German Economic Team

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POLICY BRIEFING ARMENIA

Is there a circumvention of EU sanctions via Armenia? An update for 2025

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Executive summary

Topic

- Are EU sanctions against RUS being circumvented via ARM?
- Previous GET analysis found that potential circumvention practically stopped in 2024 due to consequent measures by the ARM government
- How was the situation in 2025? Is there any evidence of potential circumvention?

Methodology

- Comparison of increase in exports EU → ARM with exports ARM → RUS
- Analysis conducted at HS 6-digit level based on official ARM data
- Focus: exports of "Common High Priority Items" (CHPI, i.e., dual-use goods)

Main results

- No circumvention of EU sanctions via ARM for CHPI found for 2025
  - ARM → RUS exports of CHPI are even below their values in 2021
- Main reason: continued implementation of **effective measures by the ARM government** (especially the export controls established in Decree 808)
- This is very important for ARM, as it allows the country to continue importing high-tech products from the EU and other countries
- ARM remains a positive example of how countries can actively prevent circumvention

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Outline

1. Topic of research
2. Methodology
3. Estimation of potential sanctions circumvention in 2025
4. Further checks and comparison to previous years
5. Measures implemented by ARM government

Annex

- What is covered by the CHPI list?
- Illustration of our estimation
- Estimation of circumvention for 2024
- Estimation of potential CHPI circumvention for 2022/2023

Disclaimer: *estimation results presented in this study are just an indicator for potential sanctions circumvention. They should not be taken as proof of circumvention*

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1. Topic of research

Background

- In reaction to the RUS invasion of UKR in Feb-22, the EU imposed a wide range of sanctions against RUS, including trade sanctions
  - As expected, EU exports to RUS decreased strongly
  - At the same time, exports EU → CIS countries and exports CIS countries → RUS also increased
  - Main issue is exports of so-called "Common High Priority Items" (dual-use goods)
- Previous GET analysis showed that these developments were related. There was a potential engagement of some CIS countries in sanctions circumvention
- For ARM, we found that the government introduced effective measures since 2023 to prevent sanctions circumvention via its territory
  - Potential sanctions circumvention via ARM practically stopped in H2 2024

Goal of this research

- Continuation of monitoring of potential EU sanctions circumvention via ARM
- Estimation of the magnitude of potential circumvention for 2025
- Update on the measures taken by the ARM government to prevent potential sanctions circumvention

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2. Methodology (1/2)

Estimation of potential sanctions circumvention

» Focus of analysis: exports of dual-use goods

- "Common High Priority Items" - CHPI
  - Category contains – in the version as of Feb-24 – HS codes at 6-digit level for 50 product groups
  - The list has been identified as particularly important for RUS military systems on the battlefield in Ukraine
  - As of Aug-26, there were no changes to the version of the list from Feb-24

» CHPI list serves to support exporters and authorities in combating sanctions circumvention

» For these items: analysis of the development of exports EU → ARM and exports ARM → RUS for different periods vs 2021 as a benchmark

» In the case of significant export growth EU → ARM **and, in parallel**, significant growth in exports ARM → RUS for the same product **→ potential circumvention of sanctions**

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2. Methodology (2/2)

- For comparison over time, the HS2022 product codes are converted to HS2017
  - Five HS6 codes could not be assigned, which is why they are not included in the analysis (equivalent to the Russia Monitor financed by the Federal Ministry of Economic Affairs and Climate Action)*
- Definition of parallel increase in exports
  - Increase in exports EU → ARM and ARM → RUS by nominally 50% or more
  - Export value of at least USD 1 m
  - Increase ARM → RUS is at least 10% of the increase EU → ARM country
- Estimation of the potential circumvention for individual product groups
  - Potential circumvention = lowest value of the two export increases
- Official HS6 level data provided by ARM government is used for the analysis

Adjustment for inflation

- The results are deflated to take into account the increase in production costs in the EU

Producer price index	2021	2022	2023	2024	2025
European Union – 27 countries	100%	125.9%	124.9%	121.8%	122.2%

Source: Eurostat (2026)

**Refer to Astrov et al., 2024*

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3. Estimation of potential circumvention in 2025

Estimation for 2025		Export EU -> ARM, USD m				Export ARM -> RUS, USD m			
HS-code	Description	2021	2025	Change	in %	2021	2024	Change	Change in %
N/A	N/A	NO GOODS FOUND TO FIT THE CRITERIA							
	Potential circumvention, nominal	0							
	Potential sanctions circumvention, inflation-adjusted	**0**							

Aggregated results for information purposes		Export EU -> ARM, USD m				Export ARM -> RUS, USD m			
HS-code	Description	2021	2025	Change	in %	2021	2025	Change	Change in %
	All CHPI, nominal values	23	61	37	159%	4	3	-1	-21%

Source: own calculations, State Revenue Committee (SRC, 2026); Note: changes are derived from exact numbers and may not add up due to rounding

- **No circumvention of EU sanctions via ARM for CHPI goods found for 2025**
  - There was no sanctions circumvention in 2025 according to our methodology
    - No goods from the CHPI list were found to fit the criteria
  - Looking at the aggregated result for all 50 goods on the CHPI list (2025 vs 2021)
    - Export EU → ARM: USD 61 m (2025); strong nominal increase by 159% vs 2021
    - Export ARM → RUS: USD 3 m (2025); **decrease by 21%, now even below 2021 levels**
- **Measures implemented by the ARM government seem to have been very effective**
  - Still: imports of CHPI to ARM increased substantially. Do they stay in ARM?
    - Next slide: additional check, whether these goods are re-exported to other countries

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4. Further checks and comparison to previous years

Additional check: were CHPI re-exported to other countries?

