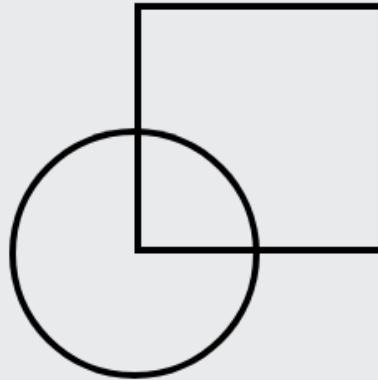




COUNTRY PROFILE N°14 – La Ligne Fine



LA LIGNE FINE

Institut

Armenia



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Key data

Official name: Republic of Armenia.

Capital: Yerevan.

Population: 3,086,600 inhabitants in 2025.¹

Area: 29,800 km².²

Official language: Armenian; Russian remains widely spoken and English is also widely spoken, especially among the younger generations.

Border countries: Georgia, Azerbaijan, Iran and Turkey; Armenia is landlocked, landlocked. The border with Turkey has been closed since

1993.

Currency: Armenian Dram (AMD).

Political system: Parliamentary Republic.

President: Vahagn Khachaturian, since 2022; Prime Minister: Nikol Pashinyan, since 2018. Parliamentary elections scheduled for 2031, unless the National Assembly is dissolved early.

Ruling party: Civil Contract, led by Nikol Pashinyan.

GDP: USD 29.2 billion in 2025 according to the World Bank and France Diplomatie.³

Growth: 7.2% in 2025 according to the World Bank.⁴

Inflation: 3.3% in 2025 according to the World Bank.⁵

Unemployment: 12.4% in 2024 and 12.9% in 2025 according to the World Bank's estimate.⁶

Public debt: About 49.0% of GDP in 2025 according to the IMF.⁷

¹ World Bank. *Total Population – Armenia*.

<https://data.worldbank.org/country/armenia>

² Ministry for Europe and Foreign Affairs. *Presentation of Armenia*.

<https://www.diplomatie.gouv.fr/fr/information-par-pays/armenie/presentation-de-l-armenie>

³ World Bank. *GDP (current US\$) – Armenia*.

<https://data.worldbank.org/country/armenia>

⁴ World Bank. *GDP growth (% annual) – Armenia*.

<https://data.worldbank.org/country/armenia>

⁵ World Bank. *Inflation, Consumer Prices – Armenia*.

<https://data.worldbank.org/country/armenia>

⁶ World Bank. *Unemployment, total (% of labour force) – Armenia*.

<https://data.worldbank.org/country/armenia>

⁷ International Monetary Fund. (2025, December 3). *IMF Executive Board Concludes 2025 Article IV Consultation with Armenia*.

<https://www.imf.org/en/news/articles/2025/12/02/pr-25403-armenia-imf-art-iv-consultation-6th-rev-cancels-arrange-approves-arrangement>

Executive Summary

Armenia has the profile of a small state with limited economic weight, but whose strategic importance goes beyond its demographic and economic indicators alone. Landlocked in the heart of the South Caucasus, the country seeks to preserve its territorial integrity, open up and diversify its external partnerships.

The recent trajectory is structured by the political rupture of 2018, the military defeats at the hands of Azerbaijan in 2020 and 2023 and the disappearance of Nagorno-Karabakh as an Armenian entity. This sequence has reinforced the priority given to security, while pushing Yerevan to gradually rebalance its foreign policy.

Economically, Armenia has a high growth rate: 7.2% in 2025 after 8.1% on average between 2021 and 2024. The economy is dominated by services, while information technology is growing rapidly and is a priority area for diversification.

However, this dynamic remains exposed to several vulnerabilities: landlockedness, structural trade deficit, trade dependence on Russia, public debt, still high unemployment, and indirect exposure to sanctions against Russia. The regional situation remains the main non-economic risk factor.

