

# THE GEORGIAN CHRONICLE

## MONTHLY BULLETIN

**Major events and trends in politics, economy and social life**

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### GOVERNMENT

**Despite several outbursts of bickering in the Parliament, tensions in relations between the majority and the opposition did not strengthen. All nominees to the Cabinet of Ministers proposed by Head of State Shevardnadze received approval of the Parliament. The new Minister of Defense -- Vardiko Nadibaidze, formerly General of the Russian Army, was among them. A new type of opposition to Mr. Shevardnadze -- accusing him of policies not loyal enough to Russia --emerged.**

Lieutenant General Vardiko Nadibaidze, 55, who served for 35 years in the Russian army, became Minister of Defense of Georgia on Apr. 26. He succeeded Mr. Shevardnadze himself, who temporarily took over the office after the resignation of Gia Karkarashvili in the beginning of March. The latest position of Mr. Nadibaidze has been Deputy Commander (logistics) of the Group of Russian Troops in the Transcaucasia. This nomination was the only one which took place in the closed session of the Parliament. Journalists however were admitted to the last stage of the hearings. The nomination of the general, who barely managed to address the Parliament in the Georgian, although he pledged that poor knowledge of the language make him no less patriotic, gave good ground for the opposition to accuse the Head of State of his "pro-Russian" orientation. However, the latter succeeded in convincing the Parliament that the experience and contacts of Mr. Nadibaidze made him the best choice to lead the process of building the Georgian army. 148 MPs voted in favor of the new Minister with 7 against. Another interpretation of the choice of Mr. Nadibaidze had been that it was imposed by Moscow against Mr. Shevardnadze's will and that some opposition deputies endorsed the nominee just to displease the Head of State. The new Minister began his activities by changing several key figures in the leadership of the Ministry (a Deputy Minister, the Chief of Staff).

Other ministers approved during the month had been those who had stayed in their offices since last September or even earlier. Some of them failed once because an insufficient number of MPs were present at a given session, but passed after the Head of State exercised his right to propose them for the second time.

Tensions in the Parliament mounted on two occasions. On April 5-6 the Georgian-Abkhaz agreement brokered by Russia and the UN (see section on Abkhazia below) was debated. The opposition claimed that the agreements made the return of refugees and the

restoration of the territorial integrity of the country less probable and accused the delegation that had signed the agreements of betraying of the national interests. However, the opposition lacked unity in its stance: namely, the National Democrats and the Union of Georgian Traditionalists called for a more moderate approach. Mr. Shevardnadze argued that the documents signed were the best which were possible under the circumstances and gave hope that the process of returning refugees to their homes could begin. He said that he would ask the Parliament to raise an issue of confidence in himself, but only after the Cabinet of Ministers was confirmed. Despite criticism of the agreement, the opposition did not take the responsibility of rejecting them outright; its most radical opponent, Boris Kakubava, withdrew his initial proposition to disavow them.

An incident on Apr. 28 was of a more comical nature. After Vice-Speaker Rcheulishvili denied the floor to one of the leaders of the opposition Nodar Natadze for not following the agenda, the angry MP came up to Mr. Shevardnadze referring to the Vice-Speaker as a "bastard". In response to this, the latter threw mineral water on his offender. The following brawl brought the session to an end. When the session was renewed after the majority MPs had held their separate meeting, Mr. Rcheulishvili recanted his conduct and proposed to the Parliament to put to vote issue of his confidence. Mr. Natadze said he had nothing to recant. The opposition demanded Mr. Rcheulishvili's resignation; in response to this, the majority called upon Mr. Natadze to resign from the position of Chairman of the Parliamentary Commission of Defense. Mr. Shevardnadze criticized both sides, but he said he would not vote for dismissing the Vice-Speaker. After heated debates, no decision was made.

