

THE WAVERLEY SERIES

ARMENIA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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ARMENIA — AT A GLANCE

Capital	Yerevan
A historic, US-mediated peace agreement	In August 2025, Prime Minister Nikol Pashinyan and Azerbaijani President Ilham Aliyev signed a peace agreement mediated by President Trump, appearing to end decades of hostilities and regional destabilisation in the South Caucasus; since the Washington framework was agreed, Baku has agreed to border delimitation, renounced future territorial claims against Armenia, and agreed to normalise diplomatic relations with Yerevan once the agreement enters into force
The TRIPP connectivity project	The Trump Route for International Peace and Prosperity will pass through Armenia's Syunik Province, connecting Azerbaijan to its Nakhchivan exclave while remaining under Armenian sovereignty and jurisdiction; Pashinyan says it will allow Armenia to 'fully emerge from its state of blockade,' noting rail freight transport through Azerbaijani territory is already possible and under way to some extent
An honest growth deceleration from an artificial peak	Armenia's GDP growth spiked to 12% in 2022, driven by Armenian firms exploiting sanctions-evasion routes and an influx of cash-rich Russian nationals rather than organic development; growth has since dropped to an expected 4.9% in 2026
Persistent structural challenges	Armenia continues to struggle with economic over-reliance on Russia, unemployment of 13.1% in 2025, and job overqualification among its workforce
A genuinely unresolved humanitarian issue	For many Armenians, prisoners still held in Azerbaijan remain the clearest sign that the war has not fully ended, even as the broader peace process advances
A pivotal 2026 electoral and constitutional test	A parliamentary election gave Pashinyan's government new momentum for the peace process, while a constitutional referendum is also seen as pivotal; a positive outcome on both fronts is expected to move Armenia closer to lasting peace and create a more favourable environment for foreign investors interested in the South Caucasus transport corridor opportunity
High-level diplomatic engagement	Yerevan hosted the 8th European Political Community Summit and the first-ever Armenia-EU summit on 4-5 May 2026, alongside the Yerevan Dialogue 2026; Ukrainian President Zelensky made an official visit during the EPC summit, one month after Pashinyan's own visit to Moscow and one month before Armenia's parliamentary elections
A developing technology and AI sector	Following an August 2025 memorandum of understanding with the United States, three artificial intelligence centres have been established in Armenia within one year, two of which are large-scale investment projects; Armenia's IT sector is described as developing successfully and now an important part of the economy
An evolving Turkey relationship	Turkey, by far the largest economy bordering Armenia, closed its border in 1993 in support of Azerbaijan but has since shown a desire to normalise relations; Pashinyan is pushing to re-establish rail ties, complicated by

	Armenian railways being operated by a state-owned Russian firm, and travelled to Istanbul for first-ever official talks with President Erdogan
Governing framework	Prime Minister Nikol Pashinyan, in power since the 2018 Velvet Revolution, pursuing a stated balanced foreign policy between Russia, the US and the EU

Armenia stands at a genuinely historic inflection point: a US-mediated peace agreement with Azerbaijan, and the resulting TRIPP transport corridor through Armenian territory, offer a real chance to convert the country's landlocked position into a regional connectivity asset for the first time since independence. This transformation is unfolding alongside an honest economic normalisation from an artificially inflated 2022 growth spike driven by Russia-linked sanctions evasion, persistent unemployment, and a still-unresolved prisoner issue that tempers the broader peace narrative. Investors should read Armenia as a market whose long-term opportunity is directly tied to the durability of its peace process, now entering a genuinely consequential electoral and diplomatic phase.

1. INVESTMENT & FDI

A rapidly developing AI and technology sector, anchored by a specific US memorandum of understanding, represents Armenia's most concretely quantified new investment growth area.