Foreign policy reflects a search for greater autonomy. Armenia has de facto suspended its participation in the CSTO while remaining a member of the EAEU and has started an application process for membership of the European Union in 2026. The normalisation process with Azerbaijan and Turkey is at the heart of this reorientation.

Strategic conclusion: Armenia is a politically consolidated but geopolitically vulnerable state, which is trying to convert strong economic momentum into strategic resilience. Its 2026-2030 trajectory will depend above all on stabilizing the neighborhood, diversifying partnerships, and being able to sustain high growth while reducing its external vulnerabilities.

Strategic historical landmarks

Armenia is located in the heart of the South Caucasus, a crossroads of strategic routes between Europe, Russia, the Middle East and Central Asia. It is surrounded by three regional powers that are heirs to former rival empires: Russia (Tsarist Empire), Turkey (Ottoman Empire) and Iran (Persian Empire), a pivotal position that has structured its foreign policy for more than two centuries and which has earned Armenia a presence in the region, as a cultural and political entity, since the sixth century BCE.

This identity has been maintained through successive dominations thanks to two ancient foundations: the adoption of Christianity as the state religion in 301, which made Armenia the first Christian state in the world, and its own alphabet invented in 405. This religious and linguistic continuity has allowed the Armenians to preserve a distinct identity despite the repeated disappearance of their political sovereignty, while developing, over the course of an ancient dispersion, a role of bridge between several worlds.

The tragic turning point of the twentieth century was the genocide of 1915, organised by the Ottoman and then Turkish government following massacres already committed between 1894 and 1896, which led to the death of about 1.2 to 1.5 million Armenians and the deportation of the populations of Eastern Anatolia; this genocide is not yet recognised by Turkey.⁸ With the Bolshevik Revolution of 1917, Armenia proclaimed its first independence, which was quickly absorbed by the USSR: the division of territories carried out by Moscow attributed Nakhchivan and Nagorno-Karabakh, 95% of which were Armenian, to Azerbaijan under Stalin's authority in 1923, while the Zangezur region remained attached to Armenia.

The regained independence in 1991 was immediately accompanied by a conflict with Azerbaijan over Nagorno-Karabakh, which the self-proclaimed government in Stepanakert had been demanding to join Armenia since 1988. The conflict, frozen for nearly thirty years, was accompanied by a Turkish blockade intended to support Baku, which pushed Armenia towards a close and lasting structuring rapprochement with Russia and fuelled a massive exodus: between 700,000 and 1.3 million Armenians had left the country since 1991, bringing the Armenian diaspora to about 7 million people, compared to about 3 million residents on the national territory.⁹

The democratic change of power in 2018, combined with the "Velvet Revolution", was a major turning point. It consolidated a political system based on fair and competitive elections and installed Nikol Pashinyan as a central figure in the executive branch.

The 2020 war with Azerbaijan and the military defeat of 2023 have profoundly changed the strategic environment. The loss of Nagorno-Karabakh and the exodus of almost all of its Armenian population have fuelled strong domestic political pressure and left a lasting mark on the national debate.

Since 2023, Yerevan has focused on the search for normalization with Azerbaijan, while seeking to diversify its guarantees and partnerships. The Washington Peace Summit of August 8, 2025 led to the initialing of a peace treaty and the signing of a joint declaration providing for a transport corridor, the TRIPP.¹⁰

The period 2024-2026 thus corresponds to a gradual strategic reorientation: de facto shelving of participation in the Collective Security Treaty Organization (CSTO),¹¹ remaining in the

⁸ Arte. *Armenia, the blood of the mountains*.

⁹ Arte. *Armenia: Small Country, Big History – The Behind the Cards*.

¹⁰ U.S. White House and Department of State. (2025, August 8). *Statements on the Washington Peace Summit*.

¹¹ A political-military alliance created in 2002, including Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan.



EAEU, rapprochement with the European Union and strengthening the relationship with France.

Strategic conclusion: recent history explains Armenia's current dual movement: consolidating its internal institutions while seeking new margins of security and external autonomy.

