

CAUCASUS HISTORY – Trade

Overview

Since ancient times the Caucasus has been an attractive region for traders. Foreign trade was undoubtedly the primary factor in shaping the policy of all the kingdoms in the Caucasus. The kingdoms used an ancient trade route along the Hrazdan River (from Iran to Georgia) called the Early Silk Route. Traders brought goods from the Far East to the Black Sea by using the Caspian and Black Sea route. Trade became the main source of revenue for the Caucasus states. However, domestic trade began to decline and international trade came to a halt, due to lost trade links with the outside world during the invasions of foreign powers.

The Caspian Sea became very important for Russia with its trade routes that connected Asia and the Middle East with Europe. After the annexation of the territory by the Empire, the borders of the Caucasus constantly shifted due to constant fighting. Despite this, the region's trade remained linked, as it had been for centuries, to the major east-west Eurasian trade routes, and the Baku-Derbent-Tiflis route formed its own smaller side-branch of the Silk Road.

Under the Soviet Union, international trade was effectively non-existent due to both the naval blockade imposed by Western countries and the Soviets' policy of cutting the country off from the outside world. The Soviet republics conducted 98 percent of their trade with other republics, but less than ten percent of the South Caucasus trade was conducted within the region itself. When the borders and railways were closed after 1989, it resulted in economic collapse in the Caucasus states.

ANCIENT PERIOD

SOUTH CAUCASUS:

GEORGIA: In the Black Sea port of Dioskouras (Abkhazia) and Sarapana (Shorapani) there were active trading on the Phasis River in 550.

Colchis closely connected with the Greeks through trade. They imported artifacts, including Greek painted pottery for the storage and transported oil, honey and wine.

ARMENIA: In the Kingdom of Urartu, the most developed fields of economic activity was based on agriculture, farming, cattle breeding, winemaking and horse breeding.

In the Kingdom, the slave trade was another major activity. Slaves built irrigation systems with channels and water reservoirs providing water for agriculture in river valleys.

The state conducted military campaigns to get booty, and to establish control over international trade which provided a serious economic return for the state. Ani was a major commercial and trade center.

The coins found in large quantities in archeological excavations indicate that in the Georgian states trade was highly developed and the states were very wealthy. The people of Colchis imported goods from neighboring Greece and Persia, and they traded in gold and precious metals.

During the Artashesian period, private economic enterprises such as *dastakerts* and *agaraks* emerged.

AZERBAIJAN: In Atropatena, the bilateral trade connections were built with the other Caucasian states, Mesopotamia, Asia, Black Sea and Mediterranean Sea.

In the Caucasian Albania, domestic and foreign trade were the major sources of their income. The caravan routes passed through the coast of the Caspian Sea and connected the East with the West.

The Caucasian Albania was also rich in minerals. The caravans transported gold, silver, copper, iron, copper, fine salt, red quartz etc. The goods from India were transported to the Black Sea through the Amu-Darya and the Caspian Sea.

NORTH CAUCASUS: In the Early Bronze Age, Mesopotamian cultural influence became stronger in the North Caucasus due to increased trade and economic contacts and migrations from the Mesopotamia to the North Caucasus. They also built strong ties with the Georgian states for trade and military purpose against the threat of the Arabs invasion. The Vainakhs also established trade connections with the Middle East.

Discussion/Questions

1. How did the early settlers conduct their trade, and which routes did they use?

Readings

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2-Grousset, R., *The Empire of the Steppes, A History of Central Asia*, Rutgers University Press, 2002.

3-Khachikyan, A., *History of Armenia, A Brief Review*, Edit Print, 2010.

4- Anchabadze, Z., *European Georgia, (Ethnogeopolitics in Caucasus and ethnogenetical history of Europe)*, Tbilisi, 2014.

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POST-CLASSICAL PERIOD

SOUTH CAUCASUS

GEORGIA: The Georgian economy, which was based on agriculture, improved with a sophisticated irrigation system and productivity was increased with the development of a large Georgian plough. A centralized government facilitated domestic and international trade.

Tbilisi became a commercial, domestic and international trade center which sat on the routes of the Silk Road that linked China, Central Asia, and the West. From Tbilisi, Georgian caravans carried raw silk, clothes, wine, fruits, vegetables, nuts (walnuts), furs and some herbs (madder) to Persia and the Ottomans. Kakhetian horses, called gurji, were also exported to Persia.

ARMENIA: In the 9th century, the independent Armenian principalities were united and a trade alliance was made with Byzantium. Ani became a commercial and trade center.