Despite these occurrences, in general there were some signs of a better understanding between Mr. Shevardnadze and the opposition. This was influenced by disagreements within the pro-Shevardnadze majority, the creation of an opposition "from the other side", and stronger pro-market motives in Mr. Shevardnadze's recent statements. One of the members of the majority coalition Shalva Kekelia announced that he was abandoning it (though without defining clear motives or joining any other faction), while the spokesman of the Agrarian party stated that some members of that coalition hung on for selfish reasons. In the April 21 session of Parliament, the leader of the Social-Democratic Party Guram Muchaidze, until recently an enthusiastic supporter of Mr. Shevardnadze's policy, harshly criticized him for not establishing a sufficiently close partnership with Russia, and demanded the creation of the "Committee of National Salvation". However, he did not find any support from the opposition.

Former Minister of Defense and one of the leaders of the anti-Gamsakhurdia coup Tengiz Kitovani re-emerged on the Georgian political scene after being absent having traveled to (in) Germany and Russia for several months. He used his time in Moscow to develop contacts with deputies of the Russian State Duma, mostly of right-wing orientation. During his first improvised Press-Conference in Tbilisi he accused Mr. Shevardnadze of "destroying the country" and playing a double game with both Russia and the West, instead of looking for partners among the conservative circles in Russia.

Under the circumstances Mr. Shevardnadze as well as the opposition looked for ground for a broader consensus. The Head of State repeated several times that he still supported the idea of a dialogue with all political parties. In his radio interview on April 18 Mr. Shevardnadze expressed his satisfaction with the fact that the opposition was becoming more restrained and had become accustomed to Georgia's membership of the CIS. He proposed to the different factions the idea of an universal accord and called all political forces to abstain from any de-

stabilizing actions on Independence Day, May 26. The faction of National Democrats, in its turn, submitted to the Parliament a draft "Declaration of Civil Accord and Unity", which proposed all political forces to unite around the principles of independence, democracy, reforms, law and order, territorial integrity, transfer of power through elections, and responsibility for one's own statements.

A number of decrees and statements of the Head of State displayed his much stronger support for radical economic reforms. On April 11 he commissioned the Cabinet of Ministers to prepare a complex of measures aimed at financial stabilization, which was to include the reduction of credit emission, liberalization of prices on bread and energy carriers. He put reformist Deputy Prime Minister Temur Basilia in charge of supervising the implementation of this decree. On April 14 the Head of State issued a decree "On Urgent Measures to Uplift the Process of Privatization", which assigned the relevant government agencies to print privatization vouchers, make an inventory of state property, prepare the list of normative acts necessary for carrying out economic reform, etc. During his meeting with regional leaders and chiefs of law-enforcement bodies on April 22 he spoke of the necessity of accelerating privatization. On the next day, when holding a meeting with the regional leaders only, he sharply criticized those managers of State enterprises who hampered the process of privatization. When speaking to the Cabinet of Ministers on April 27 he called for the full implementation of recommendations of the IMF and the World Bank. However, the opposition still doubted whether a Cabinet, which mostly consist of former communist nomenklatura would be able to implement the course of reforms, even if it was backed by the Head of State.

Vazha Khachapuridze was appointed personal representative of the Head of State in the region of Shida Kartli (part of eastern Georgia including South Ossetia). Mr. Shevardnadze's visit to the previously rebellious region of Megrelia on April 29 was supposed to display a process of stabilization. Specifically, he received quite a loyal reception in the town of Tsalenjikha, from which he had been turned out in the summer of 1992.

In the middle of April, the Cabinet of Ministers announced a spring call-up to the Georgian Army.

Murman Omanidze, Foreign Minister and Vice-Premier in Gamsakhurdia's government, returned to the Georgian political scene. After the coup he was in exile in Europe and Russia and was involved in certain successful business activity. During his Press-Conference, he said that he would resume his political activity and preferred the Union of Georgian Traditionalists to other parties. He decided to run in the Parliamentary elections for a vacant seat in the Rustavi constituency.

