

The impact of COVID-19 on the EU's neighbourhood: The South Caucasus

COMMENTARY

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In this special series of commentaries, experts look at how countries neighbouring the EU are dealing with the Corona crisis, the challenges they face and the scope for EU support.

All three South Caucasus countries – Armenia, Azerbaijan and Georgia – appear to be dealing with the ongoing COVID-19 crisis on their own as best as they can, for now. However, sooner or later, they will need and ask for international medical and economic assistance. The EU should have a plan ready for when they do.

The coronavirus pandemic has spread relentlessly across the world in the last few weeks, infecting more than 350,000 people and killing over 15 thousand. For many countries and regions, the worst is yet to come. While the European Union (EU) grapples with the impact of the crisis on its member states, it is important that it also quickly develops a strategy of how it is going to extend its solidarity to the neighbouring countries with which it has close connections and whose stability and prosperity directly impact the EU.

In the South Caucasus, the first cases of the virus appeared in late February, shortly after the outbreak in Iran. These were soon multiplied, however, by a new wave of infections from people who had recently travelled to some of the most affected areas in Europe, particularly Italy. Armenia has registered the highest number of cases so far (194), followed by Azerbaijan (65) and Georgia (54).[1]

The three countries are bracing themselves for a dramatic increase in the number of infections. So far, the healthcare systems in all three have coped. Armenia has moved frantically to build a new ward for its Nork Infectious Diseases Hospital in a few days, adding another 40 beds. A similar initiative was taken in Georgia.

While the health services in the three countries are often found to be lacking – despite having some important pockets of excellence –, enough resources appear to be deployed for the moment. But there is no doubt that once the number of COVID-19 cases spike, the medical services will be under considerable strain, and in some cases, worse conditions.

The pandemic carries a range of other worrisome implications for the region. It hits the South Caucasus at a time when the governments of the three countries are dealing with a range of political, geopolitical and economic challenges, which this crisis may severely exacerbate. It is perhaps this realisation that has forced the three countries to respond to the crisis decisively and with coordinated mechanisms, to cut through red tape and political fiefdoms.

President Ilham Aliyev in Azerbaijan, Prime Minister Nikol Pashinyan in Armenia and Prime

Minister Giorgi Gakharia in Georgia have been making regular upbeat statements to keep the morale of their citizens high. Nonetheless, there is an underlying feeling that the region is entering a dark tunnel, and it is not clear what state the region collectively, and the three countries separately, will be in once they emerge from the other end.

In Armenia, the country's medical services have frantically been trying to isolate the known cases. Armenia was the first of the three countries to declare a state of emergency, which carries implications for domestic politics. Armenians were scheduled to vote on a controversial constitutional referendum on 5 April. The state of emergency has not only put it on hold but has also thrown a wet blanket on the opposition's criticisms, since all public gatherings are suspended. The Armenian economy was just starting to recover from a period of stagnation. The pandemic has halted that and may yet create the sort of long-term damage that Armenia can ill afford.

In Azerbaijan, the coronavirus crisis succeeds the collapse of oil prices. Under normal circumstances, the country would have been able to sustain its economy for one, probably even two years in the case of an oil price slump of the current magnitude. With coronavirus creating havoc with the world economy, that cushion is now probably much thinner.

Furthermore, last year, President Aliyev initiated a deep purge of his administration, appointing many young technocrats to central positions. They have now been entrusted to deal with the double crisis. But there may be political fall-out. The government has been in a standoff with most of the country's opposition parties for several years. Aliyev has issued a stark warning to them, promising to crush them if they try to capitalise on this dire situation for political ends. Parliament rushed through legislation criminalising disinformation. Some fear that all the positive steps taken in the last few months, including engaging parts of the opposition in a constructive dialogue, may falter.

Crucial parliamentary elections are scheduled to take place in Georgia in October, and prior to the coronavirus outbreak, the election campaign had all but started. Politics, however, has been put on hold as the country braces itself for a hike in the number of cases. On 21 March, Georgia declared a month-long state of emergency. The following day, following an outbreak of the virus, the government sealed off Marneuli and Bolnisi, two districts densely populated by Azerbaijani-speaking Georgians, establishing army roadblocks around the area. The government is acutely aware of the sensitivities involved in dealing with the country's minorities.

However, the economy, which has been the Achilles heel of all Georgian governments since independence, is again the biggest concern. Tourism was fast becoming a big earner in Georgia over the last decade. It took a hit last year because of problems with Russia, and seems set to hit rock-bottom this year. If the problem persists, Georgia may have to divert efforts to agriculture, both as a source of food for domestic consumption and to boost exports. In all this, Prime Minister Gakharia has emerged as a safe pair of hands, but it is unclear how this will translate in the October elections. Everyone in Georgia understands that the country is facing an even more significant challenge before then.

So far, all three countries appear to be dealing with the ongoing problems on their own, using some international mechanisms for additional support. For example, Azerbaijan moved early to secure World Health Organization support for its work to contain COVID-19. All three countries will, however, require international assistance for both the medical and economic dimensions of the crisis sooner or later.

The EU should have a plan in this regard. The South Caucasus is a neighbouring region, Georgia is an Associated Country, and the other two are Eastern Partnership (EaP) countries. The EU is the first trading partner for Georgia and Azerbaijan and the second biggest for Armenia. While the EU is facing very serious challenges at home, ignoring its neighbourhood would have serious implications further down the line.

Last Wednesday, the EU published its blueprint for the future EaP – but it was completely overshadowed by the more pressing events of the moment. The document's emphasis on flexibility and strengthening resilience in the neighbouring countries is welcome, but the challenges of the coming weeks and months are likely to be so profound that action will speak much louder than words. The impact of the coronavirus pandemic will require an urgent response in terms of both strategic engagement and financial support, targeting current priorities. That is what will now define the success or otherwise of the EaP, including in the South Caucasus.

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