Current political structure

Armenia is a parliamentary republic. President Vahagn Khachaturian, in office since 2022, mainly performs ceremonial functions, while Prime Minister Nikol Pashinyan holds most of the executive power.

The Civil Contract party, led by Nikol Pashinyan, remains in power. In the parliamentary elections of 7 June 2026, it won 49.75% of the vote, ahead of Samvel Karapetian's Strong Armenia (23.27%) and the Armenia Alliance of former President Robert Kocharian (9.92%).¹²

The re-election of power in 2026 gives the executive a solid political basis in the medium term. The next parliamentary elections are scheduled for 2031, unless there is an early dissolution. Political stability is real but must be distinguished from geopolitical stability. The military defeats of 2020 and 2023 have weakened the domestic scene and fuelled active opposition, particularly around former presidents and part of the clergy.

Strategic conclusion: the main political risk lies not in an imminent changeover, but in the government's ability to maintain its domestic legitimacy while conducting a policy of regional normalization and external reorientation that is potentially contested.

Economic structure

Armenia's economy is characterized by a strong growth dynamic. GDP reached USD 29.2 billion in 2025 and real growth 7.2%, after 8.1% on average between 2021 and 2024. GDP per capita amounted to USD 9,474 in 2025.¹³

Services are the first pillar of the economy, with 61.5% of GDP in 2024, ahead of industry (23.2%) and agriculture (7.9%).¹⁴ Copper mining and metallurgy occupy an important place in the industrial base.

The information technology sector continues to grow rapidly, by 9.7% in 2025, and represents a priority area for diversification.¹⁵ This orientation allows Armenia to develop activities that are less dependent on its geographical constraints.

The macroeconomic environment is relatively under control: inflation stood at 3.3% in 2025. However, unemployment remains high, at 13.3%, compared to 12.9% according to the World Bank's estimate for 2025.¹⁶

¹² Central Election Commission of the Republic of Armenia. (2026). *Results of the parliamentary elections of June 7, 2026*. <https://www.elections.am>

¹³ World Bank. *GDP (current US\$) – Armenia*. <https://data.worldbank.org/country/armenia>

¹⁴ Directorate-General of the Treasury. *Economic and Financial Situation of Armenia*. <https://www.tresor.economie.gouv.fr/Pays/AM/indicateurs-et-conjoncture>

¹⁵ Directorate-General of the Treasury. *Economic and Financial Situation of Armenia*. <https://www.tresor.economie.gouv.fr/Pays/AM/indicateurs-et-conjoncture>

¹⁶ World Bank. *Armenia – Macroeconomic Indicators*. <https://data.worldbank.org/country/armenia>



Economic policy remains expansionary, with a focus on investment, integration of Nagorno-Karabakh refugees, and national security. Reforms to modernize the business environment are supported by a USD 200 million loan from the World Bank in March 2026.

Public debt reached about 49.0% of GDP in 2025 and could reach 50.2% in 2026; the budget deficit was 5.5% of GDP in 2025.¹⁷

Foreign trade is a structural weakness: exports of goods reached USD 8.5 billion in 2023 compared to USD 12.5 billion in imports, i.e. a deficit of around USD 4 billion.¹⁸

Strategic conclusion: Armenia has robust growth and real diversification potential, but its model remains exposed to trade deficits, debt, landlockedness and dependence on a few partners.

Economic diversification and strategic levers

Diversification is one of the main levers of Armenia's economic resilience. It is based first and foremost on services and information technologies, whose rapid growth offers a growth driver compatible with the constraints of a landlocked country.

The second lever is industry and mineral resources. Copper and minerals are among the main exports, along with gold, diamonds and other mineral products. This base can support production and exports, but it maintains exposure to international commodity markets.

The third lever is external openness. Russia remains the largest trading partner, but the United Arab Emirates and China also occupy an important place. The orientation towards the European Union aims to expand markets and reduce the risks associated with excessive concentration.