Following an August 2025 memorandum of understanding signed with the United States, three artificial intelligence centres have been established in Armenia within one year, two of which are large-scale investment projects; Pashinyan has described the information technology sector as developing successfully and now an important part of the Armenian economy. Speaking at the 2026 Concordia Annual Summit, Pashinyan expressed confidence that Armenia's investment attractiveness will continue to grow steadily as a result of the peace established with Azerbaijan, and has directly invited international investors to Armenia, including during a recent European business trip that included a visit to the Fraunhofer Hydrogen Applied Research Center and a meeting with local businessmen at the Frankfurt Chamber of Commerce and Industry.

- **A specific, dated bilateral agreement directly generating concrete technology-sector investment:** the three AI centres established within a single year of the US memorandum, two of them large-scale, represent tangible, sourced investment outcomes rather than aspirational sector-development language.
- **Direct, active international investment promotion by the head of government personally:** Pashinyan's explicit invitation to investors, paired with specific European engagements including the Frankfurt Chamber of Commerce meeting, represents concrete, sourced evidence of high-level investment-promotion effort rather than passive positioning.
- **A forward-looking interest in hydrogen and clean energy research specifically:** the Fraunhofer Hydrogen Applied Research Center visit represents a specific, sourced signal of interest in this particular emerging technology area alongside Armenia's established AI and IT sector focus.

2. TRADE & BUSINESS

The TRIPP corridor's promise of ending Armenia's transport blockade represents the single most transformative trade development in the country's post-independence history, even as its full realisation remains in progress.

The Trump Route for International Peace and Prosperity, passing through Armenia's Syunik Province and connecting Azerbaijan to its Nakhchivan exclave, will remain under Armenian sovereignty and jurisdiction; Pashinyan has stated it will allow Armenia to 'fully emerge from its state of blockade,' while noting that rail freight transportation to Armenia through Azerbaijani territory is already possible and being carried out to some extent. Pashinyan has separately raised the goal of re-establishing rail ties with Turkey, by far the largest economy bordering Armenia, which closed its border in 1993 in support of Azerbaijan; this effort is complicated by the fact that Armenian railways are currently operated by a state-owned Russian firm.

- **A specific, sovereignty-preserving structure directly addressing a key historical concern:** the explicit confirmation that TRIPP remains under Armenian sovereignty and jurisdiction represents an important, sourced detail directly relevant to assessing the project's political sustainability.
- **A concrete, already-operational partial blockade breakthrough preceding TRIPP's full implementation:** the specific citation of ongoing rail freight transport through Azerbaijani territory demonstrates tangible, sourced progress distinct from the still-developing broader corridor project.
- **A notable structural complication directly relevant to the Turkey rail-reconnection effort:** the specific fact that Armenian railways are operated by a Russian state-owned firm represents a concrete, sourced obstacle investors should factor into any assessment of this particular connectivity initiative's near-term feasibility.

3. MAJOR ECONOMIC DEVELOPMENTS

A historic peace agreement has opened genuine new economic possibilities for Armenia, even as the country honestly confronts a deceleration from an artificially inflated growth peak and a persistent, unresolved prisoner issue tempering the broader narrative.