## **FOREIGN RELATIONS**

The search for a new sort of balance, when the dominating role of the alliance with Russia and the CIS was somewhat counterweighted by contacts with the West and international organizations, continued in April. Mr. Shevardnadze's statement, approving the air strikes on the Bosnian Serb positions at Gorazde by NATO, at the time when the Russian diplomacy openly expressed its discontent, was a manifestation of this trend. The Georgian Head of State did not forget to point out, however, that notifying permanent members of the Security Council of actions like this had been a useful practice which should not to be abandoned.

Contacts with Russia and international organizations on the settlement of the Abkhaziann question continued to play the primary role in Georgian foreign political activities (see section on Abkhazia). The Georgian delegation headed by Mr. Shevardnadze took part in the summit meeting of the CIS countries in Moscow. It signed 17 intergovernmental and 5 interstate documents, which included agreements on creating a joint economic space, a free trading zone, and establishing permanent coordinating bodies of the CIS. However, relations with Russia were not completely unclouded: Georgian-Russian negotiations over the issues related to the Russian military bases in Georgia led nowhere.

Contacts with other CIS countries were mostly focused on economic problems. On April 21 Mr. Shevardnadze met a delegation from Turkmenistan headed by the Deputy Chairman of the Committee of Material and Technical Supplies; it came to Georgia to decide which products to claim in exchange for natural gas which Turkmenistan supplies to Georgia. An Armenian delegation led by State Minister Martirosian arrived in Tbilisi on April 18 to discuss the transit of freight and natural gas via Georgia.

Delegations from the International Monetary Fund and the World Bank arrived in Tbilisi in the first half of April. The delegations held meetings with Head of State Shevardnadze, Deputy Prime Minister Basilia, President of the National Bank Javakhishvili and other Georgian leaders. The IMF mission gave some recommendations related to cuts in fiscal spending and the increasing budget revenues. A preliminary agreement was reached on opening an IMF office in Tbilisi. During his press-conference Chairman of the World Bank delegation Wafic Graiss expressed his support to the "young reformists team" led by Vice-Premier Basilia, and said the World Bank would continue to cooperate with the Georgian government even in the event of Georgia returning to the ruble zone. It was decided that a Georgian delegation would travel to Paris in July to hold meetings with donor countries to convince them that Georgia was implementing economic reforms and deserved international assistance.

On April 25 Mr. Shevardnadze received the Ambassador of Iran. It was said after the meeting that an agreement on deliveries of Iranian natural gas to Georgia would be signed soon.

Ambassadors of the Netherlands and Turkey presented their credentials to the Head of State. Iberia agency reported on April 2 that Georgia had established diplomatic relations with 80 countries.

## **IN AND AROUND ABKHAZIA**

The Abkhaz side continued its attempts to take control of the Kodori gorge, or Abkhazian Svaneti, most of which was still under Georgian control. In the beginning of April the Abkhaz seized the village of Lata. Fighting took place on April 6-7, 10, 13, 27, and was interrupted by short truces which were soon broken. On April 4 an Emergency Commandant's Office was created in the village of Mestia neighboring the region. It had to deal with refugees who kept flowing from the Georgian villages. On April 6 only 120 refugees were sent to different parts of Georgia. The creation of a volunteer corps of 500 people was reported by the Commandant's Office in the same period.

Abkhaz and North Caucasian POWs confirmed the resolve of the Abkhaz side to clean the gorge of Georgians. Beside the fact that the Abkhaz were afraid of a possible Georgian offensive, for which the above site would provide an excellent spring-board, their motive might also be to obtain a direct link to the Karachai-Circassian Republic populated by their kinsmen. This would make the Abkhaz less dependent on the Russians, who still kept certain restrictions on the Georgian-Russian (effectively Abkhaz-Russian) border.

In other parts of Abkhazia there were signs of relative stabilization. It was announced that the seaside sanatoria of Gagra and Bichvinta were opened to tourists. They were ready to receive 2,500 people for rather cheap prices of 20,000 rubles (about \$11) for 24 days, 1,000 "Children of Chernobyl" were to be among them. The Greek Consul in Moscow stated that ethnic Greeks who left the place during the war were beginning to return. 3,000 ethnic Greeks live currently in Abkhazia as compared to 17,000 before the war. On April 15 the famous Monkey Arboretum of Sukhumi was opened to the viewers.

