

# THE GEORGIAN CHRONICLE

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### GOVERNMENT

**The assassination of one of the most popular Georgian politicians, Chairman of the National-Democratic Party Giorgi Chanturia was the most shocking event of December. The rejection of the 1995 draft state budget by parliament was regarded to be a possible step to the Cabinet resignation. Renewal of gas supplies after Mr. Shevardnadze's visit to Turkmenistan relatively improved the energy situation.**

In the morning of December 3, on the eve of the closing of the 7th congress of the National-Democratic Party (NDP), NDP Chairman Giorgi Chanturia and his wife, one of the leaders of the NDP faction in parliament Irina Sarishvili, were shot by four gunmen. Mr. Chanturia and his bodyguard died, while Mrs. Sarishvili was severely wounded. The terrorists succeeded in hiding. Nobody was arrested on charges of assassination, neither did any group take responsibility for the act of terrorism.

Although no open accusations were raised against any political groups, few people doubted the political character of the assassination. Observers pointed out the increasing popularity of the late Mr. Chanturia and his party, and the fact that recently late NDP chairman had severely criticized several major political figures: the leader of the *Mkhedrioni*, MP Jaba Ioseliani, Defense Minister Vardiko Nadibaidze and the Head of the Security Service Igor Giorgadze. While Mr. Ioseliani was accused of running Georgia as a Mafia godfather, two ministers had been mentioned as promoting Russian rather than Georgian national interests.

On December 4, during separate meetings of political parties in opposition and the pro-Shevardnadze, Citizens' Union of Georgia (CUG), Mr. Chanturia's assassination was qualified as an act of political terrorism targeted against the Georgian statehood. The CUG meeting, attended by the Head of State, Eduard Shevardnadze, did not specify the accusations, while a resolution adopted in a meeting of opposing parties, demanding the resignation of the heads of the Defense Ministry and the Security Service, the dissolution of the Rescue Corps - a *Mkhedrioni*-based official agency, the resignation of the Cabinet, and changing the composition of the State Commission on Fighting against Organized Crime and Corruption. Besides that, quite transparent hints were dropped towards the Russian secret services as probable organizers of Chanturia's murder. The resolution was signed by the NDP, the Christian-Democratic Union, the Union of Georgian Traditionalists, the United Republican Party, the Liberal-Democratic Party, and the Political Club. A statement containing similar demands was issued by the NDP on December 6.

While before the assassination took place the NDP was noted for its moderate opposition to Mr. Shevardnadze's policies (they themselves defined themselves as standing neither with the ruling majority nor with the opposition), there were signs that left without their leader the NDP would shift more in the direction of a stronger opposition. During the December 6 session of parliament an NDP spokesman, Giorgi Kobakhidze, made a statement which assessed the act of terrorism against the NDP leaders as the logical result of "anti-state activities" of the Cabinet and the unjustified policy of "powers balance" being pursued by the Head of State.

Head of State Shevardnadze, assessed Mr. Chanturia's assassination as "one more black day in Georgia's history" and called for a refrain from "hasty conclusions and confrontational appeals". On December 20 he unexpectedly promoted the Head of the State Security Service, Igor Giorgadze, to the higher military rank of Lieutenant-General. In protest to this decision, the NDP faction walked out of the Parliamentary session after the news was announced. Other opposition parties, in particular the United Republican Party, also gave a sharp reaction, qualifying the promotion of the head of the Security Service after a terrorist act of this scale had taken place as a challenge to society's feelings. Mr. Giorgadze, in his turn, said he was going to sue the NDP and its particular members for libel. On December 23 the Board of the State Security Service issued a statement accusing the NDP of slander against this state agency.

Later the NDP openly declared their distrust of the Prosecutor's Office and the Security Service, who were conducting the investigation of Mr. Chanturia's murder. After being interrogated in hospital, Irina Sarishvili-Chanturia (who requested to be addressed by double name after her husband was assassinated), refused to cooperate with the investigation since, as she said, the latter passed confidential information which she shared during the interrogation to government officials (namely, the Security Service).

PARLIAMENT VS THE CABINET. The Cabinet became the target of criticism from many sides. The opposition demanded a vote on the issue of confidence to the Cabinet. While economic ministries were criticized for their reluctance to promote economic reforms in a consistent way, after Mr. Chanturia's assassination, so-called "force ministries" received more flak. On the other hand, members of the pro-Shevardnadze, majority coalition criticized the Cabinet for unsatisfactory winter preparations, while Mr. Shevardnadze denounced the failure of some Ministers to understand the new reality of reforms (qualifying their way of thinking as "frozen minds").