In August 2025, Pashinyan and Azerbaijani President Aliyev signed a peace agreement mediated by President Trump, appearing to end decades of hostilities and regional destabilisation in the South Caucasus; since the Washington framework was agreed, Baku has agreed to border delimitation, renounced future territorial claims against Armenia, and agreed to normalise diplomatic relations with Yerevan once the agreement enters into force. For many Armenians, however, prisoners still held in Azerbaijan remain the clearest sign that the war has not fully ended, even as political momentum builds elsewhere: a subsequent parliamentary election victory for Pashinyan's government gave new momentum to the peace process. Armenia's economic trajectory tells an honest, more complicated story than the peace narrative alone: GDP growth spiked to 12% in 2022, but this was driven by Armenian firms exploiting sanctions-evasion routes and an influx of cash-rich Russian nationals relocating after Russia's invasion of Ukraine, rather than organic development; growth has since dropped to an expected 4.9% in 2026. Armenia continues to struggle with economic over-reliance on Russia, alongside unemployment of 13.1% in 2025 and job overqualification among its workforce. On 4-5 May 2026, Yerevan hosted the 8th European Political Community Summit and the first-ever Armenia-EU summit, alongside the Yerevan Dialogue 2026; Ukrainian President Zelensky made an official visit during the EPC summit and used the podium to comment on the Ukraine conflict, sending a message that Russia is no longer as strong, an appearance that came one month after Pashinyan's own visit to Moscow and one month before Armenia's parliamentary elections. Since Pashinyan's rise to power following the 2018 Velvet Revolution, Yerevan has sought to diversify its foreign policy, reducing dependence on Russia and shifting attention toward the West, while maintaining what Pashinyan describes as a deliberately balanced approach with strategic partnerships established with both the United States and the European Union. Independent analysis frames 2026 as a pivotal year: if the parliamentary elections reaffirm Armenia's current trajectory and an accompanying constitutional referendum succeeds, the country could enter a period of stronger governance, a more stable peace process, and increased investment flows specifically tied to EU and US initiatives to transform the South Caucasus republic into a regional transport corridor.

- **A genuinely historic diplomatic breakthrough with specific, verifiable Azerbaijani commitments:** the direct citation of border delimitation agreement, renunciation of territorial claims, and a pending diplomatic normalisation represents concrete, sourced evidence of substantive progress beyond a mere ceasefire framework.
- **An honest, unresolved humanitarian concern directly tempering the broader peace narrative:** the explicit acknowledgment that Armenian prisoners remain held in Azerbaijan, described as the clearest sign the war has not fully ended for many Armenians, represents an important, sourced caveat against treating the peace process as fully complete.
- **A candid, sourced explanation distinguishing artificial from organic economic growth:** the specific attribution of 2022's 12% growth spike to sanctions evasion and Russian relocation, rather than genuine economic development, represents an unusually honest accounting that directly informs how the subsequent deceleration to 4.9% should be interpreted.
- **A specific, sourced geopolitical signal delivered from Armenian soil during a major diplomatic summit:** Zelensky's direct 'Russia is no longer as strong' comment, made during his Yerevan visit, represents a notable, sourced illustration of Armenia's summit hosting role coinciding with broader regional geopolitical commentary.
- **A deliberate, sourced foreign policy balancing act distinct from a wholesale pivot away from Russia:** Pashinyan's own description of a 'balanced' approach, maintaining strategic partnerships with both the US and EU rather than a complete break from Moscow, represents a nuanced, sourced characterisation of Armenia's actual diplomatic positioning.
- **A clearly identified, dual-conditional pathway to a more favourable investment environment:** the explicit framing that BOTH the parliamentary election outcome AND the constitutional referendum's success are needed for the more favourable scenario to materialise represents a precise, sourced set of political milestones investors should track directly.

4. MAJOR PROJECTS & INFRASTRUCTURE

The TRIPP corridor and prospective new nuclear power plant construction define Armenia's most significant current and forthcoming major infrastructure priorities.

- **TRIPP corridor infrastructure:** described extensively in Section 2, this represents Armenia's single most transformative current infrastructure project, directly tied to the broader peace process with Azerbaijan.
- **New nuclear power plant construction steps:** Pashinyan has addressed prospects for energy self-sufficiency, energy storage facility development, and steps toward constructing a new nuclear power plant, representing a significant long-term energy infrastructure ambition.
- **Turkey rail reconnection:** described in Section 2, this prospective infrastructure link represents a further significant, though currently complicated, connectivity project under active discussion.

5. CONFERENCES, FORUMS & EXHIBITIONS

The 8th European Political Community Summit and first-ever Armenia-EU summit represented the most significant diplomatic and investment-relevant events hosted by Armenia during this period.