On April 15, the Supreme Council of Abkhazia renewed its sessions.

The search for the missing, or exchange of prisoners and the delivery of corpses to families was an issue over which the Georgian and Abkhaz sides negotiated with relative success without mediators. Some 1,000 people, among them 800 Georgians, were recorded as missing. In March the sides exchanged lists of those missing. The Georgian Emergency Office for the Problems of POWs, Hostages and the Missing issued a statement saying that the office handed over to the Abkhaz side one captive; the Abkhazs in their turn brought to the demarcation line six corpses of Georgians soldiers, but demanded the release of four Abkhaz military, kept for criminal inquiry in Tbilisi.

Negotiations around the Enguri power station which is partly on the territory under the separatist control, but extremely crucial for Georgia, brought some success. Georgian experts were allowed to fix certain facilities of the station.

Prime Minister of Georgia O. Patsatsia stated that some 100-150 refugees move to the Gali region daily from the territory under Georgian control. He expressed concern that a spontaneous process like this could lead to negative results. On April 15 the Cabinet of Ministers issued a decree signed by Vice Premier Tamaz Nadareishvili prohibiting "arbitrary return of the refugees and forcibly displaced persons to their previous dwelling locations prior to the creation of full guarantees for their safety and the relevant decision being taken by the state bodies". The same decree designated the town of Zugdidi (the one neighboring to Abkhazia and containing some 80,000 refugees) as the location of the Council of Ministers of Abkhazia (the one loyal to Tbilisi), while offices were to be created in Tbilisi, Kutaisi and the Kodori gorge to solve urgent problems related to Abkhazia. It also established strict censorship over materials related to Abkhazia to be broadcast by Georgian radio and television. Chairman of the Council of Ministers of Abkhazia Zurab Erkvania and leader of the Organization of Liberating Abkhazia Boris Kakubava were asked to coordinate their actions. The Council of Ministers of Abkhazia however did not move to Zugdidi.

Negotiations. After fruitless negotiations in New York and Geneva the Georgian and Abkhaz sides signed an agreement on the return of refugees and displaced persons on April 4 in Moscow. The signing procedure was attended by Secretary General of the UN Boutros Boutros-Ghali, Russian Minister of Foreign Affairs Kozyrev, American, British and French Ambassadors to Russia and a representative of the German Embassy. The agreement implied that in the first

stage the refugees would return to the Gali region only. As it was reported by Iberia agency, behind the scenes the Abkhaz consented to return Gali region, which had had an overwhelming ethnic Georgian majority population before the war, to Georgia, in exchange for recognizing the independence of the rest of Abkhazia.

The most controversial issue of the agreement was related to the Abkhaz demand that no people who took part in the fighting on the Georgian side were admitted back to Abkhazia. This article was approved in a milder form, namely, it excluded people who "were a part of armed formations preparing for combat operations in Abkhazia". This was the point which brought harsh criticism by the opposition in the Georgian Parliament. The Head of State admitted this had been a substantial concession, but the document signed was "the most that was possible today and the least which was required by the UN and the Security Council to deploy international peace-keeping forces in Abkhazia". The agreement met with criticism on the Abkhaz side also, since it created a danger of restoring the ethno-demographic situation which had been changed after such toils.

In order to sign the document the sides had to avoid any mention of the issue of the status of Abkhazia, since there was no chance of reaching any agreement on it. This made it possible for the parties to interpret the document in their own way. The Georgian side saw in the citing of the previous resolutions of the UN related to Abkhazia an indirect recognition of the territorial integrity of Georgia. The Abkhaz spokesman Sergei Shamba interpreted a phrase saying that "Abkhazia has its own constitution" as a recognition of the Abkhaz constitution adopted by the Supreme Soviet of Abkhazia in June 1992, according to which Abkhazia is not part of Georgia and establishes relations with it on the basis of interstate treaties. In a joint declaration, the sides defined domains of joint competence: foreign policy, frontiers and customs services, doing away with the results of natural disasters, human and minority rights. However, this agreement could only come into force after a general solution to the conflict is found.