The EU has announced an additional €18 million in aid and duty-free access for 80% of Armenian exports in 2026.¹⁹ The application to join the European Union announced on 25 August 2026 gives this opening both an economic and strategic dimension.

Strategic conclusion : for Armenia, diversification is not only sectoral. It is also geographical and geopolitical: developing technologies, expanding markets and multiplying partnerships simultaneously contributes to economic resilience and strategic autonomy.

International positioning

Armenia's foreign policy is geared towards protecting territorial integrity, opening up the region and diversifying external partnerships. Armenia has de facto suspended its participation in the Collective Security Treaty Organization since February 2024, including ceasing its financial contributions and participation in exercises, while remaining formally a member. Armenia remains an active member of the Eurasian Economic Union.

The reorientation towards Europe accelerated in 2026. On 4 and 5 May, Yerevan hosted the eighth summit of the European Political Community and the first EU-Armenia summit. A

¹⁷ International Monetary Fund. (2025, December 3). *IMF Executive Board Concludes 2025 Article IV Consultation with Armenia*. <https://www.imf.org/en/news/articles/2025/12/02/pr-25403-armenia-imf-art-iv-consultation-6th-rev-cancels-arrange-approves-arrangement>

¹⁸ World Bank. *Armenia Trade Summary*.

<https://wits.worldbank.org/CountryProfile/en/Country/ARM/Year/LTST/Summarytext>

¹⁹ European Commission. (2026, 2 July). *Statement by President von der Leyen during her visit to Yerevan*. <https://arka.am/en/news/politics/eu-will-allocate-an-additional-18-million-to-armenia-and-offer-duty-free-access-for-80-of-exports-he/>



candidacy process for membership of the European Union was announced on 25 August 2026.²⁰

The relationship with Russia nevertheless remains structuring: it remains Armenia's leading trading partner and retains a military presence as well as a significant economic influence. This situation creates a delicate balance between diversification towards Europe and maintaining existing ties.

The normalization process with Azerbaijan remains central. After the Washington summit in August 2025, Armenia is continuing the peace process, while occasional incidents remain possible along the common border.

The relationship with Turkey is another area of opening-up. The border has been closed since 1993, but regular meetings between special correspondents are devoted to normalisation.

The play of regional powers goes beyond the bilateral relationship with Azerbaijan and Turkey. Ankara and Baku are united by ethnic and linguistic proximity as well as by an assumed strategic alliance, as illustrated by Turkish military support for the 2020 Azerbaijani offensive. Israel, an ally of Azerbaijan since the fall of the USSR, provided drone support during this conflict in order to secure its Azerbaijani oil supplies, which represent about 40% of its imports, and to strengthen its pressure on Iran.

Iran occupies a singular position in this regard: the bearer of a large Armenian community established since the sixteenth century, Tehran de facto supports Armenia to contain the rapprochement between Turkey and Azerbaijan and avoid its own economic isolation. Russia, for its part, has maintained a substantial economic and energy partnership with Baku, which it needs to circumvent Western sanctions while focusing its military resources on the conflict in Ukraine; this double constraint partly sheds light on its relative passivity during the Azerbaijani offensives of 2020 and 2023, even though it historically remains Armenia's key security ally.

The Zangezur corridor is one of the most sensitive points of friction in the region. Located in the Armenian province of Syunik, it represents the last territorial obstacle to direct continuity between Turkey and Azerbaijan via the Nakhchivan enclave; Baku claims control over it that Yerevan refuses in the name of its sovereignty. This issue directly overlaps with the TRIPP transport corridor project resulting from the Washington summit of August 2025 and explains the particular sensitivity of the Syunik border area identified by France Diplomatie. Armenia's security rapprochement with France on this issue is viewed with reservations by Turkey, Russia and Iran, each of these powers fearing that its influence in the South Caucasus will be challenged.

Armenia has been a member of the UN since 1992, the OSCE since 1992, the Council of Europe since 2001, the WTO since 2003 and the International Criminal Court since February 2024.

