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FROM *CHELNOKI* TO GLOBAL PLAYERS
Encounters in the context of Caucasian(-Chinese) trade since the 1990s*

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ABSTRACT. This article is about the development of market places and trading activities in Armenia and Georgia since the 1990s. It starts with a description of the activities of single individuals (so-called *chelnoki*) after the breakdown of the Soviet system, describes the proliferation of market places or bazaars since this time, the emergence of a new generation of traders, their links to China, and finally the growing influence of Chinese traders and investors in the Caucasus. From an analytical point of view, the description of changes in economic practices reflects the shifting moral attitudes and values in Armenian and Georgian societies and provides an insight into the changing relations of people, traders and businessmen with the state. Thus, this research contributes to the body of literature that is concerned with the relationship between formality and informality, and in particular, with the topic of 'globalisation from above and below'.

Introduction

In this article I trace the development of market places and trading activities in the Caucasus (Armenia and Georgia) since the 1990s. Starting with the impromptu activities of single individuals after the breakdown of the Soviet system, I shall describe the proliferation of market places or bazaars since this time, the emergence of a new generation of traders, their links to China, and finally the growing influence of Chinese traders and investors in Georgia. The article is based on material collected since my first field trips to the Caucasus, and specifically to Armenia, Georgia and Azerbaijan, in 2007. In 2009 and 2010 I conducted fourteen months of fieldwork in Armenia. In this period, although my focus was on urban life and construction, I became interested in local traders and their specific economic practices. From Yerevan it is not far to Tbilisi, and from Tbilisi not far to Baku. In the trains and minibuses that connect these three Caucasian capitals I had the first more intensive encounters with the traders who have become the focus of my current research within the project "Informal markets and trade in Central Asia and the Caucasus".[1] For this project I visited Tbilisi (Georgia) in the spring of 2014 for two and a half months to conduct a study of local market places, traders and mer-

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1 The project is supported with a grant from the Volkswagen Foundation's funding initiative, "Between Europe and the Orient: a focus on research and higher education in/on Central Asia and the Caucasus". For a description of the project, see Fehlings and Karrar (2016).

chandise.[2] In September 2016 I worked for one more month in Tbilisi with Zviad Mirtskhulava, a Georgian colleague on the same project, who worked as a credit expert for a micro-finance agency before turning to academia. Using his contacts, access to traders, businessmen and other key informants was much easier than I had experienced in 2014. We visited Tbilisi's Lilo Bazroba, one of the biggest wholesale markets in the Caucasus, many times, went to Tbilisi's customs clearance zone, explored the so-called Huanling City, a new Chinese-built quarter including a housing area and a huge market place, and attended an exhibition promoting Chinese business and production. On these occasions Zviad and I conducted interviews with bazaar traders (mainly Georgians), people working for companies such as the Chinese Huanling Group and the Vengo Transportation Company, and many other individuals linked to the trading business. In addition, I spoke with Georgian and Armenian colleagues and friends whose comments provided me with valuable insights into the local contexts of trade, which are very similar in Armenia and Georgia. This article is based on a compilation of the data from these research experiences and conversations, along with the results of a survey of three hundred respondents conducted by Zviad and my other colleagues Ana Ramazashvili and Philippe Rudaz.

From an analytical point of view, the description of changes in economic practices reflects the shifting moral attitudes and values in Armenian and Georgian societies, providing an insight into the changing relationships of traders, businessmen and people generally with the state. Thus, this research contributes to the body of literature that is concerned with the relationship between formality and informality, and in particular with the topic of 'globalisation from above and below'. While, according to several authors,[3] 'globalisation from above' involves formal bodies such as nation states, international financial institutions and regulated companies operating within the framework of a global free-market economy, 'globalisation from below' or 'grassroots globalisation' is based on transnational links that are forged individually and determined by local patterns of conduct. The actors in 'globalisation from below' are usually petty traders and private entrepreneurs (as in my target group), consumers and migrant labourers, who generally have only small amounts of capital at their disposal and who rely on personal networks structured along familial, kinship or ethnic-community lines.[4] The opposition between 'globalisation from above' and 'globalisation from below' matches that between formality and informality, between state-regulated activity and practices that occur outside or in parallel with state regulations.[5]

In this article, I will show that it is not only individual local traders or entrepreneurs who adapt to local business environments and political frameworks, but also

2 The results of this survey have been published in Stephan-Emmrich and Schröder (2017).
3 Appadurai (2000, 2003), Mathews (2011), Mathews, Ribeiro and Vega (2012), Portes (1997)
4 MacGaffey and Bazenguissa-Ganga (2000), Mathews (2011), Sassen (2001)
5 Chen (2007), Hart (1973, 1986, 1992, 2005), Hayoz and Giordano (2013), Helmke and Levitsky (2004)

states and multi-national companies. I also show that concepts like formality and informality, economic rationalism and culturally shaped behaviour, and local and global levels are difficult to distinguish, but intermingle and thus describe both sides of the same coin. Most of the activities I observed are directed towards making a living and are clearly profit-oriented. At the same time they are embedded in broader historical, socio-cultural and economic contexts,[6] which I will try to describe here.

