

## **Armenian-Georgian Market Losing its Role**

**Author:** [Karine Ter-Saakian](#)

The decline of what was once the biggest wholesale market in the South Caucasus marks a change in the way Armenia and Georgia trade with one another.

The bridge on the Armenian-Georgian border dividing these two villages used to carry some of the heaviest traffic in the South Caucasus, with traders waiting for hours to cross.

Not now. A few pedestrians with large cellophane bags carrying fruit and vegetables or heavy trolleys trudge back and forth. Vehicles, however, now cross the border on the main Tbilisi-Yerevan road.

The market on the Georgian side at the village of Sadakhlo is an even more striking sight. Once it was the most bustling market in the entire region, a magnet for Georgians, but more particularly Armenians and Azerbaijanis, who traded a vast array of household goods and provisions here. Now just a third of its stalls are working and the rest are empty.

This, say the market-traders and custom officials, is a result of the new Georgian government's campaign against smuggling and tax evasion, launched by President Mikheil Saakashvili in January this year. In April – right at the start of the trading season – new officials in the customs department and financial police began tightening controls over customs procedures.

At the same time Armenian patterns of trade have changed and the market is no longer the lifeline it was for Armenia.

“The market at Sadakhlo either has to be closed or properly legalised,” Vilen Alavidze, deputy director of the international economic relations and foreign trade department at Georgia's economics ministry, told IWPR. “Of course, the second option is better both from the point of view of the employment of the local population and the development of economic relations between Georgia and Armenia.”

Alavidze said the Georgian budget has been losing huge sums in unpaid taxes, as it has not been receiving any revenue from the thousands of ordinary traders who use the market.

In the Sadakhlo market's heyday in 2001, the then Armenian finance minister Vartan Khachaturian said that traders there were doing business worth between 300 and 400 million US dollars a year – equivalent to Armenia's entire budget revenue – and neither the Georgian nor Armenian government was collecting customs duty on this money.

The market was the main conduit by which goods from Turkey, Azerbaijan and further afield – everything from clothes and washing powder and tomatoes to petrol – could pass into land-locked Armenia, whose borders with Azerbaijan and Turkey are both closed because of the Nagorny Karabakh dispute. The Armenians in turn sold Iranian goods. It was called with some justice “the road of life”.

In June, the market is a sea of mud from the heavy rains. The once-large trading centre may have dwindled to more modest proportions, but commerce continues and five currencies still circulate here – Georgian lari, Armenian drams, Azerbaijani manats, Russian roubles and US dollars. The traders have up-to-the-minute information about currency rates and convert prices from one to another in the blink of an eye, without a calculator.

In Soviet times Sabit, a 50-year-old Azerbaijani, ran a bakery and says that he “lived like a millionaire”, but he has been involved in the wholesale trade business in recent years. “We are friends with the Armenians, we trade with them,” he said. “I have friends in Bagratashen and we don't talk about politics. There's no time – we have business to do.”

Renting a stall generally costs from 10 to 20 dollars, sometimes as much as 50 dollars a day, depending on its location. The buyers come from all over Armenia and Azerbaijan and the locals handle the transactions, the local Armenians dealing with the incoming Armenians and the local Azerbaijanis negotiating with their compatriots from Azerbaijan.

Armine, who travels here on a minibus from Armenia, is one of a slowly dwindling number of traders who make the journey.

“It's a difficult journey but I have to feed my family somehow,” she said. “I generally buy clothing for around 500 dollars, plus there are expenses on travel and what I have to give customs officials on both sides. They are people too.” Armine makes about 200 dollars from the resale of the goods.

But increasingly freight traffic is coming into Armenia direct, by rail or road, bypassing the wholesale market.

“The Sadakhlo market is losing its importance relative to the Poti-Tbilisi-Yerevan railway,” said Eduard Agajanov, a leading economist and former head of the Armenian government’s statistics department.

“I believe that if economic development continues like this, this kind of border trade will stop altogether. This will end the flow of black-market capital into Armenia which a few years ago was worth twice the annual budget.”

Officials on both sides of the border say they want to legalise their bilateral trade, to the advantage of both countries.

“We are not exploiting the economic potential that exists between our two countries effectively,” said Alexander Chelidze, head of the international economic relations and foreign trade department in Georgia’s economic ministry.

According to Georgia’s statistics department, trade between the two countries was worth 43 million dollars in 2003. Both official imports and exports have risen this year.

Gagik Agajanian, who runs the Armenian freight company Alaven, says that business is becoming easier and the current road tariff rates are quite acceptable. The cost of ferrying a 20-ton truck the 400km from the Iranian border to Yerevan is 220 dollars, and then from Georgia to the Russian border is another 300 dollars.

Armenian traders say that because of the anti-corruption drive in Georgia, it is now easier to drive from Sadakhlo to Tbilisi without being continually pulled over and stopped by traffic police demanding bribes.

The main losers are the local traders from the Sadakhlo region, who now fear for their future.

“Without the market we will die of hunger here,” said Sabit, a native of Sadakhlo. “But recently the Armenians have stopped coming so much and the main trade is with them. There are not many Georgians, just some women from Tbilisi.”

“More than half the people in our village feed their families from this market,” said Azerbaijani Niyaz Ahmedov, who trades sweets from Tbilisi. “It’s become much harder now, and it is our only source of income.”

“I grow cucumbers and other vegetables and then sell them,” lamented his neighbour Leila Suleimanova. “There is no other way of earning money in the village or anywhere round here. I’ve a long way to go till I get my pension and then it will only be 14 lari [seven dollars].”

Karine Ter-Saakian is a freelance journalist based in Yerevan. Lela Iremashvili is a correspondent with Black Sea Press news agency in Tbilisi.

**Location:** [Caucasus](#)  
[Turkey](#)  
[Stavropol](#)  
[South Ossetia](#)

**Focus:** [Caucasus](#)

---

**Source URL:** <https://iwpr.net/global-voices/armenian-georgian-market-losing-its-role>