In the 11th century, Armenia exported a variety of manufactured goods and raw materials, including jewelry, silver, copper, iron, horses and mules, fish, fruit, wine, walnut wood, metalwork, glassware, ceramics, textiles and red dye.

In the early 13th century, Armenian merchants established transit trade with neighboring countries. Cilicia became the main trade center along the Silk Road conducting an active trade with Western European countries like Venice, Genoa and Marseille. Cilicia produced purebred horses, wool items, wines and exported them to the West. Caravans carrying Chinese silk, Indian spices, gems and gold jewelry, and Russian furs, transported these goods to Europe and to the Middle East. From the East, they imported silk, cotton, spices and precious stones for sale to Europe.

During the Mongol domination, domestic trade declined and international trade came to a halt, due to lost trade links with the Byzantine Empire.

In mid-15th century, the Ararat province became the new economic center with Yerevan being its new administrative center.

AZERBAIJAN: The city Barda, the capital of the Caucasian Albania since the 5th century, served as a major trading center on the Silk Road connecting the Middle East and Near Eastern countries with Europe. The merchants transported oil, wool, flax, cotton, minerals, salt, cotton, dyes and medicines to European countries.

The cities of Shirvan and Shamakha were the main sites for silk production. From Shirvan, the caravans transported oil, spice (salt), herbs (madder, saffron), raw silk and silk clothes, carpet and carpet items, ceramic, glass, copper and wood dishes, weapons, jewelry, fruits and vegetables to the other cities of Caucasus and Middle Eastern countries.

The cities of Shirvan, like Baylakan, produced candies and ceramic dishes, Baku provided oil and salt, Shamakha exported raw silk and silk clothes, also the river of Kur provided various kind of fish to export.

NORTH CAUCASUS:

CHECHNYA: Agriculture, cattle breeding, crafts and trade were the basis of their economy. They conducted their trade with North Caucasians, Georgia, Russia and eastern countries.

Long-distance foreign trade activities had also been a stable component of the Vainakh's local economy along a side artery of the Silk Road since the 8th century connecting the Northwestern Caucasus with Central Asia and India.

Carpet weaving and carpet products, cotton and flax were produced and transported in Derbend. With the Russian expansion, the Vainakhs' trade fell into the hands of the Russians.

Discussion/Questions

- 1- What role did Silk Road trade play in the cultural and economic development of the Caucasus?
- 2- What role did the peoples and states of the Caucasus play in the Silk Road trade?

Readings

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- 2- Khachikyan, A., History of Armenia, A Brief Review, Edit Print, 2010.
- 3- Jaimoukha, A., Chechens A Handbook, Routledge, 2005.
- 4- Akhundova, N., The History of Azerbaijan, "Short course of lectures", Baku Business University, 2018.
- 5- Zardabli, I. B., The History of Azerbaijan: from ancient times to the present day, Rossendale Books, 2004.
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- 7- Edge of Empires, A History of Georgia, Reaktion Books, 2017.

EARLY MODERN PERIOD

SOUTH CAUCASUS

GEORGIA: The revenue of the Georgian monarchs was obtained from crownlands, farms, the thermal spa waters of Tiflis, the taxes paid by shopkeepers, and taxes imposed on the feudal lords, the merchants and the peasantry. Tiflis was situated on important trade routes, and had officials who served as viceroys of the Persian shah. Trade was mostly conducted mainly by exchange.

ARMENIA: Armenian merchants established trade links with the East to import silk, cotton, spices and precious stones to Europe. Armenia and Russia also signed commercial treaties to hold a monopoly over commerce through the Caspian Sea. Russian merchants also gained free access to Armenian markets.

In Alaverdi and Kapan the copper-mining industry began to develop; brandy and wine, cotton and leather were transported from the Ararat valley.

AZERBAIJAN: With the establishment of khanates new cities were developed as the centers of craft and trade. The khanates built trade relations with India, Persia, Russia and the Ottoman Empire.

In the city Quba Chichi carpets were woven for foreign markets. Afshar carpets were produced in Urmia. Silk clothes were manufactured in Shamakhi and the city Shaki became a center of silk.

Azerbaijan was also rich in natural resources. Oil was exported to Russia, Tiflis, Istanbul, Persia and India. From Garabakh, Nakhichevan and Ganja traders transported silver, copper and other resources. In addition, salt was exported from Baku and Nakhichevan to many regions of South Caucasus.

NORTH CAUCASUS

CHECHNYA: Control over the North Caucasus was strategically important for Russia to gain access to the trade route to oil-rich Chechnya.