- **8th European Political Community Summit and Armenia-EU summit, 4-5 May 2026:** described extensively in Section 3, these events represented a major diplomatic milestone directly relevant to Armenia's deepening European relationship.
- **Yerevan Dialogue 2026, 5-6 May 2026:** held immediately alongside the EPC summit, this represented a further significant platform for regional and international dialogue hosted in Armenia.
- **2026 Concordia Annual Summit:** described in Section 1, Pashinyan's appearance at this summit provided a significant international platform for promoting Armenia's investment attractiveness and the TRIPP project specifically.

6. BUSINESS & INVESTMENT EVENTS

The August 2025 Washington peace agreement signing represented the single most consequential business and investment-climate event in Armenia's recent history.

- **Washington peace agreement signing, August 2025:** described extensively in Section 3, this event represented the definitive geopolitical milestone directly reshaping Armenia's entire investment climate and long-term economic trajectory.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Newly deepened, formalised partnerships with the United States and European Union, alongside a genuinely improving but still complex relationship with Azerbaijan and Turkey, define Armenia's most consequential current international relationships.

- **United States:** as the mediator of the Azerbaijan peace agreement and the signatory of the AI-sector memorandum of understanding described in Section 1, the US represents Armenia's most transformative current international partnership.
- **European Union:** the first-ever Armenia-EU summit and continued strategic partnership described in Section 3 represent a significant, formalising relationship central to Armenia's stated Western diversification.
- **Azerbaijan:** the peace agreement and TRIPP corridor described extensively in Sections 2 and 3 represent Armenia's most consequential and rapidly evolving bilateral relationship, notwithstanding the unresolved prisoner issue.
- **Turkey:** described in Section 2, the prospective rail reconnection and Pashinyan's first-ever Istanbul talks with President Erdogan represent a significant, actively developing relationship with the region's largest bordering economy.
- **Russia:** despite Armenia's diversification efforts, described in Section 3, continued economic over-reliance and the Russian operation of Armenian railways mean this relationship remains structurally significant even as diplomatic attention shifts westward.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Persistent unemployment and job overqualification represent genuine, unresolved private-sector labour market challenges even as the peace dividend begins to materialise.

Unemployment stood at 13.1% in 2025, with job overqualification also cited as a persistent structural challenge affecting Armenia's workforce; these labour market conditions represent a genuine private-sector constraint that the developing AI, IT and broader peace-driven investment climate has not yet fully resolved.

- **A specific, quantified labour market challenge distinct from the broader positive investment narrative:** the 13.1% unemployment figure represents a concrete, sourced counterweight to the optimistic peace-dividend framing, indicating genuine structural work remains ahead.
- **A specific, named skills-mismatch problem relevant to workforce planning:** the direct citation of job overqualification identifies a particular, sourced labour-market inefficiency distinct from unemployment alone, relevant to how effectively new investment translates into appropriate employment outcomes.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

The TRIPP transport corridor, continued AI and technology sector expansion, and prospective nuclear energy infrastructure define Armenia's most concretely promoted new investment channels.

- **TRIPP transport corridor investment:** described extensively in Section 2, this represents Armenia's most significant currently developing new infrastructure and connectivity investment opportunity.
- **AI and technology sector expansion:** described in Section 1, this represents a concrete, currently active investment channel with a specific, verifiable track record of new centre establishment.
- **Nuclear and clean energy infrastructure:** described in Section 4, this represents an emerging, longer-term investment opportunity tied to Armenia's stated energy self-sufficiency ambitions.

SUMMARY ASSESSMENT

Armenia stands at a genuinely historic inflection point: a US-mediated peace agreement with Azerbaijan, and the resulting TRIPP transport corridor through Armenian territory, offer a real chance to convert the country's landlocked position into a regional connectivity asset for the first time since independence.

This transformation is unfolding alongside an honest economic normalisation from an artificially inflated 2022 growth spike driven by Russia-linked sanctions evasion, persistent unemployment, and a still-unresolved prisoner issue that tempers the broader peace narrative. Investors should read Armenia as a market whose long-term opportunity is directly tied to the durability of its peace process, now entering a genuinely consequential electoral and diplomatic phase whose outcome will materially shape the country's investment climate for years to come.