



## BEYOND THE TARGET: GEOPOLITICAL IMPLICATIONS OF THE US SANCTIONS AGAINST RUSSIA ON ARMENIA

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### Abstract

This paper examines the unintended systemic consequences of US sanctions against Russia on the Republic of Armenia between 2022 and 2026. Anchored in Sanctions Theory, the study identifies a ‘Sanctions Paradox’: while restrictive measures initially generated short-term economic gains through diverted trade and human capital influxes, they simultaneously accelerated Armenia’s strategic vulnerabilities by eroding Russia’s security guarantees. Specifically, the temporary windfall from re-exports and tech relocations created an unsustainable economic dependency that directly conflicted with Yerevan’s urgent need for political diversification. Utilizing a qualitative-dominant mixed-methods approach, the research analyzes how this paradox catalyzed a definitive realignment with the West. Central to this shift are the 2025 EU Integration Act and the 2026 TRIPP Framework Agreement, which serve as instruments of ‘Contractual Sovereignty’ and ‘Commercial Deterrence’. By navigating this dual-track reality, the findings offer a novel framework for understanding how intermediary economies leverage institutional pivots to survive great-power economic warfare. Armenia’s trajectory suggests that small-state agency in a sanctioned environment is increasingly defined by security. The article contributes to sanctions theory by demonstrating that consequential effects of sanctions may occur not only within the target state itself, but within intermediary states whose economic and security dependencies are transformed in opposite directions.

**Keywords:** *US Sanctions, Sanctions Theory, Geopolitical Decoupling, Small-State Agency, Dual-Track Diplomacy.*

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Received: 13.04.2026

Revised: 15.05.2026

Accepted: 09.06.2026

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## Introduction

Since February 2022, following the Russian invasion of Ukraine, the international community has witnessed an unparalleled deployment of economic statecraft. With the number of sanctions targeting the Russian Federation now exceeding 20,000, the conventional wisdom in International Relations suggested that such unprecedented pressure would isolate the target and force its neighbors to ‘decouple’ to avoid collateral damage. However, the post-2022 reality in Eurasia has defied these expectations. The global sanctions regime imposed on Russia has engendered a counterintuitive transformation across the post-Soviet space. While the primary objective of these sanctions was to isolate the Russian economy, the secondary effect has been a deepening of economic interdependency between Moscow and its immediate periphery. Following the imposition of unprecedented Western sanctions against Russia, the South Caucasus has emerged as a primary theater for economic and strategic ‘overflow.’ Although intended to isolate the Russian economy, these measures have, through their extraterritorial reach, inadvertently reshaped the structural foundations of neighboring states. Armenia, historically Russia’s loyal strategic partner in the region, finds itself at the center of this transformation.

Current scholarship on the theory of sanctions remains predominantly ‘sender-centric’ or ‘target-centric,’<sup>1</sup> focusing either on the sender’s ability to impose costs or the target’s internal mechanisms for economic survival. Recent scholarship has produced a growing body of research on sanctions against Russia.<sup>2</sup> However, much of this literature, like earlier theoretical studies, has focused primarily on either the effectiveness of sanctions or their legal dimensions. This framework has so far failed to account for the agency of intermediary states.

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<sup>1</sup> Daniel W. Drezner, *The Sanctions Paradox: Economic Statecraft and International Relations*, Cambridge Studies in International Relations (Cambridge: Cambridge University Press, 1999), <https://doi.org/10.1017/CBO9780511549366>; Steve Chan and A. Cooper Drury, “Sanctions as Economic Statecraft: An Overview,” in *Sanctions as Economic Statecraft: Theory and Practice*, ed. Steve Chan and A. Cooper Drury (London: Palgrave Macmillan UK, 2000), 1–16, [https://doi.org/10.1057/9780230596979\\_1](https://doi.org/10.1057/9780230596979_1); Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, and Barbara Oegg, *Economic Sanctions Reconsidered*, 3rd ed. (Washington, DC: Peterson Institute for International Economics, 2009); Richard Nephew, *The Art of Sanctions: A Strategic Framework* (New York: Columbia University Press, 2017).

<sup>2</sup> Rawi Abdelal and Alexandra Vacroux, “Are the West’s Sanctions on Russia Working?” *Just Money*, October 31, 2022, <https://justmoney.org/are-the-vests-sanctions-on-russia-working/>; Christine Abely, *The Russia Sanctions: The Economic Response to Russia’s Invasion of Ukraine* (Cambridge: Cambridge University Press, 2023), <https://doi.org/10.1017/9781009361224>; Angela Borozna and Lada V. Kochtcheeva, *War by Other Means: Western Sanctions on Russia and Moscow’s Response* (Cham: Springer Nature Switzerland, 2024), <https://doi.org/10.1007/978-3-031-51370-1>; Francesco Giumelli, “A Comprehensive Approach to Sanctions Effectiveness: Lessons Learned from Sanctions on Russia,” *European Journal on Criminal Policy and Research* 30, no. 2 (June 2024): 211–28, <https://doi.org/10.1007/s10610-024-09585-x>.

The ‘bystander’ economies in the South Caucasus are structurally caught between the sanctioning and target powers. Western sanctions have accelerated their economic convergence. Between 2022 and 2024, Armenia experienced a “sanctions-induced windfall,” with GDP growth averaging nearly 8%, one of the highest rates globally.<sup>3</sup> This surge was primarily driven by the massive influx of Russian relocants and the emergence of Armenia as a hub for re-exports to the Russian market. However, by early 2026, this economic model had reached a point of diminishing returns. As secondary sanctions tighten and the normalization of trade flows begins, the vulnerabilities of this overreliance are becoming starkly apparent. Russia still controls over 36% of Armenia’s total exports and roughly 60% of its energy needs,<sup>4</sup> creating a precarious dependency that Moscow has increasingly leveraged as a political tool.

Yet, this economic glue is not translating into political alignment. Parallel to these economic shifts, Armenia has undertaken a radical sovereign recalibration. Disillusioned by the perceived failure of Russian security guarantees—a shift symbolized by the freezing of its Collective Security Treaty Organization (CSTO) membership and the 2025 Washington-mediated peace frameworks—Yerevan has pivoted decisively toward the West. This is evidenced by the April 2025 enactment of the EU Integration Act and the controversial development of Western-backed transit projects like the Trump Route for International Peace and Prosperity (TRIPP) in Syunik. Thus, Armenia has made assertive efforts to politically hedge against Russia and pursue strategic autonomy by navigating a dual-track reality: deepening economic interdependency with Russia while simultaneously pursuing an aggressive drive for political disengagement from Moscow’s sphere of influence. There is a lack of empirical research explaining why deepened economic interdependency is currently acting as a catalyst for political divergence rather than convergence, despite existing theories of liberal institutionalism suggesting that economic integration should lead to political alignment.<sup>5</sup>

This article addresses the above-mentioned geopolitical puzzle: Why, despite deepening economic interdependence and the emergence of new windfalls from the Russian market, is Armenia actively pursuing strategic political divergence from Moscow? The central argument is that while Western sanctions against Russia initially catalyzed Armenian economic growth, they have ultimately triggered a fun-

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<sup>3</sup> “Armenia GDP Annual Growth Rate,” Trading Economics, accessed March 22, 2026, <https://tradingeconomics.com/armenia/gdp-growth-annual>.