However, this criticism did not lead to any structural or personal changes. Although Mr. Shevardnadze had previously spoken in favor of the Cabinet reorganization, and admitted the possibility of some personal changes as well, during the parliamentary sessions of December 1, 6, and 7 he tried to postpone discussion of these issues.

Parliamentary hearings began on December 7, to consider reports of the Cabinet members. However, this time the opposition did not insist so much on the vote of confidence to the Cabinet. Some observers ascribed this to an optimistic assessment of the results of the CSCE Budapest summit, given by the Head of State. Tensions rose during the December 20 session, when heads of the "force" agencies were supposed to have submitted their accounts (with the exception of the Minister of Internal Affairs, Shota Kviraya, who was receiving medical treatment abroad). Severe criticism of the opposition included demands for their immediate resignation. The Head of State came to their defense, having in particular outlined the special merits of Defense Minister Nadibaidze and Head of the Security Service Giorgadze. Mr. Giorgadze refused to reply to certain questions mainly coming from the opposition deputies, saying a closed session was required for this. However, on December 23, the day for which the closed session was scheduled, the heads of the "force ministries" failed to attend. In their letter to the Parliament they requested a postponement of the session saying that they were too busy. In the absence of the Head of State, the criticism of the opposition was focused on the Parliament Speaker, Vakhtang Gogvadze, who unexpectedly proclaimed his resignation several hours later. However, a few days later (reputedly, after talking to Mr. Shevardnadze), he withdrew his resignation.

It was the discussion of the draft state budget for the year 1995 on December 22-23, that the opposition used as a means to force the Cabinet out of office. The Cabinet and Mr. Shevardnadze stressed that the budget was based on market principles, had been drafted in cooperation with International Monetary Fund experts, and did not plan any deficit. However, the parties in opposition decisively rejected it, and made apparent their intention to use the budget-question as their own chance to fight against the Cabinet. The previous Cabinet led by Tengiz Sigua was forced to resign in August 1993 after parliament twice rejected the budget submitted by it.

Besides that, criticism of the budget was targeted on more specific issues as well. In particular, the fact that in its revenues section the budget was heavily dependent on foreign humanitarian aid and Russian credit which was yet to be received, caused resentment of the MPs. Apart from the

opposition, some otherwise pro-Shevardnadze deputies with Communist background rejected the budget as well. As a result, with 91 votes in favor and 52 against, the draft budget did not pass (113 votes - more than half of 224 member parliament - were needed). Mr. Shevardnadze qualified those who opposed the budget as "malefactors". The parliament was disbanded until February, but a special session was scheduled for yearly January to reconsider the budget. Since a number of potential supporters failed to attend the December 28 session, the government could hope for a better outcome.

**CHANGES IN STATE INSTITUTIONS.** Following the parliamentary debates and IMF recommendations, the Chief of Staff of the Cabinet Valeri Asatiani, MP, submitted two projects concerning Cabinet reform to parliament. The projects implied the systemic transformation of the Cabinet's structure leaving the Cabinet solely with the function of strategic planning.

At the same time, increasing the number of Vice-Premiers from five to six was widely assessed as a manifestation of old management methods. In order to solve a conflict between the Vice-Premier in charge of "force ministries" Tamaz Nadareishvili with Minister of Defense Nadibaidze, the Head of State changed the terms of reference of the former, putting him in charge of the problems of Abkhazia. The Vice-Premier in charge of agriculture was moved to supervise the Ministry of Defense, and secure its supplies. Bakur Gulua, Head of the Reformers' Union, became Vice-Premier in charge of agriculture. Mr. Gulua had been in the Cabinet both during Communist rule and during Zviad Gamsakhurdia's presidency; he has the reputation of being a strong manager with his own reforms' agenda, and is being mentioned as a possible candidate for becoming the next Prime Minister. A motive for Mr. Shevardnadze appointing Mr. Gulua could be a need of voices of MPs from the Reformers' Union in parliament.

On December 11 at the meeting of the Special Coordinating Commission, Head of State, Shevardnadze dismissed accusations of illegal power trades by the Sakenergo department raised by the Chamber of Controls in November, as being groundless. However, the Head of the Department, Yuri Chedia, was fired on December 1, and replaced by Givi Gamkrelidze. A special commission for reexamination of data was created.

**MILITARY AND SECURITY BODIES.** The Head of State issued a decree on empowerment of law in the Georgian army. The military advisers of his staff were given responsibility to supervise the decree's fulfillment.

On December 18 the Head of State and other Georgian officials together with commanders of the Russian troops deployed in Georgia visited a paratroopers brigade of the Security Service, built following the standards of Russian "Spetsnaz" with the assistance of the Russian military, and camped in the village of Mukhrovani (eastern Georgia). The visit marked the anniversary of the creation of this unit. Mr. Shevardnadze expressed his satisfaction and said state authorities came to obtaining strong military support.

