

Smuggling Row Hits Georgian Town

Author: [Nana Vilanishvili](#)

Officials in the town of Gori say that charges of crooked dealing against them are politically motivated.

Top officials in Georgia's Gori region, who have been at the forefront of a major anti-smuggling operation, are denying a flood of accusations that they themselves have been abusing their powers.

"Despite their statements to the contrary, the new authorities that took over after the [November 2003] revolution have chosen to profit from contraband trafficking rather than stop it," said Mamuka Paniashvili, who heads the Gori office of the opposition group Right Opposition.

The accusations entered the public domain in mid-March, when the Georgian prosecutor general's office presented evidence that police authorities in the Shida Kartli region, of which Gori is the main town, were involved in smuggling.

All local police chiefs were sacked immediately. Regional chief of police Alexander Sukhitashvili was dismissed, while Kareli district police chief Besarion Giorgashvili and his two deputies are facing criminal charges.

"The Georgian authorities will not be compromised!" said President Mikheil Saakashvili following the arrests of the policemen.

At the same time, two Saakashvili appointees - Shida Kartli governor Mikheil Kareli and defence minister Irakli Okruashvili, who are closely allied with one another - are under fire for allegedly protecting smuggling operations, a charge they deny.

INTERNATIONAL SMUGGLING ROUTE

The row centres around trade between Shida Kartli and the breakaway region of South Ossetia, which has been outside the political and economic control of Tbilisi for more than a decade.

For many years, the Ergneti market on the border with Ossetia, 20 kilometres from Gori, was a shipment hub for untaxed goods from Russia, mainly food and petrol. Since there were few legal jobs in the region, smuggling was the only way to make a living for both Georgians and Ossetians, who happily traded side by side at the market. At its peak, governor Kareli estimated that the illegal market had an annual turnover of 120 million US dollars, with 80 per cent of the trade conducted by Ossetians and the rest by Georgians.

Last summer, the new Georgian government decided to put a stop to the contraband trade, and the market at Ergneti was closed down. But the anti-smuggling crackdown escalated into a military operation led by Okruashvili, who was interior minister at the time. The small conflict, which cost both sides several dozen lives, was suppressed by the end of the summer thanks to the mediation of the Organisation for Security and Cooperation in Europe and other international bodies.

The Tbilisi government claimed the crackdown had completely cleared the area of black-market trade. Some 750 Georgian police, 200 riot troops, financial police officials and national security agents have been

deployed in the area to deter smuggling. No major contraband shipments have since been intercepted, and the typical catch is small-time traders.

Local people say the smuggling is still going on, but that its nature has changed. The shops in Gori still openly sell duty-free cigarettes, butter, flour and other food products which are clearly contraband.

“As much smuggled goods are coming in as ever,” said Gori resident Gaioz Tsereteli. “Only one thing has changed. Before, it was normal villagers who dealt in it, whereas now four or five influential people have taken over.”

“The levels of smuggling have stayed the same,” said Saba Tsitsikashvili, a journalist with *Trialeti*, a local newspaper. “The only difference is that the goods are being brought in by top officials and their associates. And no one else dares to touch it.”

Another Gori resident, who asked not to be named, told IWPR that “the goods are transported on trailers at 6 am. Everyone knows that vehicles belonging to the son-in-law of a top official are coming down the highway. The police know the number-plates of these vehicles”.

These charges were backed up by a recently appointed senior police officer, who requested anonymity. He told IWPR, “No one really fights contraband trafficking here. The Georgian village of Nikozi stands on the main highway from Russia, so I wonder why the police are stationed at the exit from Nikozi, not the entrance to it. So contraband shipments are freely brought into the village, where they are divided up and sent on in every direction.

“When a particularly large shipment is expected, law enforcement officers are diverted to some other location on a false alert, to avoid them unwittingly intercepting the shipment, which would make them some very powerful enemies.”

IWPR approached the Georgian interior ministry about this and other matters, but officials there refused to be interviewed.

SENIOR OFFICIALS DENY INVOLVEMENT

Pikria Chikhradze, who heads the opposition New Rights party, released the findings of her own investigation earlier this month, claiming that three powerful groups of traffickers enjoying high-level patronage continue to operate in the Shida Kartli region.

She publicly named one of the three as “the Tkviavi group”, which she said transported cigarettes and butter to Tbilisi and western Georgia and was run by Governor Kareli.

Kareli’s patron, Defence Minister Okruashvili, responded to Chikhradze’s accusations scornfully, telling a press conference on April 4, “This accusation is as absurd as the allegation that Pikria Chikhradze and [another New Rights party leader] David Gamkrelidze run a prostitution racket.”