<sup>4</sup> Statistical Committee of the Republic of Armenia (Armstat), “Foreign Trade,” accessed March 22, 2026, <https://armstat.am/en/?nid=176>.

<sup>5</sup> Robert O. Keohane and Lisa L. Martin, “The Promise of Institutional Theory,” *International Security* 20, no. 1 (1995): 39–51, <https://doi.org/10.2307/2539214>.

damental and high-risk geopolitical decoupling. The following analysis demonstrates how the contraction of economic gray zones in 2026 has exposed the underlying tensions of Armenia's strategic positioning, forcing a more explicit reckoning between aspirations for EU integration and concerns over economic vulnerability and regional security.

Given these shifting dynamics, it is crucial to understand how the windfalls of the sanctions era have affected Armenia politically, economically, and strategically as it navigates security voids and seeks strategic autonomy in a landscape where old alliances have failed, but new certainties have yet to emerge. The Sanctions Paradox transcends the domain of trade and economic indicators, reflecting deeper transformations in regional identity, social relations, and political orientation. These developments have been reinforced by a range of mutually constitutive factors that accelerate political divergence and therefore occupy a central place in the analysis that follows.

The article argues that sanctions spillovers can generate divergent economic and security outcomes for intermediary states. In Armenia's case, the US and the EU sanctions against Russia simultaneously increased economic interdependence with Russia while undermining the security foundations of the Armenian-Russian alliance. This asymmetry transformed economic dependence from a source of geopolitical alignment into a catalyst for strategic diversification, driving Armenia's gradual integration with Western political and security frameworks.

**Research Methodology:** This study employs a qualitative-dominant mixed-methods approach, utilizing a single-case study design focused on Armenia. This design is specifically selected for its capacity to capture the spillover effects of external sanctions phenomena that are inherently nonlinear, multidimensional, and often inadequately captured by purely quantitative models. To ensure a granular understanding of the evolving geopolitical landscape, the research is structured around a phase-based assessment, distinguishing between the Initial Shock/Boom phase (2022–2024), characterized by rapid trade reorientation and migration influxes, and the Stabilization and Decoupling phase (2025–2026), which marks the transition toward institutionalized strategic autonomy. Central to this framework is the analysis of trade volumes, GDP fluctuations, and foreign investment patterns, which makes visible structural transformations within the Armenian economy and the wider reconfiguration of regional trade flows under the impact of sanctions.

To contextualize these economic shifts, the study integrates three layers of interpretive analysis. First, content analysis of official state rhetoric from leaders is conducted to identify the pivot from the Soviet era discourse of fraternity to a language of sovereign pragmatism. This is supplemented by rigorous document analysis of bilateral and multilateral legal frameworks, contrasting legacy Eurasian Eco-

nomic Union (EAEU) treaties with emergent agreements (such as the EU-Armenia CEPA and the C5+1 statements), to identify the specific legal mechanisms states utilize to fence off their political sovereignty from their legacy economic obligations. Finally, the research employs narrative analysis of media coverage and academic discourse to capture the psychological and sociopolitical dimensions of the Russian factor. By triangulating economic indicators with legal and rhetorical shifts, this methodology provides a comprehensive lens for viewing Armenia's efforts to navigate the fractured global order.

### The Sanctions Paradox

In February 2022, forecasts by Armenian economists and representatives of financial and economic institutions predicted that Western sanctions imposed on Russia would have painful consequences for Armenia's economy. For example, the Central Bank of Armenia reduced the expected GDP growth from 5.3% to 1.6%.<sup>6</sup> The experts attributed the emerging risks not to the application of secondary sanctions against Armenian organizations, but to the indirect impact of sanctions imposed on Russia. Key factors included disruptions in supply chains, the devaluation of remittances, and a decline in Armenian exports caused by the drop in purchasing power in Russia. Other concerns were the decrease in labor migration from Armenia to Russia and the potential damage to Armenian financial institutions resulting from the disconnection of Russian banks from the SWIFT system.<sup>7</sup> Armenia, however, managed to overcome the short-term economic consequences of the anti-Russian sanctions. According to the economic data summary for the first half of 2022, price inflation in Armenia stood at approximately 8%. For comparison, during the same period, inflation reached 11% in neighboring Georgia and over 13% in Azerbaijan.<sup>8</sup>

Nevertheless, the most visible byproduct of the Western sanctions against Russia was the dramatic emergence of Armenia as a strategic intermediary for 'parallel imports' and the re-export of goods to Russia. In 2022, compared to 2021,

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<sup>6</sup> Central Bank of Armenia, *Inflation Report: Monetary Policy Program Q1 2022* (Yerevan: Central Bank of Armenia, 2022), [https://www.cba.am/file\\_manager/Inflation-reports/Inflation-report-I2022en.pdf](https://www.cba.am/file_manager/Inflation-reports/Inflation-report-I2022en.pdf).

<sup>7</sup> Seda Hergnyan, "From Exports to Finance: How Armenia Could Suffer from Sanctions Against Russia," *Hetq.am*, February 23, 2022, in Armenian: [Մեղա Հերգնյան, "Արտահանումից մինչև ֆինանսներ. ինչպես Հայաստանը կարող է տուժել Ռուսաստանի դեմ պատժամիջոցներից," *Hetq.am*, 23 փետրվարի 2022], <https://www.hetq.am/hy/article/141544>.

<sup>8</sup> "Armenia Inflation Rate," Trading Economics, accessed June 11, 2026, <https://tradingeconomics.com/armenia/inflation-cpi>; "Georgia Inflation Rate," Trading Economics, accessed June 11, 2026, <https://tradingeconomics.com/georgia/inflation-cpi>; "Azerbaijan Inflation Rate," Trading Economics, accessed June 11, 2026, <https://tradingeconomics.com/azerbaijan/inflation-cpi>.

Armenia's exports to Russia increased by approximately 192%, while imports grew by about 47%. These high growth rates were maintained in 2023. In 2024, exports saw a slight decrease, while imports continued to grow by approximately 110%.<sup>9</sup> This surge was not driven by a sudden increase in domestic Armenian production, but rather by the country's role as a logistical gray zone. Commodities ranging from consumer electronics and luxury vehicles to specialized industrial components were imported from global markets, specifically the EU and East Asia, before being processed through the Armenian customs framework for delivery to Russia. This re-export mechanism served as a critical economic lifeline for both actors: it provided the Russian market with access to sanctioned products, while simultaneously fueling a tax revenue surplus and double-digit GDP growth for Armenia.