On December 23 the Head of State issued a decree on additional measures for protection of the Georgian state frontier with Chechnya, in connection with hostilities in this region. To fulfill the decree an operative staff was created with participation of the Defense Ministry, the Security Service, and the Ministry of Internal Affairs. Defense Minister Vardiko Nadibaidze, was appointed to head the Staff.

Within the Ministry of Defense, a Special Inspection Group was created, which for two weeks was inspecting the level of discipline and combat readiness in Georgian military units.

## **FOREIGN RELATIONS**

**REACTIONS TO CHECHEN WAR.** In a special statement on December 15 the Head of State expressed his support for the Russian authorities' decision to bring federal troops into Chechnya, qualifying this step as the internal affair of Russia. Mr. Shevardnadze pointed out that the territorial integrity of Russia was crucial for other countries. At the same time, he stressed that events in Chechnya confirmed his earlier predictions that support of the Abkhaz separatists in Georgia would hit back as a boomerang those forces in Russia who carried out that support. On December 17 the

Press-Service of the Head of State issued a statement with the same content. Later, Mr. Shevardnadze, repeatedly expressed his solidarity with Russian goals in Chechnya. The hope that this would help Georgia solve the problem of Abkhazia in its favor was always implied in the background. The leadership of Georgia accepted with understanding the note of the Russian Foreign Ministry on the temporary closing of Russian-Georgian state frontier, and the halting of navigation, as well as air, and railroad passenger communications between the two countries.

The United Republican Party was the only one to issue a statement denouncing Russian actions in Chechnya. During the parliamentary session of December 28, its chairman, Nodar Natadze, submitted a resolution in which it was pointed out that Georgian territory should not be used for any military operations against Chechnya. The proposal was rejected, with majority deputies stating that any kind of pro-Chechen activities within parliament were actually meeting the interests of Abkhaz separatists (See more in section "In and around Abkhazia"). At the same time, Georgian officials turned down an accusation contained in a protest note from Chechen Foreign Ministry that Russia was using Georgian airfields for air-strikes against the Chechens.

RELATIONS WITHIN THE CIS. An official visit to Georgia of the Russian Prime-Minister, Victor Chernomyrdin, scheduled for December 12 was postponed again. The war in Chechnya was supposed to be the most probable reason.

A Georgian delegation headed by Mr. Shevardnadze paid a visit to Turkmenistan on December 1-2. Gas supplies to Georgia as well as to other Transcaucasian republics were discussed. Agreements were reached on postponement of Georgia's \$500 million debt to Turkmenistan, and provisional regulation of transportation. On December 20, a Turkmen government delegation visited Tbilisi, while Georgian Vice-Premier, Zurab Kervalishvili, paid one more visit to Turkmenistan on December.

The Georgian Prime-Minister, Otar Patsatsia, participated in the meeting of prime-ministers of CIS countries held on December 9 in Moscow. An agreement was reached on a package of documents related to the formation of the CIS economic union, unification of customs regulations of CIS-member countries with the perspective of creating a common customs space.

At the meeting of the CIS Defense Ministers, the creation of coalition armed forces was discussed. According to the Georgian Defense Minister Vardiko Nadibaidze, preparation of the final version of the agreement on Russian military bases in Georgia was under way.

Georgian-Azerbaijan relations were quite intense during the month. In the early December, Hidaat Orujev, advisor for Ethnic Policy of the president of Azerbaijan, and Vagif Kasumov, Head of the Milli-Mejlis Commission, paid a visit to Georgia upon the invitation of Head of State Committee for Human Rights and Interethnic Relations, Sandro Kavsadze. The guests traveled in Azeri populated districts of Georgia. During their December 3 meeting with the Georgian Head of State the two sides agreed to take joint care for the improvement of social-economic conditions of ethnic minorities in both countries.

On December 5 Prime-Minister Otar Patsatsia met Vice-Premier Abbas Abbasov of Azerbaijan. Transportation of Azerbaijani cargo through the Georgian sea-ports was discussed. A Georgian-Azerbaijani joint staff for coordinating the reception and distribution of humanitarian aid was created.

INTERNATIONAL ORGANIZATIONS. On December 6, the OCSE summit in Budapest adopted a resolution which reaffirmed the recognition of the territorial integrity of Georgia, and expressed extreme concern with deportation of the Georgian population from Abkhazia, qualifying this as "ethnic cleansing".