The chelnoki *of the 1990s*

Since the early years of the post-Soviet transition, markets, traders and economic practices have changed in the Caucasus, as have moral values. The early 1990s witnessed the lifting of restrictions on small-scale and private commercial activity. In this period, the father of my Armenian friend and colleague Shushan Manukyan,[7] like many other people from post-Soviet countries, went to China to make some money through trade. This was a real adventure, one he paid for by selling the family's jewellery. His ultimate destination being Suifenhezhen, he flew by plane to Vladivostok, then travelled to Pogranitshny on the Russian-Chinese border. On the return journey he took a bus to the border and then continued on until Khabarovsk, then travelled with a cargo airplane to reach Kuybyshev, where he waited a whole week for a connecting flight to Armenia. Shushan explained that after the collapse of the Soviet Union, 'when the situation was difficult in Armenia, trade was an easy way to get cash'.[8] Shushan's father decided to buy clothes, so-called *smotky* (Russian), as these where easy to take in a handbag. But he was not a good trader. As an engineer, he did not know what to do or what to buy. Shushan and her mother laughed when they saw what he had brought back from his trip because 'it was so ugly'. However, Shushan's family organised a little bazaar at their home to which many people came. In the early 1990s, which were times of scarcity, access to every kind of merchandise was welcome. But even though the event was a commercial success, simply because there were no other goods available at this time, Shushan's father never went to China again. He hated it, saying, 'It wasn't my thing'. Shushan's aunt, on the other hand, who knew all the tricks of bargaining and evading custom regulations, like many traders I met in Lilo Bazroba in Georgia, continued to go to China regularly. She started 'doing business'.

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6 This also reflects the well-known dichotomy between formalism and substantivism (Bohannan and Dalton 1962, Gregory 2009, Mauss 1968, Polanyi 1979).

7 This is a pseudonym.

8 Here Shushan referred to the so-called 'dark years' of the early 1990s, given this name in Armenia because in the years following the breakdown of the Soviet Union the country underwent an economic crisis. Electricity became unreliable, central heating ceased functioning, and people had to struggle for daily survival (Platz 2000).

Such stories are very common in the Caucasus and throughout the former Soviet Union. Those who were involved in such activities in the 1990s came to be known as *chelnoki*, from 'chelnok' the Russian term for 'shuttle', a device used in weaving that moves the weft back and forth.[9] As a result, it came to be associated with these traders travelling back and forth. The traders themselves came to be symbolised by the large, chequered bags with zips they used for carrying their merchandise (Fig. 1).

Figure 1: Traders carrying their merchandise. Tbilisi 2014 (all photos: S.F.)

To my knowledge, there is hardly any literature on the *chelnoki*. There are a few articles concerned with shuttle traders in post-Soviet Eurasia,[10] but the shuttle trade of the 1990s with China in particular has rarely been described. Some of this rare research is about Central Asian traders from Kyrgyzstan and Kazakhstan, who used to maintain

9 Interestingly, this word was not used in Georgia, nor did my Georgian contacts recognise it. In Armenia, as in Russia, it is very common. In contrast to the English term 'shuttle traders', the Russian 'chelnoki' is not a general notion, but is only used to describe those involved in this specific activity at this particular time.

10 See Zabyelina (2012) for Russia, Konstantinov (1996), Konstantinov, Kressel and Thuen (1998) for Bulgaria, Werner (2004) for Kazakhstan, Sasunkevich (2004) for the region between Belarus and Lithuania, Polese (2012) for the region between Ukraine and Poland, and Stammler-Gossman (2011) for the area of the Finnish-Russian border.

trade links with China, and still do so.[11] Other exceptions are Natalia Ryzhova's (2008) research on the informal economy in the twin city of Blagoveshensk-Heihe, Kapitolina Fedorova's (2012) analysis of interethnic communication in the context of trade at the Russian-Chinese border, and Tobias Holzlehner's work on "Border economics, informal markets and organized crime in the Russian Far East" (2014). Caucasian traders have been described by Lale Yalcin-Heckmann (2014) and Olga Brednikova and Oleg Pachenkov (1999), but these traders cannot be termed *chelnoki*, as they represent established 'businessmen' and thus belong to another category.