A defining, albeit anomalous, feature of Armenia's 2024 economic activity was the emergence of a high-value circular trade involving Russian precious metals and stones. Following the G7 and the EU's phased restrictions on Russian-origin diamonds and gold,<sup>10</sup> Armenia became a critical processing and re-export node for these commodities. By mid-2024, Armenian exports to the United Arab Emirates (UAE) surged by more than 500%,<sup>11</sup> briefly eclipsing traditional markets and establishing the UAE as Armenia's primary export destination. At the core of this phenomenon was Armenia's function as a processing and re-export hub for Russian raw materials. Gold bullion and rough diamonds imported from Russia underwent value-added processing within Armenia before being re-exported to markets in Dubai, generating a significant share of the observed trade expansion.<sup>12</sup> While this loop provided a massive, short-term infusion of liquidity into the Armenian financial system, it also drew heightened scrutiny from the US Office of Foreign Assets Control (OFAC). By early 2025, as secondary sanctions mechanisms were refined to track the origin of value rather than just the point of shipment, this trade volume began a precipitous decline, signaling the end of the South Caucasus's role as a frictionless conduit for Russian luxury exports.

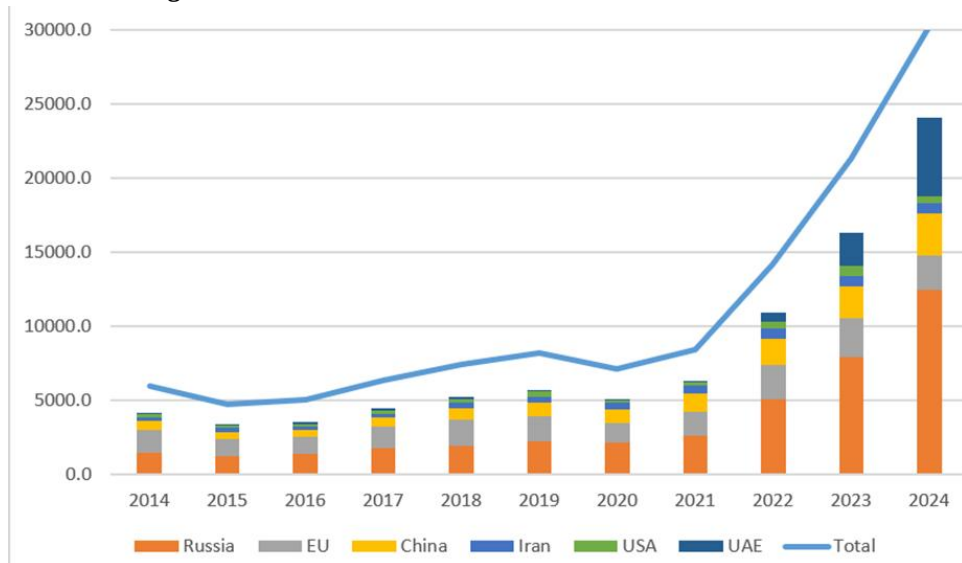
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<sup>9</sup> Statistical Committee of the Republic of Armenia (Armstat), "Foreign Trade Database," accessed March 22, 2026, in Armenian: [Հայաստանի Հանրապետության վիճակագրական կոմիտե (Արմստատ), "Արտաքին առևտրի տվյալների բազա," (մուտք՝ 22.03.2026)], <https://www.armstat.am/am/index.php?nid=159&thid%5B%5D=643&submit=%D5%93%D5%B6%D5%BF%D6%80%D5%A5%D5%AC&offset=0>.

<sup>10</sup> "EU, G7 Indirect Russian Diamond Ban Comes into Effect," *Reuters*, March 1, 2024, accessed March 22, 2026, <https://www.reuters.com/world/europe/eu-g7-indirect-russian-diamond-ban-comes-into-effect-2024-03-01/>.

<sup>11</sup> Hovhannes Nazaretyan, "Slower Growth, Booming Trade, Declining Births: Armenia in 2024," *EVN Report*, February 11, 2025, <https://evnreport.com/new-updates/armenia-in-2024/>.

<sup>12</sup> Seda Hergnyan, "Armenia: Re-Exporting Billions of 'Dirty' Russian Gold," *Hetq.am*, November 23, 2024, <https://hetq.am/en/article/171035>.

**Table 1. Foreign Trade of Armenia**

Beyond the surge in trade, the most transformative structural shift in the Armenian economy was the massive influx of human capital, a phenomenon defined by the relocation of roughly 110,000 Russian professionals following the 2022 mobilization.<sup>13</sup> About 60,000 of them remained in Armenia for more than a year.<sup>14</sup> This was not merely a movement of passive wealth, but a wholesale transplant of the Russian high-tech ecosystem. Major industry players like Yandex, NVIDIA, and DataArt rapidly expanded their Yerevan offices.

This injection of high-productivity labor served as the primary engine behind Armenia's remarkable macroeconomic performance, sustaining real GDP growth rates of 12.6% in 2022 and 8.3% in 2023—the highest in the region. By 2024, the ICT sector's contribution to GDP surged to approximately 7–9%, with the total number of tech professionals in the country doubling from 20,000 to over 44,000.<sup>15</sup> While 2025 and early 2026 have seen a normalization as some specialists moved on to the EU or Montenegro, a significant core remains integrated. This relocant-

<sup>13</sup> Nicolas Bouchet, "Democratic Russian Civil Society Outside Russia? A Window of Opportunity for Support," German Marshall Fund of the United States, July 22, 2024, <https://www.gmfus.org/news/democratic-russian-civil-society-outside-russia-window-opportunity-support>.

<sup>14</sup> Benjamin Poghosyan, "How Russian Migration Fuels Armenia's IT Sector Growth," Applied Policy Research Institute of Armenia (APRI Armenia), November 6, 2023, <https://apri.institute/how-russian-migration-fuels-armenias-it-sector/>.

<sup>15</sup> Emerging Europe, "IT Sector in Focus: Armenia," *Emerging Europe*, February 3, 2026, <https://emerging-europe.com/it-sector-in-focus-armenia/>.

driven growth provided the Armenian state with the fiscal surplus evidenced by the \$79 million in tax contributions from the top 1,000 IT taxpayers in 2024, necessary to fund its strategic pivot toward Western frameworks.

The final pillar of Armenia's sanctions-driven expansion was the unprecedented growth of its domestic financial sector. Acting as a critical hub for both relocants and regional trade, Armenian commercial banks became the primary infrastructure for cross-border capital flows. In 2022, non-commercial transfers grew by approximately 88%, contributing to the appreciation of the Armenian dram. This influx significantly boosted domestic consumption and the demand for services. Furthermore, driven by the arrival of non-residents and their associated banking transactions, Armenian banks recorded a net profit in 2022 that was three times higher than in 2021.<sup>16</sup>

In 2024, total transfers to Armenia through the banking system reached approximately \$5.8 billion, with Russia accounting for 65% of these inflows.<sup>17</sup> However, a significant portion of these funds was not absorbed locally; instead, Armenia functioned as a financial transit point, with nearly 20% of these volumes subsequently transferred to third countries, primarily the United Arab Emirates. While this surge tripled the banking sector's profits in the early years of the conflict, by 2025 and 2026, the sector faced a compliance crisis. The inclusion of major players like Unibank in the EU's 20<sup>th</sup> sanctions package<sup>18</sup> signaled the end of the South Caucasus as a frictionless financial bridge. Consequently, Armenian banks have increasingly internalized the risks associated with Western secondary sanctions, adopting more restrictive compliance and lending policies that have significantly reduced access to credit for firms engaged in large-scale trade with Russia.