In his speech during the meeting, Eduard Shevardnadze pointed out the diminishing trust towards the UN and OSCE in Georgia following the failure of these bodies to promote a fair settlement of conflicts in Abkhazia and Samachablo (South Ossetia). At the same time, he welcomed the idea of creating multinational armed forces under the aegis of the OSCE. Mr. Shevardnadze suggested the creation of a regional human rights court, and the holding of an international conference to consider problems of ethnic relations and the building of democracy in Georgia.

On December 12 the Ambassador of EU Denis Corboy passed his credentials to the Head of State.

The Georgian government delegation held meetings in Brussels within the EC Council of Ministers to discuss projects of cooperation with Georgia. As reported by BGI agency, the European Commission turned down the request of the Georgian Head of State to delay payments of Georgian foreign debts.

On December 4 Minister of Foreign Affairs Alexander Chikvaidze left for Brussels to participate in the meeting of NATO representatives and states involved in the "Partnership for Peace" program .

## **IN AND AROUND ABKHAZIA**

PEACEKEEPING OPERATION Commander-in-Chief of Russian peace-keeping forces in the Georgian-Abkhazian conflict zone, Gen. Yakushev pointed out, in his account, that during 6 months the peace-keepers had detected and destroyed 25 heavy vehicles and tanks, 600 machine-guns, more than 5,000 mines. He claimed it was thanks to them that there were no longer any hostilities.

Since the mandate of the peace-keepers expired on December 15, the Russian Duma had to make a decision whether or not to prolong it. If the decision was positive, the 27th motor-rifle division was supposed to move in.

BGI agency reported that on December 7 in the Zugdidi-based HQ of the Russian forces, no other representatives besides the Russian and Georgian delegations showed up to a supposedly quadripartite meeting.

REFUGEES AND DISPLACED PERSONS. According to head of the Zugdidi administration, Edisher Chargazia, only 328 out of 1000 people who had obtained permission to return had actually used it by December 12. On December 14-15, however, the Abkhaz part suspended the process, which could not restart later due to the Christmas holidays of UNHCR representatives. On December 21 the IDP-s organized a rally in Zugdidi demanding the radical acceleration of their repatriation, with some militant slogans. According to unofficial estimates, some 25,000 Georgians were in, or traveled to and from, the security zone (within Gali district) without official authorization.

5 out of 9 Georgian sailors who had been captured by Abkhaz separatists in September were released from custody, supposedly by the mediation of the Deputy Speaker of the Russian Federal Assembly, Ramazan Abdulatipov, who was requested by the Georgian government.

NEGOTIATIONS. POLITICAL STATEMENTS. On December 9, at the meeting of CIS leaders the question of restarting railway transportation was considered. Russia, Georgia, and Armenia agreed to contribute 30%, 40% (10%-Abkhazia) and 30% of the repairs-funds respectively. The Head of Georgian Railway Department, Remi Vashakidze, stated that about 60 bln Russian rubles and 2-3 months were needed to reestablish railway operation between Ochamchire (where trains from Russia reached) and Enguri, and 30 bln more from Enguri to Samtredia.

On December 2, the UN Security Council approved a decree qualifying unilateral acts adopted in Sukhumi as detrimental factor for peacekeeping process and violation of agreements already achieved. Governments of USA, Iran, Turkey, Azerbaijan, Russia and other countries also expressed negative reaction to these acts.

In the middle of December the leader of the self-proclaimed republic Vladislav Ardzinba visited Moscow to meet Russian Deputy Foreign Minister Boris Pastukhov, and Chief of General Staff Mikhail Kolesnikov. According to media reports, the Russian officials refused to recognize Abkhazian independence and other unilateral acts enacted by the separatist authorities.

On December 1, the Georgian parliament considered latest unilateral steps of the Abkhaz parliament (which had been formally dismissed by Georgian parliament in March 1994). The opposition demanded a mandate of Russian peace-keepers in Abkhazia to be abolished, but failed to find support with the majority.

On December 20, UN Representative in Georgia Feodor Starcevic met the head of the Georgian delegation at Geneva peace negotiations, Jaba Ioseliani, to discuss the problems of the safe repatriation of refugees.

The leader of the Abkhaz separatists, Vladislav Ardzinba, expressed on Sukhumi TV his concern about the large amount of weapons passed over to Georgia by the Russian side, and the training of the Georgian army by Russian officers. He stated this was going to promote Georgian aggression in Abkhazia.

