

ARMENIA



HIGHLIGHTS

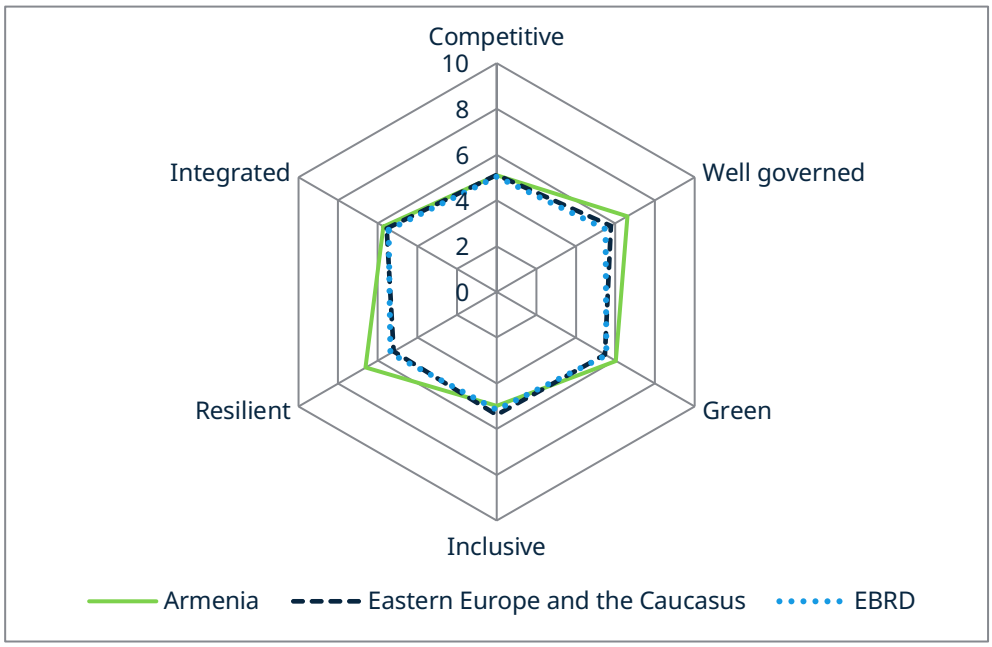
- **Economic growth has remained strong in 2026.** Real gross domestic product (GDP) grew 6.0 per cent year on year in the first half of 2026, led by construction and services. Inflation averaged 4.6 per cent in the first six months, remaining above the central bank's target. Foreign-exchange purchases by the central bank helped lift international reserves to a record high in July 2026, even as the trade deficit widened in the first half of the year.
- **The economy has shown resilience to Russian trade restrictions on traditional export products.** In the first three quarters of 2026, the dram was stable. External buffers and financial-sector balance sheets remained sound. The authorities promptly introduced targeted support for affected exporters to help them reach alternative markets and partly compensate for losses.
- **Armenia deepened its engagement with the European Union (EU).** This included the new Strategic Agenda, the first EU-Armenia summit and a Connectivity Partnership spanning transport, energy and digital links. These steps could support policy approximation, connectivity and Armenia's access to European markets.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Implement reforms for closer EU alignment.** The Strategic Agenda for the EU-Armenia Partnership provides an opportunity to strengthen governance, market institutions, regulatory quality, and green and digital standards.
- **Make progress on developing new trade links with neighbouring countries to strengthen Armenia's role in east-west trade.** Effective implementation of the Trump Route for International Peace and Prosperity (TRIPP) could lead to growth-enhancing infrastructure investments and improved connectivity.
- **Further decarbonise the energy system and strengthen regional energy connectivity.** This could help improve energy security and reduce Armenia's import dependence on a single dominant supplier of fossil fuels. Modernising and expanding energy transmission and developing storage capacity would allow the country to scale up renewables and energy trading, while improving residential energy efficiency could help reduce energy demand.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Investment climate

- A new Investment Law entered into force in August 2026, replacing the 1994 Foreign Investments Law and establishing a common framework of rights and protections for domestic and foreign investors.

Financial-sector legislation

- A new Bankruptcy Code was adopted in June 2026 and will come into force in July 2027. It introduces preventive restructuring for firms at risk of insolvency and modernises rehabilitation, liquidation and creditor procedures.

1 From the fourth quarter of 2025 to October 2026.

- A new bank resolution framework, adopted in July 2026, establishes a dedicated crisis management regime and equips the central bank with resolution tools, including the possibility of transfer to a bridge bank.
- Legislative changes in December 2025 revised audit reporting and clarified licensing arrangements for crypto-asset service providers to strengthen central bank oversight and protect customers.

Universal health insurance

- The first phase of universal health insurance was launched in January 2026, providing coverage to nearly 1.8 million people by June. The authorities aim to extend coverage to all population groups by 1 January 2029.

Human capital development

- The Higher Education and Science Law, which was adopted in September 2025 and entered into force in October, revises the governance and quality assurance of universities and research institutions. Amendments to the vocational education and training framework, adopted in June 2026, updated licensing, accreditation and teacher-attestation arrangements.

Green economy transition

- Armenia submitted its updated Nationally Determined Contribution (NDC 3.0) in December 2025, targeting an unconditional 44 per cent reduction in greenhouse gas emissions from 1990 levels by 2035 and a 52 per cent decrease subject to international support.
- Armenia's Climate Law entered into force in February 2026 and was followed by the launch of a digital greenhouse gas emissions database in May.

Public governance

- Procurement law amendments were adopted in July 2026, modernising procurement procedures, expanding disclosure and public oversight, and introducing annual ceilings on the use of single-source procurement.

Digitalisation and cybersecurity

- Cybersecurity and public information laws entered into force in January 2026, establishing regulatory frameworks for critical information infrastructure and for the collection, management and exchange of public-sector data.

Trade and connectivity

- Armenia signed the TRIPP Framework Agreement with the United States of America in June 2026 and initiated ratification in July. The agreement provides for the establishment of a joint venture between Armenia and the United States to facilitate the implementation of TRIPP investments and sets out the corresponding governance and operational arrangements.
- A new Strategic Agenda for the EU-Armenia Partnership was adopted in December 2025, followed by the signing of a landmark Connectivity Partnership in May 2026. The Agenda introduces short-term (three- to four-year) and medium-term (seven-year) priorities in line with Armenia's reform agenda. Connectivity is one of the key priorities, with a view to enhancing energy, transport and digital links in the region, along with visa liberalisation dialogue, security, crisis management and cyber-resilience.

- Armenia advanced preparations for EU visa liberalisation in May 2026 by adopting legislation on biometric identity documents and agreeing the text of a new border-management cooperation arrangement with Frontex, the EU border agency.