By early 2026, the sanctions-induced 'gold rush' that had characterized the Armenian economy for nearly three years had given way to a soberer assessment of its sustainability and geopolitical consequences. The exceptional growth of the 2022–2024 period, driven largely by Armenia's function as a critical intermediary in the reconfiguration of regional trade networks, has begun to confront the struc-

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<sup>16</sup> Central Bank of Armenia, "Total Money Transfers of Individuals Sent to and Received from Abroad through Commercial Banks of RA by Countries," accessed March 22, 2026, in Armenian: [Central Bank of Armenia, "ՀՀ բանկերի միջոցով ֆիզիկական անձանց անունով արտերկրներից մուտք եղած և ՀՀ-ից ֆիզիկական անձանց կողմից արտերկիր կատարված ամսական փոխանցումներ ըստ երկրների | CBA," accessed March 22, 2026], <https://www.cba.am/hy/statistics/total-money-transfers-of-individuals-sent-to-and-received-from-abroad-through-commercial-banks-of-ra-by-countries/194>.

<sup>17</sup> Ani Grigoryan, "Money Flows and Re-Exports: How Armenia Became a Transit Hub in the Shadow of Sanctions," *Caucasus Watch*, June 29, 2025, <https://caucasuswatch.de/en/insights/money-flows-and-re-exports-how-armenia-became-a-transit-hub-in-the-shadow-of-sanctions.html>.

<sup>18</sup> "Armenian Bank Faces EU Sanctions," *Azattyun*, February 9, 2026, accessed June 11, 2026, <https://www.azattyun.am/a/33673447.html>.

tural, regulatory, and geopolitical limits of that model. This shift is most visible in the cooling of trade relations with Russia. After reaching a historic peak in 2024, bilateral trade plummeted to approximately \$6.7 billion for the 2025 period<sup>19</sup> as international monitoring tightened and the lucrative ‘gold and diamond’ transit routes were effectively dismantled.

This period is best characterized as a normalization rather than a crisis. International financial institutions, including the World Bank,<sup>20</sup> have noted that the unwinding of these temporary re-export surges has allowed Armenia’s GDP growth to return to its long-term sustainable potential of approximately 4.9% to 5.2% for 2026. However, the correction has also highlighted deep-seated vulnerabilities. As the lucrativeness of transit trade fades, Russian commercial actors have become increasingly wary of the Armenian market, citing both the threat of secondary sanctions and the growing political distance between Yerevan and Moscow.<sup>21</sup> Consequently, this ‘trade slump’ serves as the primary catalyst for the Armenian government’s 2026 diversification strategy, moving away from a role as a logistical intermediary toward a more sovereign, Western-integrated economic framework.

### Armenia’s Increasing Dependency on Russia

The most rigid constraint on Armenia’s strategic autonomy is its profound structural dependency on the Russian energy complex. Despite the political ‘freeze’ in 2025 and 2026, the physical reality of Armenia’s energy security remains binary. Approximately 85% of Armenia’s natural gas is imported from Russia via the North Caucasus-Transcaucasia pipeline, controlled by Gazprom Armenia, a 100% subsidiary of the Russian state giant. While Armenia does import gas from Iran, this is strictly regulated by the Gas-for-Electricity swap agreement. This arrangement is not a substitute for domestic heating or industrial use; rather, Iranian gas is exclusively converted into electricity at the Yerevan Thermal Power Plant and exported back to Tehran at a ratio of 3 kWh per 1 cubic meter of gas.<sup>22</sup> This technical loop means that while Iran provides some balancing utility, it does not currently

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<sup>19</sup> “Russia Still Armenia’s Top Partner Despite Sharp Fall in Trade,” *Azattyun*, January 12, 2026, accessed June 11, 2026, <https://www.azattyun.am/a/33646125.html>.

<sup>20</sup> World Bank, *Armenia’s Economic Pulse: Fairer Markets for Inclusive Growth* (Washington, DC: World Bank, November 21, 2025), accessed June 11, 2026, <https://www.worldbank.org/en/country/armenia/publication/armenia-economic-pulse-fairer-markets-for-inclusive-growth>.

<sup>21</sup> SpecialEurasia OSINT, “Trade as Leverage in Russia-Armenia Bilateral Relations,” *SpecialEurasia*, March 11, 2026, accessed June 11, 2026, <https://www.specialeurasia.com/2026/03/11/trade-russia-armenia-leverage/>.

<sup>22</sup> “Armenia, Iran Agree to Increase Mutual Gas and Electricity Supplies,” *Interfax*, March 30, 2026, accessed June 11, 2026, <https://interfax.com/newsroom/top-stories/93459/>.

offer a viable alternative to Russian gas for the Armenian consumer or the national grid's base-load requirements.

This dependency is further deepened by the Metsamor Nuclear Power Plant (ANPP), which provides roughly 30–40% of the country's electricity. The plant is not only reliant on Russian-sourced nuclear fuel rods, but its life-extension projects through 2026 have been primarily managed and financed by Rosatom. Even as the government discusses a Modular Reactor partnership with the United States (as noted in the 2024–2026 diplomatic memos), the physical infrastructure of Metsamor remains a Russian technological enclave.<sup>23</sup>

Furthermore, the internal distribution of this energy has shifted from a point of regulatory friction to a full-scale institutional confrontation. Electric Networks of Armenia (ENA), the country's sole electricity distributor, owned by the Tashir Group, remains the primary battleground for Armenia's domestic energy sovereignty. This tension culminated in July 2025, when the Public Services Regulatory Commission (PSRC) took the unprecedented step of appointing Romanos Petrosyan, the former head of the State Supervision Service, as the interim manager of ENA.<sup>24</sup> This move effectively signaled a temporary nationalization of management aimed at investigating systemic fraud, frequent grid failures, and the slow implementation of investment programs that the government labeled as "strategic sabotage."<sup>25</sup>

By early 2026, this intervention had created a unique dual-power dynamic within the utility sector. While the company still officially remains under the ownership of the Russian-Armenian Tashir Group, its day-to-day operations and financial audits are under strict state surveillance. This development is not merely about utility maintenance; it is a calculated effort by the Pashinyan administration to dismantle the private-sector link between the Moscow-based diaspora and Armenia's essential infrastructure.