**CONFLICT IN ABKHAZIA IN THE LIGHT OF THE EVENTS IN CHECHNYA.** After the beginning of Russian-Chechen hostilities, ITAR-TASS agency reported there were 700 Abkhazs fighting in Chechnya. There were also reports that training camps were created on the territory of Abkhazia for volunteers supporting Chechen separatist forces. The Abkhaz government, however, expressed its loyalty to Russia, and declined that any training camps did exist. Head of the UN military observers, Gen. J. Huidegaard, confirmed on Sukhumi TV, that there were no training camps or volunteers on conscription in Abkhazia. The Abkhazs claimed in their turn that Georgian bigots of the late President Gamsakhurdia were actually fighting on Dudaev's side.

At the same time, the Commander of Russian peace-keepers in Abkhazia, Gen. Yakushev, said that there was a mass rally in Sukhumi in support of Dudaev on December 13. According to the BGI agency, on December 26, a Russian patrol boat intercepted the ship "Yanchar" with Abkhaz and other North-Caucasian volunteers aboard, who were heading to Chechnya via Sochi. The "Iberia" agency relied on eye-witness reports saying that on December 15, corpses of Abkhaz volunteers killed in Chechnya were moved back. Gen. Yakushev also said that the Abkhaz attacks on Russian peace-keepers became more frequent, which could possibly cause them to leave the conflict zone.

Growing Russian-Abkhaz friction was made public by the statement made by Speaker of the Russian Federal Assembly, Vladimir Shumeiko, who called for the Russian peace-keepers to be withdrawn from Abkhazia, after their mandate expired on December 15, due to the Abkhazian involvement on Dudaev's side. As he said, "Abkhazia is not able to exist without Russian support, and I am stating this explicitly."

Russia reduced the amount of electric power supplied to Abkhazia, and established strict control over the frontier along the Psou river. In connection with that, the association of Russian-speakers in Abkhazia "Slavyanskiy Dom" (Slavic House) appealed to Russian President Yeltsin to relax border regulations.

These events gave ground to the Georgian Vice-Premier in charge of Abkhazian affairs, Tamaz Nadareishvili, to claim that Georgia had real chance to regain control over Abkhazia. MP Jaba Ioseliani involved in Georgian-Abkhazian negotiations stated that the end came to endless compromises, "from now on we will demand what is ours, and nobody will be against this." Other government officials expressed confidence that there were much better chances to take over Abkhazia, without, however, specifying concrete scenarios. Nevertheless, there were no signs, that the Georgian government was going to use military force against the separatists in the near future. Oppositional National-Liberation Front headed by former defense minister Kitovani and former prime minister Sigua, who back the military solution, stepped up conscription of volunteers, but were harshly criticized for this by Mr. Shevardnadze.

Mr. Kitovani's activities, however, were enough to alarm the Abkhazs, who announced full combat readiness to face new "Georgian aggression". On December 25 the Georgian government issued a statement declining Abkhaz claims that its forces were planning to invade Abkhazia. According to BGI agency the separatist government passed a regulation allowing the Abkhaz reservists to keep weapons at home. There were notions that Abkhaz separatists were constructing fortifications along the Ghalidzga river dividing the Gali district from the rest of Abkhazia.

## **SOCIETY. HUMAN RIGHTS**

On December 10, the leader of the NDP Giorgi Chanturia, assassinated one week earlier, was buried by Kashveti Church in Tbilisi. Thousands of people attended the funeral, during which the Head of State, other Georgian officials or public figures, as well as foreign guests made their farewell speeches. By decision of the Tbilisi-municipality one of the streets and a school of Tbilisi will be named in honor of Giorgi Chanturia.

The trial of the followers of the late president, Zviad Gamsakhurdia, charged with organizing a series of terrorist acts (the so called "Domukhovski-Gelbakhiani case") seemed to be approaching its final stage. According to "Resonance" newspaper, ninety percent of the witnesses had already been interrogated. But some defendants, among them Victor Domukhovski and Zaza Tsiklauri still were being deprived the right of barristers. *Amnesty International*, a human rights defense organization based in Britain, asked its members to express their support for Victor Domukhovski, defined as a "prisoner of conscience".

On December 10, the international day of human rights protection, the president of Georgian Human Rights Association, Giorgi Kervalishvili, called a press-conference criticizing the human rights policy of the government. He stated that 10 members of the Association continued a sit-in demanding Mr. Shevardnadze's resignation.

Loti Kobalia, former commander of militia supporting late president, Zviad Gamsakhurdia, was on hunger-strike with the demand of arranging meeting with the Head of State. He claimed he had to pass Mr. Shevardnadze some of information which had supreme interest for the state.

On December 26, the Caucasian House, in cooperation with the Caucasian Institute for Peace, Democracy and Development organized a meeting to express compassion for the suffering of Chechen people and protest against Russian actions in Chechnya. Earlier a group of young people organized a protest rally against the Chechen war in front of the Russian Embassy in Tbilisi. The rally was dispersed by police.