The issue of functions and deployment of the peace-keeping forces were left open as well. The UN rejected the idea of Russian troops fulfilling that function under its aegis. In an interview with CNN, Eduard Brunner, the personal representative of the Secretary General of the UN, showed discontent with the Georgian side which wanted to confer police functions upon the UN forces. The Russian side, however, seemed quite willing to undertake those functions.

The Collective Security Council of the CIS adopted a declaration on April 15 which called for the UN to take an urgent decision on beginning peace-keeping operations in the region, otherwise the CIS would deploy peace-keeping forces itself with the consent of the sides of the conflict. Mr. Shevardnadze commented on this saying that "we will lean towards those who gives us better guarantees".

On April 8-9 the Quadri-partite Commission on the Voluntary Return of Refugees and Displaced Persons held its first meeting in the town of Sochi. It was decided that the mission of the Supreme Commissar of Refugees of the UN would travel to the Gali region to study conditions for the return of refugees and to define priority measures. On April 27 the second meeting in Sochi discussed the results of the trip.

On April 13 the sides of the conflict met in Geneva to define deployment sites and functions of the peace-keeping forces. The sides did not change their positions: the Georgian side demanded the deployment of peace-keeping forces throughout the entire territory of

Abkhazia, while the Abkhazs insisted these forces were only needed to separate the parties along the Enguri river.

On April 20-22 consultations on the political status of Abkhazia were held in Geneva. Head of the Abkhaz delegation S. Jinjolia said Georgia and Abkhazia were now two separate states. The mediators proposed a project of a union state in which Abkhazia would be a sovereign subject.

## **SOCIETY. HUMAN RIGHTS**

On April 2-6 railway and underground employees, as well as a number of schoolteachers, went on strike. They demanded a raise in salaries that they be issued in Russian rubles instead of Georgian coupons which have been almost entirely supplanted from circulation in the marketplace. The underground metro in Tbilisi was suspended for several days, while that of the railway even longer. A number of schools were closed as well. After negotiations with the government (represented by Vice-Premier Menagharishvili) some of the strikers' demands were satisfied, and the latter returned to work. On April 15 Iberia agency spread information referring to the Press-Center of the Constitutional-Democratic Party that after the strike was stopped the administration tried to fire its leaders. On April 18 schoolteachers from the town of Tkibuli went on strike with similar demands. A delegation headed by Prime Minister Patsatsia went to negotiate a compromise solution.

On April 3 a meeting of the unemployed, retired and socially unprotected citizens took place in Tbilisi. They decided to collect signatures to call a referendum on confidence in the government.

Supporters of the late President Gamsakhurdia formed the bulk of the unauthorized rally held on April 14, officially established as Georgian Language Day in commemoration of the rally of 1978 when the people protested against an attempt to exclude the article on Georgian as a state language from the Constitution of Soviet Georgia. The rally was raided by the police and, according to eye-witnesses, the Ministry of Security. Several demonstrators were detained.

On April 20, scores of supporters of the late President gathered in front of the Supreme Court demanding the release of several people whom they regarded to be political prisoners, and to stop the persecution of Gamsakhurdia's supporters in general. The meeting disbanded peacefully after their letter of demands was handed over to the Chairman of the Supreme Court.

On April 15 Giorgi Kervalishvili, the President of the All-Georgian Association of Human Rights Protection released a protest letter over the illegal arrest of the journalist Tamaz Pipia by the Tsalenjikha police. The Association demanded to set free the journalist who was allegedly detained by the Zugdidi Commandant's Office. Commandant of Zugdidi Colonel Adamia did not confirm this to the Iberia agency.