Questions

- 1- What factors made the Caspian Sea important in regional trade?
- 2- Which Caucasus state had rich petroleum resources?

19TH CENTURY

SOUTH CAUCASUS

GEORGIA: In Georgia, little trade was conducted through Sukhumi which was a free port opened to foreign shipping and foreign vessels traded freely at Sukhumi and Redut-Kale. Trade with Persia and with Turkestan continued, and trade on the Black Sea resumed.

ARMENIA: In the middle of the 19th century Armenian merchants controlled a large portion of the trade between the South-Caucasus and Russia and conducted trade across the world. The mining industry continued to develop for local needs and for export to Russia. Salt was extracted from the mines in Kokhb and Nakhichevan and copper from the mines in Alaverdi and Kapan and exported to Russia.

AZERBAIJAN: Based on the Turkmenchay Treaty, Russian trade ships maintained the right to sail freely in the Caspian Sea. The trade ships of Persia also had the right to sail along the shores of the Caspian Sea. The increase in demand for agricultural products by the Russian Empire expanded the development of trade relations in Azerbaijan.

NORTH CAUCASUS

CHECHNYA: With the industrial exploitation that started in 1893, oil and petroleum production became a major source of income for the region and Grozny became an important industrial center.

Questions:

- 1- If the Caucasus lacked oil and other valuable natural resources, would the Russians still have wanted to conquer and to dominate the region?

Readings:

- 1- Hovannisian, R. G., "Russian Armenia. A Century of Russian Rule", *Jahrbücher für Geschichte Osteuropas* Neue Folge, Bd. 19, H. 1 (MÄRZ 1971), pp. 31-48.
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20TH CENTURY

SOUTH CAUCASUS

GEORGIA: Having subtropical coastal regions, Georgia produced many of scarce and exotic goods for the Soviet Union. Fast growing Georgian trade networks provided trade throughout the Union. 95 percent of the tea and 90 percent of the citrus, flowers, tobacco and wine were produced in Georgia

After the collapse of the Soviet Union, the Georgian trade networks broke down in the changing political atmosphere. Georgian trade within Eurasia was limited with the newly established borders and international trade cut down the demand for Georgian products.

To increase trade relations between Georgia, Ukraine, Azerbaijan and Moldova, the *GUAM* (Organization for Democracy and Economic Development) was established in 1997.

ARMENIA: At the beginning of the 20th century, the copper industry was developed in Armenia and provided 28 percent of the total copper production of Russia. The second most exported productions were wines, vodka, and cognac. They also exported some agricultural products to Russia such as cheese, processed cotton and wool.

After the fall of the Soviet Union, many Armenian trade enterprises lost their markets. Also, the disruptions caused by the Nagorno-Karabakh war and the blockades to trade had a very bad impact on the national economy.

AZERBAIJAN: In 1912, the Azerbaijani internal and external trade conducted from Baku, Lankaran and Astarra ports. In 1918, 1 million 300 thousand tons of oil were transported to the Soviet Union. Rice, cotton, silk, sugar, fruits, vegetables, tobacco and dried fish were also exported to the Russia.

The export of Azerbaijani oil provided through the Baku-Batumi oil pipeline and with the construction of the Baku-Julfa railway in 1919, Azerbaijan signed trade agreements with foreign companies and obtained the right to export Baku petroleum to the European countries through the Batumi port.

In 1941, Baku was occupied by the Germans, and the transporting of Baku oil was controlled by the Germans.

In 1994, foreign trade was liberalized. During the OSCE summit held in Istanbul on November 18, 1999, the presidents of Azerbaijan, Georgia and Turkey signed an agreement on the transportation of raw-oil via pipeline of Baku-Tbilisi-Ceyhan.

In 1997, in order to increase trade relations between Georgia, Ukraine, Azerbaijan and Moldova, the *GUAM Organization* was established.

NORTH CAUCASUS

CHECHNYA: Chechnya had political importance for Russia because of the oil industry. It is vital place in the transportation of Caspian oil from Azerbaijan and Kazakhstan. But, foreign companies do not transport

oil from Chechnya via Grozny because it is unstable, and Chechnya is a hot-bed for international crime, narcotics, arms-trade and hijacking.

Questions:

- 1- Why did the *Special Transcaucasian Committee* (Ozakom) last only a short time?
- 2- When there were so many tribes in Chechnya that were under the control of regional major *teips*, how could the Russian state establish control over the territory and exercise their policies?

Readings:

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