As my anthropologist colleague Ketevan Khutsishvili told me, there is comparatively little interest in the *chelnoki* of the 1990s because for anthropologists, they belong to the 'remote past'; also, as Lida Pakhomova, a historian at the Moscow Academy of Sciences, confirmed, historians do not want to investigate their business 'because everyone had some relative, some uncle, cousin or aunt, who was involved in it. For many people this was not a "historical topic" because everyone did it'. Tea Maisuradze,[12] who was a teenager at the time of the *chelnoki*, even suspected that 'people do not want to talk about it because they do not want to remember. The experience was too painful for them'. There are, as I was able to establish, many possible reasons for this pain. First of all, as already noted the 1990s in general are remembered as 'dark years' of suffering, when there was a shortage of food, heating and electricity. The state was experienced as being absent or corrupt, and citizens were forced to seek new ways of ensuring their family's daily survival (Platz 2000). In addition, the 'pain' may be attributed to the stigma that was attached to trade during Soviet times: trade was perceived as 'speculation' (Russian: 'spekulatsia'), something condemned and forbidden as an anti-social and immoral activity (Humphrey 2002, Mandel and Humphrey 2002). Indeed, the term 'speculator' (Russian: 'spekulant') was used like a swear word, a 'term you used to say to someone you really hated or whom you did not respect at all', as Tea put it. Even though one could trade small quantities of local produce – for example, agricultural produce – and although there were various informal economic exchanges in the hidden or so-called 'second' or 'shadow' economy (Ledeneva 1998), most people, and especially the intellectual elite (Russian: *intelligentsia*), shied away from overt engagement in commerce. Trade was simply not perceived as 'real work'.

In the 1990s, however, the situation changed. After the collapse of the Soviet system, many former Soviet citizens, including those in the *intelligentsia*, lost their jobs and incomes, causing people like Shushan's father to abandon many of the values with which they had grown up. In the old system their self-esteem had been based on their identity as 'good workers' (respected and diligent schoolteachers, engineers or industrial workers). Now they experienced a decline in their social status and were led to question their long-held beliefs – a traumatic dilemma for some (Niyozov and Shamatov 2007). These

11 Cieślewska (2014), Niyozov and Shamatov (2007)

12 This is a pseudonym.

memories may also be seen as painful because of the experience of travelling itself. Uncertain conditions and a deficit of knowledge made trade in such circumstances a risky activity. *Chelnoki* travelled to distant destinations in unfamiliar and foreign territory knowing neither the rules of the game, nor the foreign customs or language. Travelling was exhausting, the conditions were hard, and racketeering was common.

Interestingly, many of the first wave of traders were women. There are many local explanations for this fact. Levon Abrahamian, an Armenian anthropologist, explained to me that, 'In times of crises, like those of the "dark years", one falls back on to primitive forms of economic behaviour: hunting and gathering'. Trade for him is a form of gathering, and thus the 'natural' occupation of women. Even though this argument might sound evolutionist and dubious, it sheds light on perceptions of trade in post-Soviet Eurasia. Other local discourses argue that women adapt more easily to new circumstances, that they have natural skills in communicating as is required and that they are less concerned about the potential loss of prestige. Trading, however, as I was told by some of my interlocutors, is particularly harmful to the women's reputations. In Georgia, for example, travelling to Turkey was often lumped together with prostitution and trafficking (Ferry 2013), an association derived from the fact that in the 1990s many women went to Turkey and Greece to work as housemaids. Many of these women, according to rumours, were sexually assaulted or had to prostitute themselves to survive and to be able to send money back home to their families. Natia Tsagareli,[13] a film-maker in her forties, who was my roommate during my fieldwork in Tbilisi and who knew a few of these female *chelnoki*, told me about the hardships faced by female traders and those who 'worked like slaves abroad', though she nonetheless believed that 'these women saved our country [Georgia]'.

When the hardest times were over, according to different accounts, everyone who had not specifically chosen to work as a trader left trading and tried to find another, more 'respectable' job. Many accounts are summarized in the following sentences, which I heard repeatedly from very different individuals: 'I know a family who became really very rich because of trade. But when they had enough money to get another job, they stopped trading'. As in the case of Shushan's father, trade was simply not 'their thing'.

The proliferation of markets and buisness

Despite the fact that many people eventually stopped working as traders, local markets and bazaars grew constantly from 1991 onwards.[14] During my field research in Geor-

13 This is a pseudonym.

14 According to Khutsishvili (2006), Tbilisi became overloaded with street vendors after the dissolution of the Soviet Union. After the Rose Revolution of 2003, the government promoted a policy of Europeanisation linked to ideas of Western-style modernisation. Street vending was judged as backward and 'unsanitary' and was prohibited in 2006 (Rekhviashvili 2015). While many bazaars, including

gia, I had the impression that the whole city of Tbilisi was crowded with traders and had turned into a huge commercial area in the guise of a bazaar with street vendors, markets, small shops and malls all co-existing in close proximity. In fact, traders are everywhere throughout the city, and it is often hard to distinguish between the different kinds of commercial activity.

Lilo Bazroba, also called Lilo Malli, formerly Elsavako, is the most impressive such business area. Officially called Malli (shopping mall), it was the first commercial centre in Georgia, founded in 1991 with government permission. It has since developed into the largest market place for wholesale and retail trade in the South Caucasus. It covers an area of around 22 hectares and hosts more than 5,500 trading units.[15] Even though a map at its entrance gives the impression of a tidy structure of clustered sectors with clearly defined merchandise, the reality is different. The central building of the Malli is a randomly chosen structure, and the supposedly separate sectors of the adjoining market disintegrate into a labyrinth of narrow and crowded corridors lined with thousands of booths chock-a-block with cheap merchandise from Turkey, Iran and China (Fig. 2).

