

Abkhazia Boasts IKEA Goods and Pricey Cars, but No ATMs

By [Nikolaus von Twickel](#)

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A gas station along the only road leading between the Russian-Abkhaz border and the region's capital, Sukhumi. **Nikolaus von Twickel**

Correction: An earlier version of this article incorrectly identified one of the two Pacific island nations that have recognized Abkhazia. The two nations are Nauru and Vanuatu.

SUKHUMI — The capital of Abkhazia has always been a lazy southern town, but its wide alleys flanked by pine trees are flush with symbols of economic progress unseen since the Black Sea region broke away from Georgia after a vicious war in 1993.

Pricey sports utility vehicles are conspicuous in the at times heavy traffic, shops offer a broad range of goods and at least two of them sport one of the strongest symbols of the middle-class lifestyle in post-Soviet countries, the IKEA logo.

The giant Swedish furniture retailer has not set up shop in the region, which remains

unrecognized by most of the world, but resourceful locals have taken up the task of meeting demand by importing IKEA goods from Russia.

"We bring office furniture from the store in Krasnodar, even from Moscow," said a saleswoman in one of the shops, located on the city's central Prospekt Mira.

These days, everybody in Abkhazia is speaking about economic prospects, which was also the main theme in the campaigns for the Aug. 26 presidential election.

The contest was won by a wide margin by Alexander Ankhab, the deputy of former President Sergei Bagapsh, whose sudden death in May prompted the vote.

Ankhab has promised more prosperity, while warning that economic progress will not be fast. "It is getting better and better, and I will see that this continues — step by step," he told supporters at a rally several days before the vote.

The optimism comes on the heels of the Kremlin's decision to recognize the independence of Abkhazia and South Ossetia after a brief war with Georgia in 2008.

Moscow has signed bilateral agreements with both regions on stationing thousands of troops and colossal aid worth some \$500 million in Abkhazia alone.

Experts agree that 2008 was the turning point for Abkhazia's economic prospects. "The recognition seriously improved the investment climate, not least because it put the conflict solution issue firmly on the back burner," said Beslan Baratelia, dean of the economics department at Sukhumi's Abkhaz State University.

But the fact that Moscow's cash and military protection have not resulted in an economic miracle is highlighted by the tourism sector, where Abkhazia boasts its most obvious potential.

In the Soviet Union, the region's lush coastline set in front of snow-topped Caucasus peaks served as the top summer resort for the nomenklatura and masses alike.

But after 1993, Abkhazia became an impoverished no-go area with its half a million population decimated to an estimated 200,000. Most ethnic Georgians fled after the war and have not been allowed to return since.

On a recent August night, Sukhumi's moonlit seafront boulevard, its restaurants and the Scarlet Sails open-air discotheque set on a massive concrete pier were filled with visitors, but far from crowded. The rest of the town was eerily empty.

Most Western governments warn their citizens against traveling to the region, and those who do, including Russians, face two big hurdles.

The first is getting there. With no direct flights and few ferry links, the main point of entry is a single bridge over the Psou River, which marks the Abkhaz-Russian border, some 15 minutes by car from the Sochi airport.

Equipped to handle 650 vehicles per day, the Psou border has become a bottleneck, infamous

for long lines. In early September, it was swamped with over 3,000 cars and more than 30,000 pedestrians wanting to get into Abkhazia for September's popular off-peak season, Prime-Tass reported.

A new bridge is under construction, but no date has been set for its completion.

The second hurdle is money: Visitors are forced to bring cash because there are no bank machines that accept payment systems like Visa or MasterCard.

Maxim Gvindzhia, the region's foreign minister, accused Georgia of lobbying a policy of isolating Abkhazia — including its banks.

"When we introduced cash machines several years ago, the Georgian government found out and pressured the international community to cut us off again," he said in an interview in his office in Sukhumi.

The minister also complained that the United States had seized payments made by the Abkhaz government to recipients abroad.

Repeated attempts for comment from the Georgian government were unsuccessful.

Not a single Russian bank has set up shop here, even though Moscow makes million-dollar aid payments and Abkhazia uses the Russian ruble and has no plans to introduce its own currency.

Abkhazia's isolation does not only affect cash flows but also its citizens wish to travel.