For decades, the seasonal labor migration to Russia acted as the invisible social security system for some parts of rural Armenia. However, by 2026, this decades-old bridge is undergoing a structural collapse. What was once a reliable stream of hard currency has been eroded by the persistent volatility of the Russian ruble and the rising costs of living within a sanctioned Russian economy, making the traditional seasonal trip increasingly less viable for the Armenian worker. The

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<sup>23</sup> "Nuclear Power in Armenia," World Nuclear Association, updated February 2026, accessed March 30, 2026, <https://world-nuclear.org/information-library/country-profiles/countries-a-f/armenia>.

<sup>24</sup> "Romanos Petrosyan Appointed Interim Manager of Electric Networks of Armenia," *Armenpress*, July 18, 2025, <https://armenpress.am/en/article/1225176>.

<sup>25</sup> "Armenia Faces Mounting Hybrid Threats Aimed at Sabotage, Warns Intelligence Agency," *Armenpress*, January 20, 2026, <https://armenpress.am/en/article/1240049>.

number of Armenian seasonal workers in Russia has dropped by roughly 30%, falling from 100,000 to fewer than 70,000 in just three years.<sup>26</sup> The numbers tell a story of rapid disconnection: the net inflow of remittances from Russia plummeted by over 52% in 2024, and this downward trend has solidified through 2025 and early 2026.<sup>27</sup>

The reorientation of labor flows away from Russia has been partially absorbed by domestic economic expansion. Many workers who previously built apartments in Moscow are now finding higher-paying opportunities in Armenia's own construction sector, which grew by a substantial 18–20% in 2025.<sup>28</sup> However, for the rural families who remain dependent on transfers, this transition is painful. The 'correction' in remittances is forcing a reluctant but necessary diversification of the Armenian labor force.

Armenia's traditional industries, including agriculture, textiles, and food processing, remain structurally embedded within the Russian economic sphere. This pattern reflects not merely economic convenience, but a persistent quality gap in production and regulatory compliance. For decades, the EAEU has provided a tariff-free market for Armenian exports that do not yet satisfy the European Union's more stringent phytosanitary and packaging standards. While the Armenian government pursues a political break from Moscow, the World Bank's 2024 Trade Competitiveness Diagnostic reveals a sobering structural reality:<sup>29</sup> Armenia is becoming more, not less, dependent on the EAEU's framework. Armenia's membership in the EAEU has effectively raised the cost of innovation. By being tied to the EAEU's Common External Tariff (CET), Armenian businesses face higher costs for high-quality machinery and raw materials from the West. This "tariff wall" makes it difficult for local manufacturers to produce goods that are competitive enough for the European market, perversely reinforcing their reliance on the less-demanding Russian consumer base. For the average villager in the Ararat Valley, diversification is not a political slogan; it is a daunting technical hurdle that requires expensive certifications and a complete reimagining of their production chain.

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<sup>26</sup> Arshaluys Barseghyan, "Armenian Seasonal Workers in Russia Drop by 30%," *OC Media*, March 5, 2026, <https://oc-media.org/armenian-seasonal-workers-in-russia-drop-by-30/>.

<sup>27</sup> "Net Inflow of Remittances from Russia to Armenia in 2024 Decreased by 52.3% – Ministry of Finance," *ArmBanks*, February 4, 2025, <https://armbanks.am/en/2025/02/04/259908/>.

<sup>28</sup> "Construction Remains Leading Sector in Armenia's Economy," *Armenpress*, January 26, 2026, <https://armenpress.am/en/article/1240518>.

<sup>29</sup> World Bank, "Armenia Trade Competitiveness Diagnostic," World Bank, November 7, 2024, accessed March 30, 2026, <https://www.worldbank.org/en/news/factsheet/2024/11/07/armenia-trade-competitiveness-diagnostic>.

The World Bank report also highlights a dangerous concentration in Armenia's export profile. Excluding the temporary re-export "miracle," over 80% of Armenia's merchandise exports remain primary products and unprocessed commodities, such as copper ores (which alone represent 25% of exports). This lack of complexity is the anchor that prevents a true pivot. Furthermore, the World Bank notes a divergence in trade destinations: while Armenia's exports to the EU accounted for 43% of its total in 2011, they had withered to just 23% by 2021, even before the current conflict. For researchers examining 2026 developments, the geopolitical pivot appears as a structurally asymmetric process. It is primarily driven by the expansion of high-tech services, which operate through transnational and non-territorial economic networks, while manufacturing and agriculture remain embedded in lower-complexity, Russia-centered value chains and production regimes.

### The Geopolitical Pivot and the Security Void

Following the 2020 war, Moscow established a "triple monopoly" over the South Caucasus. First, it positioned itself as the sole peacekeeper, with almost 2,000 troops in Nagorno-Karabakh,<sup>30</sup> acting as the only physical barrier to ethnic cleansing. Second, it served as the principal mediator in the post-war settlement process, whereas Western diplomatic initiatives remained largely peripheral. Consequently, the Moscow track became the primary framework through which Baku and Yerevan negotiated both the normalization of bilateral relations and the reopening of regional transport routes.<sup>31</sup> Third, Moscow positioned itself as the primary military modernizer, with a 2021 agreement promising a total renovation of the Armenian Armed Forces to "Russian standards."<sup>32</sup>

This hegemony was backed by the presence of Russian FSB border guards, not only on the traditional Turkish and Iranian frontiers, but also as "stabilizing tripwires" along the new, volatile Armenian-Azerbaijani borders.<sup>33</sup> In this era, Ar-

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<sup>30</sup> "Statement by the Prime Minister of the Republic of Armenia, the President of the Republic of Azerbaijan and the President of the Russian Federation," Office of the Prime Minister of the Republic of Armenia, November 10, 2020, <https://www.primeminister.am/en/press-release/item/2020/11/10/Announcement/>.

<sup>31</sup> Office of the Prime Minister of the Republic of Armenia, "Joint Statement Issued Following Meeting between Nikol Pashinyan, Vladimir Putin and Ilham Aliyev," January 11, 2021, <https://www.primeminister.am/en/press-release/item/2021/01/11/Nikol-Pashinyan-Moscow-meeting-Announcement/>.

<sup>32</sup> Sargis Harutyunyan, "Russian Official Says Armenia Signs Arms Supply Contracts in Moscow," Azatutyun, August 25, 2021, accessed June 11, 2026, <https://www.azatutyun.am/a/31428119.html>.

<sup>33</sup> Eduard Abrahamyan, "Russia's Growing Military Deployment in Syunik: A Challenge to Armenian Sovereignty and Defense," Institute for Security Analysis (ISA) Research Memo (October 2023),

menia's "unquestioned trust" in Russia was a structural reality; Yerevan viewed Moscow not merely as an ally, but as the foundational guarantor of its statehood. The "modernization promise" was the carrot keeping Armenia within the CSTO orbit, predicated on the belief that Russia remained a potent, reliable neighbor capable of projecting power.