Figure 2: Booth in Lilo Bazroba. Tbilisi 2016

Sakolmeurneo (Kolkhozni), the Central (Deserters') and Saburtalo Bazaar, were closed (Khutsishvili 2006), many other street markets continued to work, and since then the restrictions have been eased again.

15 Http://tbilisee.com/en/place/is/882-Lilo-Mall. This information was confirmed by the market's administration during an interview conducted by Zviad Mirtskhulava and Ana Ramazashvili in 2017.

Some of the traders who are now working in this market started their business as *chelnoki*, yet, they have little in common with the *chelnoki* of the 1990s who had to cope with an extensive social, ideological and economic upheaval and a largely absent state. The traders whom my colleague Zviad Mirtskhulava and I met and interviewed on Lilo Bazroba in 2016 had a completely different attitude towards trade. Their perception of themselves as professional businesswomen and businessmen (Russian: *bisnesmeny*) made them proud of their commercial success, even though, according to our survey results, 40.6 percent of respondents engaged in trade because they saw no alternative, and almost half of them (48%) admitted that they would stop trading if they could find the same fixed salary as an employee. However, Dato Janiashvili,[16] a trader in his fifties, for example, was delighted to talk about his innovative business ideas, his business relations with partners in China and Turkey and his clients, ranging from contractual partners such as the French supermarket chain Carrefour, with a presence in Georgia, to individual 'designers who buy goods to decorate the houses of the rich'. Dato and his wife run five shops in Lilo Bazroba, suggesting that they are successful businesspeople and probably wealthy. Irma Dvalidze,[17] a trader who owns only a small booth from which she sells evening and cocktail dresses from Turkey, apparently earns much less. Her monthly turnover, she told us, is about 10 000 Lari (about 5 000 Euros). However, she is self-confident and seems to have good standing in the trading community. During our discussions at her stall she was permanently busy, being visited by neighbouring traders, but most of the time talking to clients, and selling around three dresses in the short period of about an hour.[18]

A Georgian friend of mine suggested that the self-confidence of the new 'professional' generation of traders derives from the economic success of trading. What can be said for sure is that, as already mentioned, the attitude toward profit-making through trade, the trader's self-esteem and the relationship between traders and state institutions has changed since the time of the *chelnoki*. Even though the economic success of business elites is often associated with illicit practices and corruption (Iskandaryan 2014, Stefes 2008) and is therefore criticised, profit-making itself is no longer objectionable, whether ideologically, morally or legally. In fact, economic wealth, regardless of where it comes from, often provides one with social recognition and the admiration of others. Indeed, representatives of the state and the Orthodox Church who adorn themselves

16 This is a pseudonym.

17 This is a pseudonym.

18 According to Geostat, Georgia's National Statistics Office, on 1 July 2016 sixty-five percent of Georgian businesses were registered with the legal status of 'individual entrepreneurs' like Dato and Irma (http://geostat.ge/index.php?action=page&p_id=239&lang=eng). Twenty percent of Georgia's economic activity by this time was from 'trade, repairing of motor vehicles and personal and household goods' (by contrast, 'unknown activity' accounted for 57.9%) (http://geostat.ge/index.php?action=page&p_id=233&lang=eng).

with the insignia of prosperity and rank among the business elites in both Georgia and in Armenia serve as role models (Antonyan 2016).

However, there are, of course, also stories of failures at trading. These are difficult to investigate because those involved simply disappear from the market place and its community. As research by my colleague Hasan Karrar on the Dordoi Bazaar in Bishkek (Kyrgyzstan) revealed, failure, although often linked by traders to the general decline of a particular market place, is actually associated with the individual (Karrar 2017). In Georgia there is similar evidence and a similar discussion: In a conversation we had on this topic, Irina Guruli, a young Georgian economist, insisted that, even though the current government is supporting small businesses, success stories are the exception rather than the rule. In our survey, however, traders evaluated the situation differently. Almost three-quarters (74.6%) were of the opinion that the state supports big businesses (those of the economic elites), not small ones, and 79.7 percent complained that the conditions for small businesses were not improving. During my first field trip in 2014, I was told by traders working in Dynamo, the bazaar next to the railway station, that the situation for traders was getting worse and worse. One trader said that 'today, rich people buy luxury, and poor people cannot even afford cheap goods'. My room-mate Natia, however, put a positive spin on this fall in demand:

> If these people in the bazaars are not selling anything, this is a good omen for the country. This means that people do not have to buy this cheap quality anymore. Nowadays, we have all these boutiques with commodities of better quality. There are often sales, and even students can afford it.