An attempt of youth organizations to coordinate their activities ended up in another split. Seven organizations that had walked out of the National Council of Youth Organizations in November (those of Citizens' Union, and Social Democratic Party among them) created a rival National Consultative Body of Youth Organizations. Chances of cooperation between the two are assessed as slim.

The non-political League of Georgian Student Organizations (uniting 9 member entities), which on December 15 arranged the first session of its Republican Council came closer to mutual understanding. It was decided to establish regional coordinating councils and the council of trustees within the League, including representatives of state and public agencies. Among planned activities, president of the League, Kakha Labuchidze, mentioned international seminars, arranging university basketball league, students' summer works for restoration of historical monuments under the supervision of Georgian Patriarchy. "All this is necessary in order to avoid that students meet each other on the barricades"- he told.

Revision of the financial activities of the state organization "Georgian Patent" conducted by the Chamber of Controls revealed a number of financial abuses. The leadership of the "Georgian Patent" turned down the accusations. A final decision is to be made by the court of arbitration.

"Hermes-Caucasus" (the Georgian branch of the well-known Russian company "Hermes") occupied with distribution of "Hermes" shares in Georgia failed to pay dividends to its depositors and share-holders. An investigation revealed a number of abuses in "Hermes-Caucasus" activities. Its head, Mr. Adamashvili, had absconded and allegedly stole share-holders' money.

According to Tbilisi Mayor Niko Lekishvili, the commercial company "Tbilisi City" which had been commissioned to reconstruct the city center of Tbilisi destroyed during the 1991-92 coup d'état, went bankrupt. Mr. Lekishvili considered searching for a new organization capable of fulfilling the task.

During his press-conference on December 3, the Minister of Communications Pridon Injia, said that an agreement was reached with Russian TV authorities to postpone planned interruption of the broadcasting of the Ostankino TV channel to Georgia until February 1995. Deputy Minister, Nodar Kharatishvili said that 20 countries were able to establish telephone communications with Georgia through its new national code (995). Among foreign companies involved in reconstruction of the Georgian communication network he mentioned Australian "Telstra", German "Siemens", American "Sprint International" and Italian "Telecom Italy".

Being on a visit in Georgia, representatives of the philanthropic "Frank Association", founder of the Albert Schweizer's Fund, Mr. Harold Dobles, the Nobel Peace Prize Winner Batley Williams and the President of "Nubenko Enterprise Corporation" Andrew Benn, expressed extreme disappointment with the living conditions in a state-run orphanage in Kaspi (Eastern Georgia). Having pointed out that the situation in Georgian orphanages was worse than in the poorest African countries, they said Georgia needed urgent aid. The local representative of "Frank", Mzia Gelashvili, pointed out facts of plunder and misappropriation of foreign humanitarian aid intended for children.

On December 21, The Officers' House hosted the meeting arranged by the Stalineli society to commemorate 115th anniversary of Joseph Stalin's birthday. 1,500 people attended. As it was stated by the organizers, analogous arrangements took place in 27 districts of Georgia and all CIS states.

Georgian Radio reported that the population of southern Meskhet-Javakheti region of Georgia had been experiencing acute shortage of information because of the failure to receive press and TV-broadcasts.

On December 9, Minister of Health Care Avtandil Jorbenadze told Georgian TV that private medical service was going to be introduced after January 1995, with simultaneously launching a program providing state-funded medical service for the poorest part of the population.

The energy shortage was expressed in frequent cuts of electric power which caused a nearly two-week interruption of Tbilisi's subway work. After the success of negotiations in Turkmenistan, providing the population with natural gas became more or less stable. At the same time, allegedly with the purpose of forcing the population to pay for gas-supplies, some local house manager's offices refused to distribute bread cards to those who failed to produce document confirming payment for gas.

According to the Georgian Railway Department, the energy shortage caused a halt in railway traffic to Western Georgia. Following the war in Chechnya, Tbilisi-Moscow and Tbilisi-Kiev railway communications were also interrupted. The prices for traveling by suburban and intertown trains had not changed.

According to data obtained by the BGI agency from the Russian Embassy in Tbilisi, about 50 residents of Georgia adopt Russian citizenship daily. So far about 13,000 of Georgian residents have adopted Russian citizenship through the Embassy.

On December 4, during the press-conference in the Ministry of Environment, it was stated that a special agency was created to avoid mass illegal cutting down of trees in parks, squares and gardens due to the acute energy-shortage.

6 people died of botulism infection in Tbilisi during the month. According to chief sanitary doctor of the city 60 cases of botulism have already been registered. In connection with this, municipal authorities banned the selling of smoked fish and tinned food in local markets.