Strategic conclusion: Armenia is less interested in replacing one partner with another than in increasing its room for manoeuvre by multiplying its anchors. The success of this strategy will depend on the stability of the peace process and the ability to preserve diversified economic relations.

Security, defence and conflict

²⁰ Ministry for Europe and Foreign Affairs. *Bilateral relations – Armenia*.
<https://www.diplomatie.gouv.fr/fr/information-par-pays/armenie/relations-bilaterales>



Armenia is no longer engaged in active armed conflict since its 2023 military defeat in Nagorno-Karabakh. However, the security situation remains closely linked to the regional context and the relationship with Azerbaijan.

Tensions and occasional incidents remain along the common border, particularly on the Idjevan–Noyemberian section of the M16 road.

Military spending accounted for around 6% of GDP in the 2025 budget, a high level linked to the regional context. The 2026 budget provides for a reduction of around 15% in this envelope.²¹

The terrorist risk is considered low by the Armenian authorities according to France Diplomatie, which does not rule out an attack given the regional context. Overall crime is moderate, but an upsurge in assaults, particularly sexual assaults against foreign women, is reported.

Strategic conclusion: the Armenian security risk is above all geopolitical and territorial. Vigilance must be reinforced near the border with Azerbaijan and in Syunik, while the rest of the territory presents a more moderate level of risk.

²¹ SIPRI. *Military Expenditure Database*.
<https://www.sipri.org/databases/milex>

Risks and vulnerabilities

The first risk is geopolitical. Despite the progress made in the peace process with Azerbaijan, the border remains a point of tension and regional stability remains fragile.

The second risk is landlockedness. The lack of access to the sea and the closure of the Turkish border limit logistical options and reinforce the importance of relations with neighbours and projects to open up the country.

The third risk is trade dependence. Russia remains the largest trading partner for both exports and imports, exposing Armenia to the indirect effects of Western sanctions against Russia and Moscow's trade decisions.

The fourth risk is macroeconomic. Despite strong growth and controlled inflation, public debt, budget deficits and trade deficits reduce room for manoeuvre in the event of an external shock.

The fifth risk is social. Unemployment remains high and the social climate remains marked by the consequences of the 2023 defeat and the integration of more than 100,000 refugees from Nagorno-Karabakh.

The sixth risk concerns governance. Transparency International's Corruption Perceptions Index gives Armenia a score of 46/100 in 2025, ranking 65th out of 182 countries.²² Concerns also remain about the independence of the judiciary.

The seventh risk is demographic. Net migration was -29,013 people in 2025 according to the World Bank, despite positive population growth of 1.7% according to the data included in the document.²³

The eighth risk is natural and territorial: Armenia has a continental mountain climate and about 80% of the territory is located in a high seismic risk zone.²⁴

The ninth risk is the historical security dependence on Russia. Moscow has always conditioned its support for its own interests with Baku, from which it imports oil to circumvent Western sanctions, which limited its support for Armenia during the offensives of 2020 and 2023. In the event of a favourable outcome to the conflict in Ukraine, Russia could seek to reconsolidate its influence in Armenia, which would constrain the margins of Yerevan's external reorientation towards the European Union and France.

Strategic conclusion : the risk to the Armenian country is the result of the combination of good economic momentum and strong geopolitical exposure, marked by the entanglement of the interests of three neighbouring regional powers. For a foreign operator, the main points of vigilance are the location of activities, foreign exchange, trade flows, governance, the evolution of the peace process and the trajectory of the Russian-Armenian relationship.

²² Transparency International. (2025). *Corruption Perceptions Index 2025*.

<https://www.transparency.org/en/cpi/2025>

²³ World Bank. *Net migration – Armenia*.

<https://data.worldbank.org/country/armenia>

²⁴ Ministry for Europe and Foreign Affairs. *Presentation of Armenia*.