The February 2022 invasion of Ukraine acted as the primary "disruptor" of this architecture. As Russia became bogged down in a protracted war of attrition, its political and military capacity was cannibalized. The most visible failure was military-technical: Armenia had prepaid approximately \$400 million for Russian weaponry that was never delivered, as the hardware was diverted to the Ukrainian front. By 2024, the share of Russian arms in Armenia's procurement had plummeted from 96% to just 10%.<sup>34</sup>

Furthermore, the imposition of Western sanctions reconfigured Russia's strategic priorities in the South Caucasus. The growing importance of Azerbaijan and Turkey as logistical and transit partners elevated their significance within Moscow's regional strategy, diminishing the relative weight of Armenia's traditional role as a security ally. The International North-South Transport Corridor (INSTC) through Azerbaijan and trade routes through Turkey became vital for bypassing sanctions. The shifting energy landscape between 2022 and 2026 has positioned Turkey and Azerbaijan as critical nodes for Russian hydrocarbon flows, often enabling the circumvention of Western sanctions through complex re-export and "gas-blending" mechanisms. Although official Baku denies importing Russian gas for re-export, analysts highlight a swapping logic, in which Azerbaijan utilizes Russian gas for domestic consumption to free up its own Caspian volumes for the Southern Gas Corridor (SGC). This allows Europe to ostensibly replace Russian energy with Caspian gas while the total regional balance remains supported by Moscow. By leveraging the Trans-Adriatic Pipeline (TAP) and the Baku-Tbilisi-Ceyhan (BTC) pipeline, Azerbaijan provides a veneer of diversification for European markets that, in reality, remain deeply integrated into the broader Russian energy matrix.<sup>35</sup> This reality shifted Russia's role in the South Caucasus from a balanced arbiter to a stakeholder in the "Turkic partnership." This created a security void in which Rus-

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<https://securityandanalysis.net/wp-content/uploads/2024/03/Russias-Growing-Military-Deployment-in-Syunik-A-Challenge-to-Armenian-Sovereignty-and-Defense-1.pdf>.

<sup>34</sup> Jakob Hedenskog, "The Armenian Dilemma after Azerbaijan's September Attack on Nagorno-Karabakh," *Stockholm Centre for Eastern European Studies (SCEEUS)*, 2023, <https://sceeus.se/en/publications/the-armenian-dilemma-after-azerbaijans-september-attack-on-nagorno-karabakh/>.

<sup>35</sup> Gubad Ibadoghlu, "Azerbaijan in the Gray Zone: Shadow Energy Trade and Russian Sanctions Circumvention," *SSRN Electronic Journal*, January 1, 2025, <https://doi.org/10.2139/ssrn.5295947>.

sia's inaction in the face of Azerbaijani incursions was not a failure of capability, but a calculated diplomatic and political trade-off for its own economic survival.

Azerbaijan strategically capitalized on this Russian overstretch. Recognizing that Moscow was paralyzed by the Ukraine conflict and fearful of a potential second front in the Caucasus, Baku initiated a strategy to systematically sideline the Russian mediation track. By launching attacks on sovereign Armenian territory in September 2022 and blockading the Lachin Corridor in December 2022, Baku proved that the Russian tripwire was hollow. The culmination of this strategy was the September 2023 offensive in Nagorno-Karabakh. The passivity of Russian peacekeepers during the ethnic cleansing of 100,000 Armenians marked the final collapse of the 2020 Trilateral Statement's legitimacy. For Baku, this was the "calculated confrontation" that removed Russia from the peace process. The failure of Russia's security guarantees led to the "freezing" of Armenia's membership in the CSTO, representing a profound fracture in the post-Soviet security architecture. While Prime Minister Pashinyan formally announced the suspension in February 2024,<sup>36</sup> by March 2026, the Armenian Foreign Intelligence Service had characterized the process as irreversible. The presence of Russia's 102nd Military Base in Gyumri remained as an element of Armenia's inherited security framework, yet Armenian policymakers increasingly viewed it as subordinate to the country's broader strategic realignment and deepening engagement with Western partners.

As Russia's mediating role diminished following its invasion of Ukraine, the EU sought to fill this diplomatic gap. Between 2022 and 2023, European Council President Charles Michel led what became known as the "Brussels Track"—an effort to broker peace based on European principles and values. Yet despite genuine diplomatic efforts, this process revealed a difficult reality: mediation without concrete security guarantees struggles to produce lasting results.

Although Michel successfully facilitated high-level meetings between Armenian and Azerbaijani leaders, the European mediation faced significant structural constraints. The EU lacked a military presence in the region and had no unified defense policy to support its diplomatic efforts. Moreover, European energy dependency on Azerbaijani gas complicated the bloc's ability to apply meaningful pressure. This asymmetry became evident in practice: Azerbaijan participated in Brussels summits while simultaneously taking military action on the ground. The limitations of this approach became clear in September 2023, when Nagorno-Karabakh's Armenian population was forcibly displaced despite months of Euro-

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<sup>36</sup> "Armenia Freezes Participation in Russia-Led Security Bloc—Prime Minister," *Reuters*, February 23, 2024, accessed June 11, 2026, <https://www.reuters.com/world/asia-pacific/armenia-freezes-participation-russia-led-security-bloc-prime-minister-2024-02-23/>.

pean diplomatic engagement.<sup>37</sup> The EU issued statements expressing concern and calling for restraint, but implemented no concrete measures to prevent the outcome.

In February 2023, the EU Mission in Armenia (EUMA) was launched and extended through February 2027 with over 200 international observers.<sup>38</sup> It represented a shift in the South Caucasus security architecture. For the first time, a Western civilian monitoring presence has been deployed along the Armenian-Azerbaijani border, offering an alternative to Armenia's traditional dependence on Russian security guarantees. While unarmed, the mission functions as a stabilizing force. Previously, border incidents existed in an information vacuum in which competing narratives went unverified. The EUMA has transformed this dynamic. This transparency has effectively constrained low-intensity provocations and created what observers call a "strategic pause," and military actions now occur under the direct scrutiny of EU member states. The mission thus represents more than monitoring; it marks the internationalization of Armenia's border security, gradually shifting the country from exclusive reliance on post-Soviet security frameworks toward integration with European stability mechanisms.

Following a successful civil society petition (with more than 50,000 signatures), Armenia's parliament adopted the EU Integration Act in March 2025.<sup>39</sup> It represented a shift in Armenia's foreign policy, moving the country to institutional alignment with the EU.

The emergence of a Washington-led diplomatic track in 2025 represents a significant shift in Armenia's approach to regional security. After experiencing the limitations of exclusive reliance on Russia and finding that European diplomatic engagement, while valuable, lacked enforcement capacity, Armenia has sought a partnership with the US as an additional pillar of its security strategy. This represents what international relations scholars call "external balancing," a smaller state diversifying its security partnerships in response to changing regional power dynamics.

The South Caucasus has emerged as an increasingly significant component of US regional strategy. American engagement has focused on fostering alternative energy and transport corridors that enhance regional connectivity while contributing to broader efforts to reduce Europe's dependence on Russian energy supplies.