## **CRIME. ACCIDENTS**

The Ministry of Internal Affairs created a group to investigate Giorgi Chanturia's assassination, headed by Deputy Minister Jemal Mikeladze. On December 13, Mr. Mikeladze, without giving any details, said the investigation had found some preliminary evidence. There were some attempts to conduct private investigations. The Press-Center of the Prosecutor's Office issued a statement calling such attempts inadmissible. The publishing of witness reports in the media was also prohibited.

An explosive device and poisoned gas "Iprit-1" were detected on December 26 in the HQ of the oppositional National-Liberation Front. Representatives of the Front said they suspected a commandant of the building was involved. Law-enforcement bodies reacted to the case rather reluctantly.

The Prosecutor-General Hamlet Babilashvili told to the December 20 Parliamentary session that police were unable to arrest more than 500 identified murderers, because the extreme transparency of the Georgian frontiers makes it easy to flee abroad.

On December 9 police prevented an invasion of 12 armed persons into a jet which arrived from United Arab Emirates in Tbilisi airport. 2 policemen were injured in the shooting. The hi-jackers succeeded in escaping.

The Ministry of Internal Affairs conducted another round-up in the Sagarejo district (near Tbilisi). 99 illegal oil-precipitating units were revealed; 38 of them, as well as 5 oil-tanks, were destroyed.

According to the BGI agency, 6 criminals accused of particularly grave crimes succeeded in escaping from a preliminary investigation cell in Akhmeta (eastern Georgia).

Murders on the ground of unpaid debts became widespread. On December 19, three persons were brutally murdered by a killer hired by the president of the commercial company "Medea" Medea Tavshavadze-Gozalishvili. The latter failed to return a debt of \$64,000 to those who were killed.

According to the "Iberia" agency, more than 1,500 telephones did not work in the Georgian resort of Borjomi because of mass plunder of the copper telephone wires by the population, with the purpose of selling it abroad.

During a meeting in Georgia's Prosecutor's Office held on December 2, Tskhinvali district (South Ossetia) was qualified as Georgia's drug distribution center.

On December 13, the building of 'Public Relations' Center was robbed. Equipment and papers belonging to the representatives of the World Bank were stolen as well.

On December 5, a railway bridge was blown up by unknown criminals near the village of Shulaveri (eastern Georgia). This caused another interruption of railway connection between Georgia and Armenia.

According to the BGI agency, a sudden rise in the water level in the Tskhenistskali river flooded a number of homes in the town of Samtredia (western Georgia). The authorities failed to give data of material and other losses.

## **PUBLIC OPINION**

According to traditional telephone polls conducted by the Informservice for the Resonance newspaper, among 1000 respondents on December 1-5, Mr. Shevardnadze continued to be the most popular Georgian politician among those listed. He was followed by Giorgi Chanturia, the leader of the Mkhedrioni Jaba Ioseliani, Chairman of the United Republican Party, Nodar Natadze, Secretary-General of the Citizens Union, Zurab Zhvania, leader of the National-Liberation Front, Tengiz Kitovani, one of the leaders of the National-Democratic Party, Irina Sarishvili-Chanturia, leader of the 'Union of Georgian Traditionalists, Akaki Asatiani, leader of the Union for liberation of Abkhazia, Boris Kakubava, Minister of Internal Affairs, Shota Kviraya. The validity of the poll, however, was made questionable by the fact that it was began before Mr. Chanturia's murder, and finished after it.

## **THE ECONOMY**

As a result of the new fiscal policy of the government, the exchange rate of the Georgian coupon continued to rise. On December 30, price of 1 US dollar on the Interbank Exchange dropped to 1,280,000 coupons against 1,625,000 on November 26. Still, the Russian ruble and US dollar continued to dominate the market.

Following recommendations of the International Monetary Fund, bread prices were increased on December 25, having reached 280,000 coupons for 1 kg, and coming close to market prices. Still, bread ratios of 400g per person daily were kept intact. According to Vice-Premier Temur Basilia, the subsequent increase of bread price was hardly expected.

Increases in prices in the equivalent of dollars was an evident trend for recent months: the price of the average food basket reached \$26.22 against \$24.14 in November and \$20.27 in October. A consumption basket for one person cost \$37. Prices of main food products included: 1 kg bread (after releasing prices on December 25), - \$0.22, cheese - \$2.42, beef - \$1.36, butter - \$3.03, sunflower oil - \$1.15, sugar - \$0.74. There was a notable drop in petrol prices, which oscillated between 30-40 cents a liter.

The dominant use for the coupon was mostly restricted to buying rationed bread, metro rides, and payment for utilities (gas, water, power, etc.). To cover these expenses in coupons a person needed at least 9,860 thousand coupons (about \$8).