According to Dato Janiashvili, who is working successfully in Lilo Bazroba, this is simply wrong. In his view, most of the merchandise one can buy in brand shops or in fancy places like Carrefour actually originate from Lilo Bazroba. Many traders in Lilo Bazroba make a living from trading there, and the bazaar itself continues to exist and even to grow. Our survey revealed that 26.7 percent of respondents were able to make their business grow. Over half (54.1%) of the respondents' businesses remained the same, while only 8.8 percent had recorded losses. These figures do not include those who have left the market.

Despite the fact that economic success is nowadays a source of prestige, some people do hide their economic success.[19] According to Zviad and some of his friends, a credit expert, a cargo manager and a lawyer, this has nothing to do with modesty or the wish to be understated. According to Zviad:

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[19] Stakeholders identify this attitude as an obstacle to investment and innovative entrepreneurship. This topic was extensively discussed during a roundtable with different stakeholders like representatives of think tanks or the Georgian Ministry of Economic Development, organised by Academic Swiss Caucasus Net (ASCN) in 2014 to present survey data from a project on "The emergence and evolution of entrepreneurship in Georgia and Armenia", coordinated by Philippe Rudaz.

> Wealthy businessmen in particular are afraid of the government. Especially in [President] Saakashvili's times, people from the government would have approached you in an informal way. They would have forced you to invest your money in government projects like infrastructure and housing. Even if you did not want to, they forced you. They threatened you with fake or real accusations, which would have affected your business or, even worse, they would summon you to court on false evidence. And then they would fine you and put you in jail.

In this view, the state is a threat to business in general. But in contrast to the Soviet state, post-Soviet government officials are not perceived as outsiders invading the industry from a different political and economic space. In general, they are considered to support business both formally and informally, as they themselves are a part of it. On the one hand, they represent the official law that advocates private ownership and economic exchange. As I observed in many contexts in Georgia and Armenia, people expect the state to function as a guarantor of the social order, and therefore they are even more upset if they are disappointed by it (Fehlings 2015). On the other hand, it is also generally known – and paradoxically expected – that state officials turn a blind eye to particular informal economic practices that are the basis of people's economic activities and survival, such as semi-legal street vending or the importation of Japanese cars, which is officially restricted.

Unlike in the early 1990s, today the state is generally not absent in Armenia and Georgia. In contrast to the *chelnoki*, present-day businessmen have to operate in a much more official framework and on a more visible level. Thus traders, at least those who have stalls and shops in market places like Lilo Bazroba, have to register their businesses, submit accounts, declare imports of merchandise at customs and pay taxes – and usually they do so. Nonetheless, officials do make use of the law in very informal and sometimes criminal ways. Post-Soviet elites are indeed famous for knowing all the informal rules of the game called capitalism, which Zviad refers to as 'formal fraud' (Russian: 'formalnyi obman'). All businessmen, both the successful and the less successful, must adapt to this formal-informal environment, which means, for example, that they may hide their success and fiddle their accounts. Some forms of adaptation to this game are illegal, but many are not. There are various legal but informal ways to cope with the situation. Thus, traders like Dato may do everything according to the law, but employ informal resources, such as their social networks to run their shops and to maintain business contacts. Dato may profit from obligations that are not written down and calculate what favours he can claim from friends and kin, or he can pray, as he is very religious. Even though these relationships and strategies escape state control, they are neither illegal nor conspicuous, but an essential part of economic activity. Dato runs his shops with the help of his family members, he maintains tight relationships with his trading partner in Turkey, whom he calls a friend, and he engages in long-term relationships with clients, who sometimes simply drop in for a cup of coffee. This means that

he pays less for employees, that he organises his business through oral agreements and reciprocal arrangements, and that his clients do not buy from him for profit-related reasons in a neo-classical economic sense, but because of trust and sympathy.

The Chinese connection

Most of the merchandise one can buy in local shops and bazaars is imported into Georgia and Armenia through legal channels. The quality and reputation of the merchandise are mostly associated with the country of origin. In the 1990s, most Georgian traders went to Turkey and bought their merchandise there. Natia remembers that at this time they brought the cheapest quality goods in large amounts and that 'eighty percent of Georgians had the same clothes. It was so sad. There was no individualism. All the women wore the same skirts, and all men had the same black leather jackets'. Yet, although merchandise from Turkey had a bad reputation in the 1990s, it has recently become much more prestigious than goods from China or India, which are known as 'single-use goods', meaning that they break after first use. Even though there are Chinese goods of good quality, goods from China are always perceived as suspect. There are a lot of fake brands from China, which cannot easily be distinguished from 'authentic goods'. Trade chains are often obscure, and consumers do not know where traders in Lilo Bazroba or large enterprises like Carrefour source their merchandise. Thus there is the risk of being cheated, even if everything seems to follow the rules – and as the rules are not clear, there is a constant fear of so-called 'formal fraud'.

