1 of 1993. Although nominal price of a voucher if yet to be defined, it is assumed to be close to the equivalent of \$10.

According to Vice President of the National Bank Jighauri 470 state and commercial banks and their regional branches operated in Georgia.

In its report submitted to the Parliament the Controls Chamber demonstrated the chaotic condition in many aspects of fiscal policy in Georgia, namely those dealing with tax collecting, customs and export-import operations. Failure to collect taxes was the major cause of the fiscal deficit. Tax-evasion concerned state as well as the private sector: the ministries failed to submit to the Ministry of Finance the information required for composing the budget since particular enterprises concealed from them the respective data. The Customs Department failed to protect economic borders of the country. Branches of the Customs delayed payments to the state Budget: by December 1 of 1993 Poti and Tbilisi Customs had transferred 5.3 billion coupons instead of 13.3 billion, and \$13.3 thousand instead of \$24.6 thousand. Export operations in private sector were out of control: a number of firms had to pay to the budget 295.3 thousand dollars. On some occasions their foreign partners avoided payments for delivered goods, while the Georgian side lacked expertise and experience to defend its cause in the international arbitration. This was the cause of loosing \$636 thousand during the last year.

Minister of Finance David Iakobidze sounded more optimistic, saying that in the second quarter of the year the level of tax-exemption reached 60% against 20% in the first quarter and 2.5% in the second quarter of 1993.

The Cabinet of Ministers decided to create the Republican Coordination Center for the research of the issues related to Europe-Caucasus-Asia transport corridor. One of the Vice-Premiers will lead the Council.

Iberia agency reported that during the year the UN has allotted Georgia \$27 millions in humanitarian aid.

Five missions of the World Bank visited Georgia to study different projects of economic revival of the country. \$100 million were promised for the project of institutional building. Problems of communication were the next in line. Head of the delegation Ms. Veronica Bishop stated that the World Bank had to study problems of Ministry of Communications, after which the project would be prepared. Other projects, which were discussed during the meeting of Tbilisi Mayor Lekishvili with the World Bank delegation, included the reconstruction of systems of water and energy supplies.

The IMF raised the financial quota of Georgia from \$70 million to \$150 million. In the event certain conditions are met, this sum can be allotted to Georgia for the revival of its economy.

The bulletin is chiefly based on the Georgian media reports and the information provided by Iberia, BGI and Contact agencies. We have also made use of some other sources at our disposal. We extend special thanks to the State Committee of Social-Economic Information of Georgia and the Press-Center of the Ministry of Internal Affairs of Georgia for granting us essential materials. We thank the Soros Foundation for granting the equipment necessary for issuing this bulletin.

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