On April 19 Ibervision TV company broadcast a statement of the same Association in which it protested the detainment of the former deputy of the Supreme Council of Georgia Valter Shurghaia. He has been in custody for three months, although the charges still were not presented to him, and he still has no attorney.

According to data from the Committee of the Social and Economic Information, the Georgia's population continue to decline. The average age of the population is increasing with a

concomitant decline in the labour force. The number of weddings decreased from 37 thousand in 1990 to 24 thousand in 1993.

According to data presented by Vice Premier I. Menagharishvili there are more than 100,000 drug addicts in Georgia, and some 200,000 more are active drug users. Most of them are between 16-30 years old.

The Board of the Children's Fund of Georgia asked the media to publicize their appeal to international organizations, foundations and private citizens to help the children of Georgia who find themselves in especially bad conditions.

The Tbilisi municipality and some political and civic organizations organized a campaign to clean up the city, which led to a visible improvement of the situation.

The first conference of the Georgian Society for The Protection of Animals elected French cinema star Brigitte Bardot its honorary chairman. Head of State Shevardnadze sent a letter of greeting.

The Greek association in the town of Rustavi "Romiosin" organized and financed courses in the Greek language for ethnic Greeks.

The Disciplinary Committee of the European Union of Football (soccer) Associations lifted its sanction against Tbilisi Dynamo soccer club thus enabling the latter to take part in the European tournaments from next season.

## **CRIME. ACCIDENTS**

The officially recorded crime rate was again reduced to 1243 criminal offenses compared with 1826 in March. This included 42 homicides, 211 larcenies of state property and 360 of private property, 84 cases of stealing cars, 88 cases of illegal arms carrying, storage, manufacturing and trade.

On April 20 Deputy Minister of Internal Affairs of Georgia and Chief of the Transportation Office of the Ministry, Gia Gulua and one of his subordinates, were assassinated in Mr. Gulua's car by seven gunmen. The Procurator's office has not released any information about the course of the investigation.

On April 20 unidentified gunmen fired shots at at the apartment of famous Georgian opera singer Paata Burtchuladze, but there were no casualties. The motives remain unknown.

The *Mimomkhilveli* newspaper published an article exposing corruption in the Police Highway Department. The police officers allegedly terrorized drivers of private or state-owned vehicles to extort money. The Ministry of Internal Affairs did not react.

On April 22 a group of people who were later identified as police officers captured Boris Kakubava, a deputy of the Georgian Parliament and President of the Organizations for Liberating Abkhazia, who is notable for his radical opposition to Mr. Shevardnadze's policies. Mr. Kakubava had scheduled a meeting with the refugees from Abkhazia for the same day. It was demanded that he make a public statement supporting Mr. Shevardnadze's policies in regard to Abkhazia. He was also threatened with having his beard shaved (he pledged not to shave until Abkhazia is liberated). Mr. Kakubava was released and saved his beard thanks to the help of several MPs, but the meeting was postponed till May.

The Jewish synagogue was plundered in Sukhumi. As reported by the *Respublika Abkhazia* newspaper, unidentified persons stole three massive chandeliers. The congregation has often been attacked and robbed. However, the Jewish charity organization Shalom which was recently created in Sukhumi called the Jewish refugees from Abkhazia to return.

Mr. Revaz Shavishvili, Chairman of the Controls Chamber of Georgia said on the *Alioni* TV program that a considerable part of the humanitarian aid received by Georgia, food and medicines among them, are either stored overtime or get somehow diverted to commercial structures. He stressed that a single coordinating agency to distribute humanitarian aid was required.

The smuggling of gold from Georgia increased because economic conditions have forced a lot of people to sell gold items. The *Sakinformi* information agency reported that on April 18 the security service prevented an attempt to take out 920 kg of gold on the flight from Tbilisi to New Delhi.