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<sup>37</sup> Gabriel Gavin, *Ashes of Our Fathers: Inside the Fall of Nagorno-Karabakh* (London: Hurst Publishers, 2025), 33–36.

<sup>38</sup> "About European Union Mission in Armenia," European Union External Action Service (EEAS), accessed March 30, 2026, [https://www.eeas.europa.eu/euma/about-european-union-mission-armenia\\_en?s=410283](https://www.eeas.europa.eu/euma/about-european-union-mission-armenia_en?s=410283).

<sup>39</sup> "Armenian Parliament Adopts EU Bill at Second Reading," *Armenpress*, March 26, 2025, <https://armenpress.am/en/article/1215464>.

This involves supporting what planners call the “Trans-Caspian corridor,” an infrastructure project connecting Central Asian energy resources to European markets while bypassing both Russian and Iranian territory.<sup>40</sup> Beyond economic considerations, the current US security doctrine identifies the South Caucasus as a critical “bridge” for transcontinental trade, aimed at reducing the geopolitical leverage of Russia and Iran.<sup>41</sup> Central to this framework is the Trump Route for International Peace and Prosperity (TRIPP), a strategic transit corridor traversing southern Armenia that establishes direct connectivity between Azerbaijan and its Nakhichevan exclave. In Washington’s view, securing this route is a primary national interest because it facilitates the flow of Central Asian energy and goods to Europe while bypassing sanctioned Russian territory. By facilitating the August 2025 Washington Peace Summit, the US has sought to fill the “security void” left by the decline of the Russian-led CSTO, effectively framing regional stability not only as a diplomatic goal but also as a prerequisite for American-led infrastructure investments and the protection of global supply chains.

The TRIPP, formalized in January 2026, represents a concrete expression of this American strategic engagement. The framework offers a practical solution to one of Armenia’s most pressing challenges: how to provide transit access through its southern Syunik region to connect Azerbaijan with its exclave of Nakhichevan, while maintaining sovereignty and territorial integrity.

The arrangement is structured around an economic partnership rather than a territorial concession. A consortium led by American companies holds a 74% stake in managing the transport corridor’s logistics operations, while Armenia retains 26% ownership and, crucially, full legal jurisdiction over the territory. This means that while international operators manage the commercial aspects of the route, Armenian authorities maintain complete control over customs, law enforcement, and border security.<sup>42</sup>

This model represents a departure from earlier Azerbaijani proposals that would have placed the road under external oversight. Instead, it addresses Azerbaijan’s demand for reliable transit access while preserving Armenia’s sovereign control, an approach that seeks to resolve what had been framed as an existential dilemma for Armenian statehood. The corridor thus functions as both economic in-

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<sup>40</sup> Luke Coffey, “Trans-Caspian Pipeline Could Be a Regional Game Changer,” Hudson Institute, accessed March 31, 2026, <https://www.hudson.org/foreign-policy/trans-caspian-pipeline-could-be-regional-game-changer-luke-coffey>.

<sup>41</sup> Kamran Bokhari, “The South Caucasus’ Economic Promise And The 2025 U.S. National Security Strategy,” *Forbes*, December 15, 2025, <https://www.forbes.com/sites/kamranbokhari/2025/12/15/the-south-caucasus-economic-promise-and-the-2025-us-national-security-strategy/>.

<sup>42</sup> U.S. Department of State, *The TRIPP Implementation Framework (TIF)*, January 2026, <https://www.state.gov/wp-content/uploads/2026/01/TRIPP-Implementation-Framework.pdf>.

infrastructure and a mechanism for stabilizing relations, backed by substantial American commercial and strategic interest in its success.

Within Armenia's foreign policy logic, beyond its economic function, the TRIPP serves an important strategic purpose: it makes Armenia's territorial integrity a matter of international commercial interest. By investing substantially in long-term infrastructure development, including 99-year operating rights, the US has tied its economic interests directly to the stability of Armenia's southern borders and has thus become an important part of the solution to the decades-long conflict.<sup>43</sup> The corridor is designed to transport critical minerals from Central Asia to Western markets, making it a significant component of global supply chains.

This economic integration is presumed to create a form of deterrence different from traditional military guarantees. Any military action threatening the corridor would disrupt not only regional stability but also a major international transit route backed by American commercial interests. In practical terms, this shifts Armenia's security calculation: rather than relying solely on military alliances, the country's safety becomes intertwined with the smooth functioning of international trade infrastructure valued by major powers.

The TRIPP thus represents more than a transport route.<sup>44</sup> It positions Armenia as a link in the broader Middle Corridor connecting Asia to Europe, an alternative to routes controlled by Russia. This integration raises the potential costs of regional conflict for all parties involved, as military escalation would now carry significant economic consequences for international stakeholders with substantial investments in the region's stability.

Armenia's partnership with the US has expanded beyond infrastructure into critical technology and energy sectors. A series of agreements signed between August 2025 and February 2026 reflects this deepening relationship. The most significant development came on February 9, 2026, when Prime Minister Pashinyan and US Vice President JD Vance signed a civil nuclear cooperation agreement, known as the "123 Agreement."<sup>45</sup> This framework creates the legal and financial founda-

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<sup>43</sup> Stephen Blank, "Trump Makes a Move in the Caucasus," *Central Asia-Caucasus Analyst*, August 20, 2025, accessed June 11, 2026, <https://www.cacianalyst.org/publications/analytical-articles/item/13887-trump-makes-a-move-in-the-caucasus.html>.

<sup>44</sup> Laura Luciani, "What the Trump Route for International Peace and Prosperity Means for the South Caucasus – and for the People Living There," Ghent University, accessed March 31, 2026, [https://www.ugent.be/ps/politiekwetenschappen/gies/en/research/publications/gies\\_papers/2025-one-year-trump/what-the-trump-route-for-international-peace-and-prosperity-means-for-the-south-caucasus-and-for-the-people-living-there.htm](https://www.ugent.be/ps/politiekwetenschappen/gies/en/research/publications/gies_papers/2025-one-year-trump/what-the-trump-route-for-international-peace-and-prosperity-means-for-the-south-caucasus-and-for-the-people-living-there.htm).

<sup>45</sup> "Joint Statement on the Completion of Negotiations on an Agreement for Peaceful Nuclear Cooperation Between the United States of America and Armenia," U.S. Embassy in Armenia, accessed March 31, 2026, <https://am.usembassy.gov/joint-statement-on-the-completion-of-negotiations-on-an-agreement-for-peaceful-nuclear-cooperation-between-the-united-states-of-america-and/>.

tion for Armenia to modernize its energy infrastructure. The plan envisions the replacement of the Soviet-era Metsamor nuclear power plant, which continues to operate using Russian technology, with American small modular reactors by the early 2030s. This represents a fundamental shift in Armenia's energy security, reducing dependence on Russian nuclear expertise and aligning the country's power generation with Western technical standards.