However, Lilo Bazroba is full of Chinese commodities: furniture, clothes, shoes, kitchenware and plastic goods. According to the figures issued by Lilo Bazroba's administration, 41 percent of imports sold in Lilo Bazroba come from China (and 46 percent from Turkey).[20] Just over two-fifths (40.4%) of our respondents were doing business by travelling to China and returning with goods. This travel and trading activity really makes these businessmen the agents of a 'globalization from below', as described by Alejandro Portes (1997). Despite the negative reputation of Chinese goods, they can be used to make good money. Dato Janiashvil's wife Emma, Irma Dvalidze and Zviadi Khrikuli,[21] another trader on Lilo Bazroba dealing with Chinese merchandise, travel to China regularly. Unlike Shushan's father, these traders maintain established business connections. Emma's Chinese business partner, for example, informs her regularly about sales opportunities. Irma travels to China once a month, knowing exactly where to go and where to buy. Zviadi, who is constantly writing and talking to his Chinese partner in Beijing via WhatsApp, usually orders shoes produced especially for him.

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20 This information was confirmed by the market's administration during an interview conducted by Zviad Mirtskhulava and Ana Ramazashvili in 2017.

21 This is a pseudonym.

These traders' favoured destinations are Beijing and Gangzhou, where they stay for ten to fourteen days in a hostel, visit Chinese market places, shops and factories, do wholesale shopping and arrange to send the cargo back to the Caucasus.

According to Zviadi's son Lasha, 'Chinese people produce everything', as could be seen at the 2016 Georgia-China (Jiangxi) Featured Commodities Exhibition, hosted by the Georgian Chamber of Commerce and Industry. China's exports range from tea, medicinal mushrooms and cultured pearls to chemicals, electronics, textiles and building materials, all goods that can be ordered in almost any possible quality desired. The Chinese participants at the 2016 exhibition were looking for Georgian partners as intermediaries to sell their produce in Georgia. But for the past few years merchandise from China had not only been traded through Georgian middlemen: Chinese traders have started to come to Georgia themselves. Lilo Bazroba has developed a little Chinese section, which forms a small bazaar of its own, hidden between the remains of Soviet factories and consisting of only two minor streets, one of which is deserted. A Chinese-style gate marks the entrance. At the time of my visits, this market was not crowded. The shops looked very poor, and the merchandise was of bad quality. Most of the goods had not even been unpacked. In each shop on the bazaar street there was one Chinese and one Georgian vendor. At least outwardly, the Chinese traders working there did not appear rich and seemed to live in their shops judging from the beds behind the counters and the tiny kitchens in the backrooms. Indeed, people cooked and played with their children in front of their shops, and apart from a few Georgian clients, everyone spoke Chinese (Fig. 3).

Figure 3: Chinese section of Lilo Bazroba. Tbilisi 2016

During my last stays in Georgia, I heard several rumours about the Chinese 'silently taking over the country'. For example, Nino Sharvadze,[22] a young woman with an international educational background, remembered that a few years ago, many Chinese migrants came to Georgia:

> They were everywhere. They had small shops on every street corner in Tbilisi. Then they started to buy land in the villages. I guess people got frightened and there were cases of racism – and suddenly all these Chinese disappeared. They found other ways of doing business in Georgia. They are very clever, that's for sure.

Nino heard that this first wave of Chinese migrants received support from the Chinese government to leave their country and settle abroad. For Nino this looked like a strategy of expansion that one can see all over the world. Those (mostly academics) who had heard about China's 'One Belt, One Road' initiative also interpreted it in this way.[23] The Georgian government, for its part, supports Chinese investment. Its most important Chinese partner is the Huanling Group, which, according to its website (http://hualing.ge/language/en/hualing-georgia/), was founded in Urumqi in 1988 and started to invest in Georgia in 2007. Along with other projects, such as the Olympic Village close to Lake Tbilisi, the Huanling Group is developing the so-called Tbilisi Sea Plaza. This covers a total area of 150 000 square meters and, according to the Huanling Group, will 'become the largest wholesale and retail trading centre of Georgia and [the] whole Caucasus region and in future […] will […] have an important role [as a] wholesale, retail and distribution centre […] [in the] Euro-Asian region' (http://hualing.ge/language/en/tbilisi-sea-plaza/). Thus it seems that Chinese investors chose Georgia as a strategic partner because of its geographical position between Asia and Europe and thus its access to Western markets. At least this is what the rumours are saying.

Two statues of five rearing horses mark the entrance to the Huanling Group area. As was explained to me by Lado Tunadze,[24] who organises customs clearance for the Huanling Group, the horses are a Chinese symbol of prosperity, have been brought from China and caused many problems at the Georgian customs. Right after this impressive entrance there is an enormous shopping mall, still under construction, but due to be completed in 2017. Next to the shopping mall is a market place consisting of long streets lined with flat buildings precisely clustered into four groups and three lines.

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22 This is a pseudonym.