## PUBLIC OPINION

In the customary monthly poll conducted by the *Resonance* newspaper on May 7-8 among the citizens of Tbilisi, Mr. Shevardnadze's approval rating increased reaching 54.3% with 14.3% disapproving against 46.2% and 26,0% in April. I. Sarishvili of the National Democratic Party and Ajaran leader A. Abashidze also went slightly up with 48.6 and 42.9% respectively. Popularity of Speaker of the Parliament V. Gogvadze and Leader of *Mkhedrioni* J. Ioseliani, whose ratings were routinely low, rose considerably, with 41.4% of those polled giving them positive assessment (however, Mr. Ioseliani had also rather high disapproval rating of 32.9%). After being involved in a physical encounter in the Parliament the approval rating of N. Natadze, until recently one of the most popular politicians, dropped to 28.6% with 40% disapproving; his offender V. Rcheulishvili was even less popular with a 25.7% of approval rate. Prime Minister Patsatsia and radical oppositioner T. Chkheidze were the least popular: activities of each of them got positive assessment of only 17.1% of those polled.

On April 11 *Informservice* polled dwellers of Tbilisi for the *Svobodnaya Gruziya* newspaper on their attitude to the process of settlement of the Abkhaz conflict. 27.9% gave a positive assessment of the Georgian-Abkhaz agreement signed in Moscow on April 4, with 37.4% of negative and 21.2% neutral assessments. 22.7% were hopeful about the prospect of the return of refugees with 61.7% pessimistic. 40.9% thought the Abkhaz conflict could still be resolved by political means with 45.0% rejecting that possibility. In the poll conducted by the *Resonance* newspaper the respondents gave a similar assessment to the agreement signed in Moscow. When asked, what has to be done to resolve the Abkhaz conflict, 23.2% of those polled recommended to renew hostilities, 57.6% -- to continue peace negotiations, 1.7% -- to grant independence to Abkhazia, and 17.2% did not know.

On April 16-18 *Resonance* newspaper asked 500 citizens of Tbilisi, what was to be done to stabilize the economy. 47.0% said a new reformist Cabinet should be created, with 37.1% supporting the current Cabinet. 53.4% of those polled by *Svobodnaya Gruziya* newspaper on April 21 said that they hoped assistance from international financial organizations would help revive the Georgian economy, with 28.1% not sharing those hopes.

In a poll conducted by the Caucasian Institute for Peace, Democracy and Development 25.6% of the citizens of Tbilisi said they would like to emigrate, 31.2% said they hesitated and

only 30.2% firmly decided to stay. Among ethnic communities, Russians were the most willing to emigrate (35%); 28% of Armenians, 25% of Azeris, 11% of Georgians and 30% of others shared their intentions. Most of those inclined to emigrate were heading to Russia; half of Azeris wanting to emigrate considered Azerbaijan as their destination, while the Armenians did not display any wish to go to Armenia. Emigration plans of the latter as well as Georgians encompassed practically the entire planet. Members of all ethnic communities mentioned the same major factors that prompted their desire to leave the country: deteriorating living standards, lack of confidence in the future, and the high crime rate.

## **THE ECONOMY**

On the first anniversary of the Georgian coupon in the beginning of April one US dollar cost 500,000 coupons. During the year it was devaluated relative to the dollar 500 times. By the end of April the cost of one dollar reached 1,000,000 coupons. The difference between cash and deposited coupons was stable: the latter was some 30% cheaper. The coupon continued to be effectively excluded from use in commerce, where mostly the Russian and US currencies are used. According to the Vice-Prime Minister Basilia, about 4 trillions of coupons are circulating in the republic.

Salaries in budget organizations have been raised 10 times since September, but this still lagged behind the pace of inflation. In April the government did not raise salaries at all, with the exception of those who got a rise as a result of strikes (see section on Society above). The average salary was thus reduced to 30 cents in the beginning and 15 cents in the end of the month; the minimal salary dropped from 10 to 5 cents. Price of the minimal food basket in dollars was quite stable at about \$17.1. At the same time, according to the Labor Market officials, by May 1 about 200.000 unemployed have been registered there, and still more are expected to come from the state owned jobs mostly.