In November, State Committee for Social and Economic Information conducted a survey among 500 inhabitants of Tbilisi on the amount and sources of income and structure of spending. 4.7% said their household income was less than 2.5 million coupons; 16.87% had 2.5-10 mln coupons, 15.04% - 10-20 mln coupons, 14.63% - 20-30 mln coupons, 17.89% - 30-50 mln coupons, 14.84% - 50-100 mln coupons, 9.15% - 100-200 mln coupons, 4.27% - 200-500 mln coupons, 2.64% - more than 500 mln coupons. 30 percent said main source of their household income was wage in state sector, 39 - wage in private sector, and 31 - other. 46% had main income from a permanent job, while 54% - from non-permanent jobs. 57% said they spent more than half of their income, and 35% - all of it, on food. All other expenditures were far less, with fuel, utilities and clothes being next in the list.

**OFFICIAL STATISTICS OF JANUARY-NOVEMBER.** The volume of industrial output in prices valid by December totaled 1,867 trillion coupons. It diminished by 55,7% in comparison with the same period in 1993. From 100 major kinds of production, output in kind dropped in 89 positions, and increased in 5; 6 kinds were not manufactured at all.

No new industrial facilities were put into operation. At the same time, 43,3% of the whole volume of capital investment, went for construction of industrial units.

State capital investment made through ministries and other state agencies totaled 1,644,774 bln coupons, including 3,437,4 bln invested centrally. 9,104,177 bln coupons were invested in housing construction. In 1994 3,068,0 sq. m. of dwelling space had put into operation. During the same period rail freightage totaled 2,5 ml tones, or 50.6% less than in the same period last year.

In December, the dependence of Georgian economy on external factors seemed to increase. The share of imported products in consumption reached by 50-55%. The share of export in the country's internal gross output totaled 40-45%. The negative trade balance exceeded 25% of the internal gross output.

Net export was still predominantly determined by the volume of imported goods, particularly in the field of energy resources, consumers market and humanitarian aid. 97% of the negative trade balance had been stipulated by the import of energy-carriers. As for other types of products, the balance remained positive, particularly with those CIS countries which did not supply Georgia with energy-carriers.

81% of Georgian export and 55% of import came from CIS countries. As for Turkey, the figures were 10% and 32% respectively.

In imports, the leading positions were still occupied by natural gas (42,3%), clothing (27,4%) and food (10,6%). With exports, the most important items had been food (33,2%), metals and metalliferous products (29%), tea (16,4%), chemical products (6,4%). The conflict in Abkhazia significantly hampered the export of citrus fruits having reduced its share to 4%.

Between January-November 1994, the consumption of electrical power in Georgia totaled 7,202 mln kilowatt-hours, out of which 6,423 mln (90%) was produced in Georgia.

**PRIVATIZATION.** Out of 7738 units approved by the Cabinet for privatization, 1730 units, or 27,2% of their total number were privatized by December 9. Besides them 11,050 vehicles were also privatized. The number of units to be privatized increased in statistical accounts by at least 2,700 units without any comments.

Units privatized comprised 883 restaurants and cafeterias (47,2% of the totally privatized units), 729 facilities of everyday service (41,9%), 58 manufacturing companies (7,9%), 349 agricultural facilities (2,0%).

The total agricultural land area of Georgia was assessed by January 1 as being 3,113,260 hectares. According to the available data, in 41 districts of Georgia, 396,128 hectares was subject to

privatization. By November 1, 1994, only 315,546 hectares, or 79,6% of this area had been actually privatized. It was not possible to collect data from the rest of the districts.

FOREIGN ECONOMIC RELATIONS. On December 14 IMF Board of Directors decided to allot Georgia the first portion (\$40 million) of a loan for systemic transformation.

Head of State Shevardnadze said in his December 26 radio interview, that on the basis of a contract signed with the European Bank for Reconstruction and Development, \$18 million was allocated for the reconstruction of the Georgian energy industry.

During their meeting with Vice-Premier Temur Basilia on December 16, the World Bank delegation visiting Georgia, expressed its discontent with the failure of the Georgian government to collect payments for consumed electric power. The rehabilitation loan which was given to Georgia was conditioned by transforming the energy department, gas department, and grain-products department into joint stock companies.

When meeting Georgian Ambassador to the USA Tedo Japaridze in Washington DC, the Executive Director of the World Bank, Mr. Hepkins told him that the program of foreign aid for Georgia would be specified only after the establishment of reform-minded people in the Georgian government.

*The bulletin is chiefly based on the Georgian media reports and the information provided by Iberia, BGI and Kontakt 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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