Responding to the sackings of the police chiefs in Gori, Okruashvili conceded, “We have to admit that large amounts of contraband goods continue to be brought into the country.” But he rejected charges made against him personally, telling journalists in March that “no one can prove that I did business with Kareli or that I did deals with him to smuggle goods”.

A month ago, Governor Kareli told IWPR in an interview that the accusations against him and his family are made by people who benefit from the smuggling trade themselves. "There are plenty of people whom we have prevented from trading in illegal goods," said Kareli. "They are angry with me and are inventing stories that my sons-in-law are smugglers."

On March 14, after President Saakashvili had publicly commented on Gori's problems, Kareli told 24 Hours newspaper that "I can't say that smuggling has been 100 per cent stopped, but it's definitely been 90 per cent stopped".

IWPR asked for more detailed comments from the interior ministry and from Okruashvili and Kareli. The interior ministry and Okruashvili refused to comment, while Kareli told IWPR through his secretary that he "had no time" to talk.

GORI ACQUIRES SUBSTANTIAL PROPERTIES THROUGH "DONATIONS"

Meanwhile, other officials are under fire in Gori for alleged abuse of power in a controversial property redistribution scheme.

Since the 2003 Rose Revolution, several private businesses in Gori have been taken over by the town's new administration, which describes the takeovers as a "donation".

"The citizens voluntarily donated their property, we were unable to stop them," the head of Gori town administration Nugzar Papunashvili told IWPR, referring to a long list of properties acquired by the municipal authorities in the past 12 months.

OWNERS CLAIM THEY WERE PRESSURED TO HAND OVER BUSINESSES

However, many of the donors interviewed by IWPR said they had been put under intense pressure by the authorities to hand over their businesses, and in some cases had been jailed. Contrary to suggestions made by Papunashvili, they insisted the properties involved were legally theirs and they had the documents to prove it.

Jemal Tsiklauri, a 50-year businessman who handed over the Liakhvi market to the authorities, told IWPR, "Misha Kareli came to me and said, 'hand it over'. I tried to resist, but they had me arrested."

He said he had first fallen foul of local police in January 2004, when most of his traders were issued warnings for trading without using scales. After spending four months in jail, Tsiklauri signed his property over to the local administration in April 2004. He then handed over his market, whose worth he estimated at 228,000 lari (125,000 dollars).

Almost all the transfers of property were handled by the same notary, Malkhaz Makharashvili. He told IWPR that he was taken to Tsiklauri in Tbilisi's Prison No. 1, where the latter signed all the documents, "I told them 'let the man come out and then we will sign everything'. They told me we would sign everything inside the prison."

In March, governor Kareli told IWPR that the redistribution of property was "a restoration of justice".

“They all received this property illegally under [former president Eduard] Shevardnadze,” he said. Asked why the handover was carried out as it was and not handled by the courts, Kareli replied, “We are building a state and I don’t need court cases, I already know what belongs to whom.”

Another case is that of the Kommersant-95 retail market. In June 2004, the Gori prosecutor’s office seized all documentation relating to Kommersant-95 and took control of the business, citing charges of tax evasion. When the company’s chief executive and co-owner, Teimuraz Bluashvili, tried to fight the prosecutor’s interim injunction, he was taken into custody.

After 48 hours in jail, Bluashvili, who suffers from a heart complaint, was brought before the Gori district court. “They took me from the jailhouse to the court, put me before judge Gochitashvili, and forced me to plead guilty, threatening that otherwise they’d keep me in jail,” Bluashvili told IWPR. “They also made me sign over 88 per cent of the business on behalf of my 12 partners. When I asked who was to receive the remaining 12 per cent, they told me it was none of my business. I think the prosecutor’s office was just doing someone’s bidding, most probably, the district government’s.”

Twenty two per cent of a local company named Gorkoni was “donated” to Gori district administration in a similar manner. Although the owner, Marina Kitiashvili, signed a deed of sale with the government which said she received 19,300 lari for her stake, she said that in reality no money actually changed hands.

“You know how things are these days. So you know why I have to keep my mouth shut,” Kitiashvili said sadly, refusing to disclose any further details of her transaction.

The list of properties acquired by the district administration includes the central stadium in Gori. According to a notarised deed, owner Gocha Lomidze donated the sports facility, worth an estimated 56,425 laris, to the district administration of his own volition.

Mayor Papunashvili told IWPR that a similar transfer scheme is currently underway for Forte OOO flour mill in Gori, one of the largest businesses in the region, worth 500,000 dollars, which belongs to Mirian Okroshashvili. Okroshashvili, like most of his fellow businessmen, refuses to comment on the deal.

When it was put to him by IWPR that businessmen were being forced to donate their property under duress, Papunashvili became angry and said, “I don’t get it, are you a journalist or a prosecutor?”

Nana Vilanishvili is a reporter for Rustavi 2 television channel in Tbilisi.

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