<https://www.diplomatie.gouv.fr/fr/information-par-pays/armenie/presentation-de-l-armenie>

Opportunities and dynamics to follow

The first opportunity lies in the growth of services and information technology. The 9.7% growth of the information technology sector in 2025 makes it a priority area for diversification.

The second concerns the modernization of the business environment. The USD 200 million loan granted by the World Bank in March 2026 supports reforms to improve economic and institutional conditions.

The third concerns relations with the European Union. The application to join the EU, the additional aid announced in 2026 and duty-free access for 80% of Armenian exports create prospects for economic rapprochement.

The fourth concerns infrastructure and opening up. The regional standardisation process and the TRIPP transport corridor project could, if they take place in a stabilised environment, change the conditions of market access.

The fifth concerns the industrial and mining sectors, particularly around copper, minerals and processing activities, subject to the evolution of external demand and local conditions.

The sixth lies in the development of Franco-Armenian trade. Trade between the two countries has doubled since 2021 and the French trade balance was in surplus by 146 million euros in 2025.²⁵

Strategic conclusion: Armenia's opportunity lies less in the size of the domestic market than in the combination of high growth, a dynamic technology sector and a geographical positioning that is likely to become more open if the standardization processes are successful.

Relations with France and French interests

Franco-Armenian relations are dense and long-standing, thanks in particular to the large community of Armenian origin in France. The State visit of the President of the Republic to Armenia on May 4 and 5, 2026 led to the signing of a Franco-Armenian strategic partnership covering diplomacy, defense, economy, culture and research.

This proximity is part of a broader history of dispersion: the Armenian diaspora, estimated at about 7 million people, more than double the resident population (about 3 million), has for centuries — notably via the Crimean route which allowed the establishment of Armenian communities in the Russian Empire and then in Poland — a network of active communities that has made the relationship with France a natural point of support for Armenian foreign policy.

France has an embassy in Yerevan. The Franco-Armenian University (UFAR) welcomed nearly 2,300 students in 2025-2026 and the Lycée Français Anatole France about 450 students at the start of the 2024 academic year.

Franco-Armenian trade has doubled since 2021. France was Armenia's 14th largest trading partner in 2025, while Armenia was only France's 120th largest trading partner, reflecting a gap between the political density of the relationship and its economic weight.

²⁵ Directorate-General of the Treasury. *Economic and Financial Situation of Armenia*.
<https://www.tresor.economie.gouv.fr/Pays/AM/indicateurs-et-conjoncture>



French exports are dominated by optical equipment, metal elements for construction and chemical products. Economic and sectoral cooperation is part of a broader framework of defence, culture and research.

Franco-Armenian defence cooperation has been strengthened in a spirit of responsibility and without any desire for escalation. For French companies, this political rapprochement can support an environment favourable to the development of trade, but must be assessed in the light of geopolitical risks and market access conditions.

Strategic conclusion : the Franco-Armenian relationship offers a development potential higher than the current level of exchanges. The sectors related to technology, industry, infrastructure, research and institutional cooperation appear to be consistent with the priorities identified in the source document.

Final strategic reading

Armenia is a small state with a strong geopolitical sensitivity, engaged in a phase of strategic reorientation. Its institutional stability, high economic growth and technological dynamism are important assets.

But this trajectory remains constrained by landlockedness, trade dependence on Russia, the trade deficit, public debt and above all the persistent fragility of the regional security environment.

The challenge for 2026-2030 is therefore one of conversion: converting growth into resilience; converting economic diversification into autonomy; converting European rapprochement into new outlets; converting the peace process into opening up; and converting the Franco-Armenian relationship into more substantial economic exchanges.

If this trajectory succeeds, Armenia can strengthen its role as an economic and diplomatic hub for the South Caucasus and gradually reduce its vulnerability to external shocks. If it fails, the country will remain exposed to the combination of a limited domestic market, persistent landlocked status, and an unstable regional environment.

The main risk lies in the country's ability to stabilize its regional environment in the long term while maintaining its growth and external reorientation without causing an economic break with its traditional partners.