Abkhaz passports are not of much use for international travel, given that only Venezuela, Nicaragua and the Pacific island nations of Nauru and Vanuatu have followed Moscow by recognizing the breakaway region.

Practically all Abkhaz residents also have Russian passports, but that does not make travel easier either. Most European countries, including Latvia, insist that Abkhaz visa applicants go to their embassies in Tbilisi, the capital of Georgia.

Last July, the Narts from Abkhazia, a local team on the popular "KVN" student comedy show, was refused Latvian visas for a contest held in the Latvian resort Jurmala.

The incident prompted an angry response from Gvindzhia's ministry, which said on its web site: "A visa denial is a deliberate restriction of cultural cooperation and completely contradicts the EU strategy of 'engagement without recognition.'"

Latvian Embassy spokeswoman Maija Bisofa defended the decision, saying by e-mail that it was "in accordance with the regulations on territorial competence set up by the [European Union's] Visa Code."

Gvindzhia said strict adherence to this policy has also hindered Abkhaz residents who urgently needed medical treatment in Europe.

Curiously, the strict European policy is not matched by Washington. "U.S. Embassy Moscow

adjudicates visas for Russian passport holders irrespective of their place of birth or place of current residence," embassy spokeswoman Szofia Budai said in e-mailed comments.

But Gvindzhia maintained that the overall Western policy gives Sukhumi little room for maneuver.

"We are left with just one door for development, and that is through Russia," he said.

Thus, Abkhaz diplomats will travel to Moscow and embark on foreign trips using their Russian passports — for there are no direct flights from Moscow to any of the four countries that have recognized and established visa-free travel with Abkhazia.

Gvindzhia said that an official delegation would soon travel to Vanuatu via Seoul. "Luckily South Korea causes no problems," he said.

The tiny island nation's decision to recognize Abkhazia was tarnished by contradictory statements over the summer from a Vanuatu government split between rival clans.

Gvindzhia denied that the dispute had hurt Abkhazia's standing, saying any damaging claims had been engineered by Georgia and allegations that Moscow had paid Vanuatu to recognize Abkhazia were plainly wrong.

Indeed, he claimed that it was Georgia and the West that had paid money. "Believe me, I know firsthand that three Georgian lobby groups visited Vanuatu and offered \$2 million to recognize Georgia," he said.

Giorgi Kandelaki, deputy chairman of the Georgian parliament's foreign affairs committee, said that Abkhazia's campaign for recognition was paid for by the Kremlin: "The entire campaign to get any miniscule recognition that would go beyond the existing 'cohort' — Hamas, Venezuela, Nicaragua and Nauru — is carried out, co-ordinated, financed and executed by Russia with Russian taxpayer money and using vast networks of Russian diplomacy," he told the Moscow Times.

Kandelaki also rejected Gvindzhia's claim that Tbilisi was paying for counterlobbying Sukhumi's efforts: "If Georgia had so many resources, it would already be a regional power at least," he said in emailed comments.

Apart from the Pacific, Abkhazia is looking to Latin America.

Gvindzhia said hopes were high to establish "very serious trade relations" with the region, which he said has "more or less independent politics."

Currently, he said, there was ongoing investment in a laboratory to process Latin American meat in Abkhazia before exporting it further to Russia.

He said Abkhazia could offer low tariffs, making it attractive to ship here first. "We will be a hub for the regional market," he said.

But these plans, too, will be challenged by Abkhazia's jittery political status.

Brazil, Latin America's economic powerhouse and the single biggest meat exporter to Russia, has just strengthened its ties with Georgia, with the countries opening embassies in each other's capitals.

Gvindzhia said Western pressure against working with Abkhazia was exerted everywhere, even among former Soviet states, none of which has recognized Abkhazia aside from Moscow.

He said countries like Kazakhstan or Tajikistan only aligned with Moscow "if they get something" and that the Europeans had paid Belarus millions of dollars not to recognize Abkhazia.

The European Commission said earlier this year that it would increase funding for Belarus from 4 million euros to 15.6 million euros. It said the money would target NGOs, independent media and students subject to repression from President Alexander Lukashenko's government.

Gvindzhia said the payments were unfair.

"If the EU pays money to Belarus, you call that aid," he said. "But when Russia gives economic aid to Venezuela, you call it paying for the recognition of Abkhazia."

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