23 The Silk Road Economic Belt and the twenty-first-century Maritime Silk Road were initiated by the Chinese leader Xi Jinping. This initiative, which includes a huge infrastructure development program, can be interpreted as a Chinese business strategy to connect China to Eurasia and the rest of the world.

24 This is a pseudonym.

Figure 4: Huanling shopping mall and market section. Tbilisi 2016

However, in May 2017 the area looked like a ghost city, with a few Chinese workers and Georgian guards, but otherwise the streets were empty (Fig. 4). Signs were written in English, Georgian and Chinese, and on the walls I saw advertisements for the Huanling Group's products and future plans. For example, there was a computer-generated image of the projected Huanling Tbilisi Lake New City showing a sailing boat, perhaps from the sixteenth century, which somehow seemed out of place and gave this vision of the future an almost mystical touch. Entering a shop from the empty street, I was quite surprised to find that it was open and full of merchandise. Like the Chinese section of Lilo Bazroba, there was a Chinese person at the counter and a Georgian woman selling porcelain for everyday use. Boxes with Chinese writing were stacked all over the place. The next shop was much bigger and was decorated with red knots, lampions, Chinese calligraphy and all kinds of pictures. Again the shop displayed almost all sizes, qualities and price categories of porcelain, as well as suitcases, high-quality winter clothes, expensive tea and building materials. Most of the prices were indicated in both Yen and Lari. At the entrance to the shop was a desk guarded by two very young women, one Chinese and the other Georgian. They were very friendly, and as there were no other clients, they seemed to be happy to talk to my colleague Zviad and me. The Georgian

woman, Lela Odisharia,[25] was very enthusiastic about her Chinese bosses. She is a local trust person for them, shows them the country, travels with them to tourist sites such as Batumi, accompanies them to meetings and works as an interpreter. Her Chinese bosses, on the other hand, seem to support Lela in many ways. She was given an apartment for free in the Olympic City and a job in the company. With some pride, she showed me a picture pinned to the wall in the shop's lobby showing a building in China that serves as a university for Georgian students who are brought there by the Huanling Group to learn Chinese. At the time of my research in 2016 there were forty-five such students who had their studies paid for by the company and are afterwards guaranteed a job at the Huanling Group in Georgia. Next to this picture there was a Georgian flag and a document about Chinese-Georgian friendship. Lela could be seen as the embodiment of this friendship. She really seemed to love her Chinese employers, talked about them as friends, and expressed her happiness about Chinese-Georgian trade links.

Current and future developments

Like Lela, Lado has a very good opinion of his Chinese superiors. As mentioned above, he organises customs clearance for the Huanling Group and thus knows exactly the amounts and values of the company's imports into Georgia. Together with the aforementioned Georgian transportation company, the Vengo Group, Lado is currently setting up a privately owned customs terminal operated by the Huanling Group, which will include huge warehouses where traders can stock their merchandise before clearance or re-exporting. In addition, the company also bought the Georgian Basis Bank, is engaged in building infrastructure and a new harbour on the Black Sea, and is running the Huanling Kutaisi Free Industrial Zone to 'serve as an industrial, logistics and trading hub within the Black and Caspian Sea region' (hualing.ge/language/en/hualing-free-industrial-zone/). This information raises a few questions: What does this mean for the Georgian economy? How is it linked to informality and informal globalisation? What does it mean for market places like Lilo Bazroba? And what does it signify for the work of the Caucasian traders in bazaars and when traveling abroad (especially to China) for their businesses?

When Zviad and I talked to Dato Janiashvili about the new market place on Huanling Group land, he was neither worried nor afraid of competing with the Chinese. The Huanling Group had actually offered him a place next to the Plaza, but he rejected it. 'Why should I go there?', he said; 'I have my shop here, and people come to Lilo'. According to Dato, Chinese traders sell much less of their merchandise because they lack contacts:

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25 This is a pseudonym.

> Trade works through personal relations. If you do not have personal relations, you have no clients […]. This is why, for example, shops like Carrefour and big brands work in big countries like Germany, but not in Georgia. Georgia is small, and here everything works though relations.

Here Dato refers to the informal practices mentioned earlier as a basis for running a good business in this local environment. Many of these practices are based on experience of the local legal framework, knowledge about local rules and opportunities, and skills in bargaining and maintaining social relationships. Moreover, many of these practices have the aim of avoiding encounters with state officials. Interestingly enough, however, Lado claims that, in general, Chinese businessmen are also familiar with informal strategies:

> Chinese people think they can get everything if they have the money. In China this works: you can get everything if you pay for it. When we did clearance and had some problems, the Chinese came to me and said, 'Let's give USD 100 to each customs officer and that's it'. I told them that they could try, but that then they would end up in prison. Until 2003 it was the same in Georgia: bribery was very common. But this has changed. Now customs works really well. Even after six years, they have the right to check what happens to the goods […] and they do it.