Under the circumstances part of the population (it is not clear how large a percentage) depends on interest from hard currency deposits in commercial banks and trust companies. The monthly interest was still rather high (10-20%) although it dropped since last fall when it oscillated between 20-40%. Experts expect a chain of bankruptcies, but almost all banks and companies still manage to meet their obligations. Anyway, since the depositors often have no alternative sources of income, they are compelled to take chances. At the same time, as the officials of the US Federal Reserve Bank have stated recently, the majority of the false dollars are circulating in CIS, and Georgia in particular.

Our traditional investigation of advertisements broadcast and published by the Georgian media showed a sharp decline in the share of commercials of tourist agencies: it dropped from 36.9% in March to 14.4 in April. This indicated that after the consumers market was fairly saturated, "shop tours" had become less profitable. Among the destinations of the tourist tours previous leaders (Poland, China -- 5 mentions, United Emirates, Turkey, Greece -- 9 mentions) were left behind by much more expensive countries -- Germany -- 34, the Netherlands -- 18, Italy -- 14, France -- 12 times. Iran became the most popular low-price country -- 15 mentions.

Commercials of the banks and trust companies outnumbered those of the tourist agencies for the first time (55 against 52 ones). Food delivery firms had 35 commercials, purchasing hand-made rugs -- 20, studying abroad -- 19, advertisement agencies -- 16, retail -- 16, lotteries -- 15, repairs and similar services -- 14, real estate -- 13, health-care -- 11, airlines -- 9.

As reported by the State Committee of Social-Economic Information, in the first quarter of 1994 the volume of output of consumers goods made up 69.8% of the same period last year. Tariffs for mail services increased 612 times, transportation -- 77 times, pre-school child care -- 1250 times. About 500 kindergartens were closed in Georgia during the last year.

The amount of cereal storages have been reduced threefold compared to those three years ago. The last year's total crop was 12.7 thousand tons, i.e. twelve times less than in 1990.

Since April 15, tariffs for natural gas and electricity were raised. One cubic meter of natural gas will cost 37,000 coupons, while that of 1 kWh of power -- 5,500 coupons. The increase did not extend to household use. The debt to Turkmenistan made up to 250 ml US\$, 45 ml out of which are the transit payments, while what remains is the price of the natural gas imports.

As a result of the auditing activities of the Control Palace of Georgia during the last year, about 825 millions of coupons and 38.6 millions of US dollars have been confiscated and added to the budget.

Following the decree of the Head of State, the largest State-commercial bank in Georgia - the Savings Bank -- was transformed into a joint-stock company.

Georgian Representation to the European Union received a letter from its Vice-President Leon Britten saying that Georgia was granted additional 3.8 million ECU to buy food products. It was also stated that in order to implement a project of Europe-Caucasus-Asia transport corridor the European Commission considers an idea to establish Coordinating Offices in participating countries. The European Commission received a note from a Dutch firm involved in local operations that the situation in the Poti harbor was improved and unloading of the humanitarian aid freight goes on without any problems.

The representatives of EBRD visited Georgia and met Prime-Minister Patsatsia. They expressed the readiness and the interest of EBRD to facilitate the transformation of the Poti port into a joint stock company, and promised to provide 37 ml US dollar credit for its reconstruction and development.

Director of British "Ronar Services" visited Batumi on behalf of "C&L, Inc.", having brought the program of economic stabilization and social development of Ajara. He met Mr. Aslan Abashidze and other Ajara leaders.

IMF authorities announced their principal agreement to assign free credits for supporting structural reform in Georgia.

The Italian government decided to grant Georgia humanitarian aid in the amount of 7 billion Italian liras. 600 tons of humanitarian aid arrived from Greece; it was mostly intended for ethnic Greeks living in Georgia.

The Cabinet of Ministers adopted the decision to open Georgian Trade Representation in the United Kingdom.

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