

Georgia Awash With Chinese Bargains

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Chinese business floods into Georgia, but little flows in the opposite direction.

Shi Peng arrived in Tbilisi from Shanghai four months ago with a cargo of Chinese products.

At first, he stood on the street next to the Delisi underground station, selling souvenirs. Soon afterwards Shi Peng saw that things were going well, returned to his home city, took a small loan from a bank and returned to Tbilisi with a much bigger consignment of products. He rented out premises of 15 square metres on the edge of the capital and opened his own shop.

Shi Peng proudly shows off photographs of his daughters in Shanghai, who he hopes will soon come and join him and his wife. He is learning to speak Georgian but so far can only count from one to ten.

"A month ago, my wife Li came to Tbilisi," Shi Peng said mostly in the language of mime and gestures helped by his Georgian assistant, who has learned to understand him. "We have rented a one-room apartment in Peking Avenue but, if we decide to bring our girls here, we will find a larger house later. Li and I like Georgia very much."

There are now hundreds of people like Shi Peng in Tbilisi and the number of Chinese shops here and in other towns is increasing all the time.

According to the consular department of the Georgian foreign ministry, there were around 550 Chinese citizens registered in Georgia late last year, but that figure now stands at around 5,000.

Residents of Tbilisi often complain about the quality of Chinese goods but never about the price. The Chinese-decorated shops in Tbilisi mainly sell souvenirs, jewellery, make-up and household goods at competitive prices.

"I bought some sports shoes for four lari (around two dollars)," said 42-year-old Nato. "You cannot buy a high-quality thing for this money but they are good-looking. I hope I can wear them [for] at least two weeks."

The new influx of Chinese business into Georgia began after President Mikheil Saakashvili visited Beijing in April, following Russia's unexpected imposition of an embargo on Georgian mineral water and wine. Beijing and Tbilisi signed a series of agreements and the Chinese embassy received encouragement to boost trade.

"According to the instructions of the Chinese Commerce Ministry, we are doing all we can to increase the commercial turnover between the two countries," said Liu Xiaohui, head of the trade and economic section of the Chinese embassy in Georgia.

Trade between the two countries has picked up sharply. During the first half of 2006, Georgia exported to China goods worth 5.5 million US dollars, roughly the same amount as it had traded with the Asian giant in

the whole of 2005.

At the same time, the government is encouraging Georgian participation in Chinese trade fairs and pinning its hopes on a Chinese-Georgian business forum.

But most of the business is coming the other way. In 2005, Georgia imported Chinese goods worth 46 million dollars. In the first half of this year, the amount of imports was just below this figure.

Shi Peng says Georgia is a good place for business. "Having sold things in the street for just four months, I was able to open my own shop and that is not bad at all," he said.

According to Georgia's State Statistics Department, 404 individual businessmen and companies are importing goods from China to Georgia while only 17 are exporting.

Next month, the volume of imports is set to rise again. "New customs rates are coming into force in September and more than 80 per cent of imported goods will be exempt from customs duties," said Shota Makatsaria, deputy chairman of the Georgian Chamber of Industry and Commerce. "Of course, this will bring about an influx of imported goods into this country, including those imported from China."

The list of products being exported from Georgia to China is modest. It is headed by scrap ferrous and non-ferrous metals (copper and aluminium), timber and wines.

Wine, for which President Saakashvili made a special pitch in Beijing, is so far sold only in supermarkets in Shanghai and has raised just 36,000 dollars in the first six months of this year.

Deputy Economic Development Minister Tamar Kovziridze believes this is about to change.

"We regard China as a promising wine market," he told IWPR. "Of course, we need time and a lot of work to become established in the market but the Georgian authorities will provide comprehensive assistance for Georgian wine-makers. The government is working seriously on this."

But Mikheil Gotvadze, director of the Taro Wine company, said business had been disappointing so far. "It is difficult to sell Georgian wines in the Chinese market probably because people don't know it there," he told IWPR.

Economics professor Kakhaber Jakeli said that the lack of interest was to be expected, citing research that the average Chinese citizen drinks less than half a litre of wine a year.

"Chinese wine-lovers prefer local, French or Italian wines," said Jakeli. "So, I think Georgian wines will fail to find a place in the Chinese market and the latter cannot replace the Russian market."

Jakeli predicted greater success for Georgian mineral water, such as the famous Borjomi brand, produced

by the Georgian Glass and Mineral Waters company, which, having been barred from Russia, is now looking to attract Chinese consumers.

Meanwhile, the Chinese are taking an interest in much more ambitious projects in Georgia. Liu Xiaohui from the Chinese embassy here said that the Chinese are keen on the energy sector, especially the construction of small hydroelectric power plants.

And they also appear to want to have some involvement in the new Kars-Akhalkalaki railway, which will cross into Turkey. Deputy Minister Kovziridze said that after expressing interest in the scheme at a recent meeting in Kazakhstan, he believed the Chinese may take part in the construction of the Georgian section of the route.

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