What can perhaps be learned from this brief anecdote is that Chinese businessmen are ready to engage in informal practices, but don't know the local rules of the game. Thus they need local consultants and mediators like Lela and Lado, and there seems to be some common ground: Irakli Janelidze,[26] who works for the Vengo Group, was surprised at how 'easy it is to communicate with Chinese people', who apparently also value the importance of social relations. Lado obtained his job because his father, who worked on a Huanling Group construction site, invited his Chinese boss home for dinner. When some of Lado's relatives died, his boss came to the funeral. Lado was impressed, if not by his boss' drinking skills, at least by his behaviour and adaptation to Georgian customs:

> In Georgia, there is a tradition of giving money to the family of the person who died to support them with the funeral. Even my boss knew this tradition. He came, gave me money, and said, 'Lado, take this and write me into this book'. He even knew about that. He likes to participate in *supras* [a traditional Georgian feast] and even very often does the job of the *tamada* [Georgian toastmaster], you know.

Because the Chinese have this ability to understand the value of Georgian culture (perhaps because some Georgian customs resemble Chinese traditions) and of social values in general, they manage to find local partners with whom to establish personal relation-

26 This is a pseudonym.

ships that help them. Thus Lado, for example, provides aid for his Chinese contacts by navigating through the local formal-informal framework:

> In the beginning, all the containers from the Huanling Group ended up in the red line.[27] I told my boss that he should invite the customs officials, like ten people, show them what the Huanling Group is doing and what and how they work, then give them some Chinese food and that's it. It worked. These people came, looked at everything, and now, if there is something with the Huanling Group, they make no trouble.

Chinese traders may lack personal relations with potential clients at present, but, as I heard from different sources, businessmen from the Huanling Group at least have very tight personal relations with representatives of the Georgian government. This is interesting when compared to the situation in Armenia, where, according to my colleague Yulia Antonyan, Chinese traders opened shops and markets about seven or eight years ago, but failed to cooperate with the local oligarchs and elites and were thus pushed out again. Therefore, even the enormous capital investments of a company as large as the Huanling Group somehow matches the concept of 'globalization from below', as it is launched through informal relations and unwritten agreements. If Chinese investors and traders are compared with local Georgian businessmen and traders, one can observe that they all use informal practices, both on the local level and in the context of global trade, but in different ways and on different levels. Whereas the Chinese try to cooperate with official bodies, at least outwardly, local traders seem to try to avoid any contacts with state institutions.

What will happen in the longer term, however, is another question. According to Lado, 'Huanling is not making plans for [...] the next one or two years, but for ten years'. This seems obvious when one looks at their projects, which are supported by the Georgian government. But what does this mean for small-scale trade? What will happen to local traders? Will they adapt to the new conditions by, for example, concentrating on Turkish goods, which can compete with Chinese products? Or will a new generation of traders emerge? What will happen to the local market places? Will they be replaced by the Chinese equivalents, by shopping malls and brand shops, or by Internet providers like Amazon? How will supply and demand develop over the next ten years, and what will this mean for import and export relations? What will be the role of China in Georgia, as well as Georgia's role in importing Chinese goods into Europe once the projected free-trade zone with China is established?

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27 There are three lines at the customs: green, yellow and red. The red line means that clearance causes problems, for example, because of missing documents, suspect goods or false declarations.

Conclusion

In this article, I have outlined some trends in the development of trade and markets in the Caucasus (Armenia and Georgia) since the early 1990s. Since this early phase of the post-Soviet transition, market places, traders and economic practices have changed as have moral values. The Caucasus was quickly integrated into the neoliberal capitalist world market, and because of its geographical position it developed into a trading hub. Georgia in particular was re-discovered as a strategic trading post between Europe and Asia, last but not least by Chinese investors and traders, who, as shown by the 'One Belt, One Road' initiative, are becoming more and more active as players in global trade and globalisation.

In local market places like Lilo Bazroba, one can observe or listen to accounts of the practices, relationships and interactions of local traders and their foreign partners. Most local traders travel abroad and import merchandise from Turkey or China. Thus over the past twenty-five years this growing class of Georgian traders (entrepreneurs and businessmen), who are now a large group in Georgian society, have established transnational trade networks that are vital for the local economy. At the same time, the Georgian government is supporting Chinese projects in Georgia with the aim of providing Chinese traders with good conditions to come to Georgia and trade their merchandise in person. Hence a shift can be noted, which is likely to influence the economic situation of the whole region.

Local and foreign entrepreneurs must take government institutions and local conditions into account. By observing their practices, behaviour, relations and moral attitudes in this specific environment, one learns that the formal and informal spheres of the economy are inseparably intermingled. The different strategies of local and foreign entrepreneurs show how 'globalisation from below' and 'globalisations from above' can be combined. The Chinese Huanling Group, a company with a global presence, uses informal contacts with local mediators and state elites to forge formal business; local traders, on the other hand, have also become global players and are important for formal local economies, though they use their contacts 'informally' in order to obtain access to business partners and clients.

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