Parallel developments are occurring in advanced technology sectors. In August 2025, an innovation partnership agreement facilitated Armenia's first acquisition of sophisticated computing equipment for an AI development center in Yerevan, involving NVIDIA and US-authorized technology suppliers. This initiative aims to develop a specialized technology sector in Armenia, generating domestic expertise and strengthening economic linkages that increasingly integrate the country into Western innovation ecosystems.<sup>46</sup> Together, these agreements signal a deliberate effort to reorient Armenia's most strategic sectors, energy and advanced technology, away from exclusive dependence on post-Soviet frameworks toward integration with Western standards and partnerships.

Military cooperation has also evolved significantly. The Eagle Partner 2025 joint exercises and ongoing defense consultations are helping Armenia's armed forces adopt NATO-compatible practices and standards, moving away from Soviet-era military doctrine.<sup>47</sup> While the US has been cautious about providing major weapons systems, partly due to Armenia's existing treaty obligations, cooperation has focused on areas that can meaningfully enhance Armenia's defensive capabilities.

These military-to-military ties, combined with the economic and technology partnerships discussed earlier, form an interconnected framework. The modernization of Armenia's defense sector is occurring alongside and is mutually reinforcing with the transformation of its economy and the diversification of its international partnerships. Together, these developments represent a coherent strategy of reducing exclusive dependence on any single partner while building new institutional relationships with Western countries.

## Discussion

Armenia's trajectory between 2022 and 2026 offers important insights into how smaller states navigate major geopolitical shifts. Rather than passively accepting

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<sup>46</sup> Ani Toroyan, "Why 2025 Mattered for Armenia's Tech Sector," *EVN Report*, January 14, 2026, <https://evnreport.com/creative-tech/why-2025-mattered-for-armenias-tech-sector/>.

<sup>47</sup> Giuliano Bifulchi, "Eagle Partner 2025: Analysing Armenia–US Military Drills," *SpecialEurasia*, August 14, 2025, accessed June 11, 2026, <https://www.specialeurasia.com/2025/08/14/armenia-us-eagle-partner-25/>.

predetermined alignments, Armenia has pursued an active strategy of diversifying its international partnerships. The adoption of the EU Integration Act in 2025 and the TRIPP Implementation Framework in 2026 represent more than symbolic gestures; they are concrete steps toward building what policymakers call a “multi-pillar” approach to national security. This strategy acknowledges a fundamental reality: relying exclusively on any single partner for security can leave a country vulnerable when that partner’s interests or capabilities change. Instead, Armenia has sought to develop complementary relationships with multiple actors: the EU for institutional support and normative alignment, the US for strategic partnership and economic integration, while maintaining pragmatic ties with others where interests align. The goal is not to replace one exclusive relationship with another, but to create overlapping frameworks that together provide greater stability and autonomy.

A key finding of this analysis concerns the fundamental shift in Russia’s role in the South Caucasus. Between 2022 and 2026, Russia transitioned from serving as a regional security provider to prioritizing its relationships with Turkey and Azerbaijan. This change created a security gap that Armenia had to address through alternative partnerships. Armenia’s freezing of its participation in the CSTO military alliance reflects this deeper reality rather than causing it. Fundamentally, Russia no longer has the capacity or the neutrality to serve as an effective security guarantor for Armenia while simultaneously deepening ties with Azerbaijan. The events of 2023, particularly the displacement of Nagorno-Karabakh’s Armenian population without Russian intervention despite peacekeeping commitments, made this clear to Armenian policymakers.

The implication for small states in similar positions is straightforward: when a traditional security partner’s interests diverge from their own, maintaining exclusive reliance on that relationship becomes untenable. In an increasingly multipolar international system, security requires diversification rather than exclusive alignment. For Armenia, this has meant seeking to internationalize its security through economic integration and partnerships with multiple actors, rather than depending solely on any single power.

The geopolitical deadlock in the South Caucasus was long defined by two clashing paradigms: Azerbaijan’s insistent demand for a “corridor” that threatened Armenian sovereignty, and Armenia’s “Crossroad of Peace” proposal, which advocated for the opening of all regional routes under national jurisdictions. The TRIPP emerged as a consensus that bridged these positions. Unlike previous “corridor” models that risked creating “islands” of foreign control, the TRIPP introduces the concept of “Commercial Sovereignty.” It guarantees unimpeded passage for inter-

national trade through Armenian territory while explicitly safeguarding Armenia's territorial integrity and legal jurisdiction. By embedding American and European capital directly into the physical geography of Syunik, Armenia has successfully linked its survival to the stability of global supply chains. In this "Connectivity as Security" model, the presence of US strategic economic interests serves as a major deterrent against military incursion.

## Conclusion

The Kremlin's neo-imperial rhetoric and its overt disregard for Ukrainian sovereignty have catalyzed an active decolonial turn in regional political thought. For the first time in the post-Soviet era, the pursuit of strategic autonomy is being framed not merely as a pragmatic policy choice, but as a moral and existential necessity to protect national identity from a resurgent imperial center. This ideological decoupling is further complicated by the 'human windfall' of 2022–2025: the relocation of thousands of Russian IT professionals and entrepreneurs to hubs like Yerevan.

The geopolitical and economic recalibration of the South Caucasus between 2022 and 2026 demonstrates that while international sanctions have created a short-term economic glue through forced regional trade hubs, they have simultaneously functioned as a solvent for Russia's long-term soft power and security guarantees. For regional actors such as Armenia, the increased trade volume with Moscow, driven by sanctions circumvention, is increasingly perceived as a short-term survival strategy rather than a stable strategic alignment. The erosion of trust in the traditional hegemonic center has facilitated the emergence of hedging strategies, through which regional states leverage the economic advantages of intermediary positions to reduce dependence on Russia's security and technological orbit progressively.

The study shows that sanctions can generate a paradoxical dynamic beyond the target: they may reshape regional orders not only through their impact on target states but also by transforming the security calculations of intermediary states. The Armenian case suggests that under conditions of declining patron-state reliability, security considerations can override the political effects of economic interdependence, producing strategic divergence rather than alignment.

Crucially, the weakening of Russia's traditional influence has not resulted in a proportional or automatic expansion of Western hegemony. Instead, a complex "Middle Ground" has emerged, defined by the unprecedented strategic importance of the Middle Corridor. In this environment of protracted war and economic warfare, energy and transport infrastructures linking Asia with Europe have become

the primary arena of competition for both Russia and the West. This “Connectivity Competition” has allowed states in the South Caucasus to leverage their geographical position to secure competing guarantees. Consequently, the region’s future is no longer anchored in a singular alliance, but in its role as a vital, multimodal bridge where the “Sovereignty-Connectivity” nexus serves as the ultimate deterrent against regional escalation.

### Acknowledgement

This research was funded through the US Department of State Public Affairs Section grant, and the opinions, findings and conclusions or recommendations expressed herein are those of the Author(s) and do not necessarily reflect those of the US Department of State.

### Conflict of Interests

The author declares no ethical issues or conflicts of interest in this research.

### Ethical Standards

The author affirms this research did not involve human subjects.

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