» Previous results showed that ARM → RUS exports of CHPI fell in 2025 even below their 2021 levels
  - Note: the value is not zero, because ARM firms can still export these goods to RUS after going through a transparent procedure of obtaining an export permission

» Check: were CHPI exports from EU to ARM re-exported through other countries to RUS?

Aggregated CHPI flows, USD m	2021	2022	2023	2024	2025
EU exports to ARM	**24**	**59**	**63**	**63**	**61**
ARM exports to RUS	4	95	74	15	3
ARM exports to other countries	2	18	28	6	2
Total ARM exports of CHPI	**7**	**113**	**102**	**21**	**5**

Source: own calculations, SRC (2026), UN Comtrade (2026); Note: numbers may not add up due to rounding

➢ It is very unlikely that EU → ARM exports were re-exported through other countries to RUS in 2025

» While EU → ARM CHPI exports remained high in 2025 (USD 61 m), ARM → World (excl. RUS) exports of CHPI (USD 2 m) were even below ARM → RUS exports (USD 3 m)

» This suggests that nearly all EU → ARM CHPI exports remained in ARM / were used domestically

Estimation for previous years

» GET used the same methodology to estimate potential circumvention since 2022

in USD m	2021	2022*	2023	2024	2025
Potential sanctions circumvention, adjusted for inflation	N/A	19	17	10	0

*Source: own calculations, SRC (2026); Note: *CHPI list was only compiled in 2023, numbers for 2022 are still estimated using the same list*

➢ Potential circumvention stopped entirely in 2025 after already significantly decreasing in 2024

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5. Measures implemented by ARM government

Export controls

- May-23: introduction of Decree 808
- Focus: preventing CHPI circumvention
  - Permission procedure for export of dual-use goods implemented
  - May-23: 41 dual-use goods and an additional 44 specifically for aircraft
  - Sep-23/Mar-24: additional goods added; Decree 808 (version of Mar-24) already covered 100% of goods included in the CHPI list (version of Feb-24)
  - Nov-25: further expansion of the list. Now also includes all of the 30 items specified in the Economically Critical Goods List* (ECGL, version of Feb-25)

Further important administrative measures

- May-24: mandatory electronic invoice for EAEU exports via air transport
- Nov-24: fine* in case of export without required documents (including attempt)
  - Fine in the amount of 50% of the value of the exported goods, but no less than AMD 500,000 (approx. USD 1,300)

Impact

- Since the introduction of Decree 808: significant reduction of exports of CHPI goods to RUS (as also shown in more detail in the GET analysis for 2024)
- Consequent upholding and expansion of these measures are the main reason for the stop of potential sanctions circumvention via ARM in 2025

**ECGL was first introduced in Jun-23 and further extended in Oct-23 and Feb-25. The list was guided by the objective of weakening the RUS industrial base. While ECGL is also part of the EU sanctions on RUS, it was not made a focal point of the discussion on combating sanctions circumvention via ARM*

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About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Energy, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia* and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**In Belarus and Georgia advisory activities are currently suspended.*

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Annex: What is covered by the CHPI list?

» „Common High Priority Items" (CHPI; also referred to as "high priority battlefield items")

- The CHPI list was introduced by the European Commission in Jun-23*, being extended in Sep-23 and Feb-24
- The goods on this list were identified as particularly important for Russian military systems on the battlefield in Ukraine
- The list is used to support exporters and authorities to combat sanctions circumvention
- We use the version from Feb-24, which includes 50 items
- We convert the HS2022 product codes into HS2017 to enable comparisons over time (methodology equivalent to the Russia Monitor financed by the Federal Ministry of Economic Affairs and Climate Action)**
    - Codes 8525.89, 8541.49, 8541.51 and 8541.59 cannot be assigned due to the change in nomenclature and are not included in the analysis
    - This leaves 41 HS 6-digit codes, which serve as the basis for the analysis

** The BIS issued similar guidance already in May-23*

*** Astrov et al., 2024*

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Annex: Illustration of our estimation

- Idea: for sanctioned products, comparison of exports EU → ARM with exports ARM → RUS
- Years of comparison: 2024 (as well as 2023 and 2022) vs 2021
- For identification of parallel increase of exports three conditions need to be met
  i. Exports EU → ARM > +50%
  ii. Exports ARM → RUS > +50%
  iii. Minimum value of exports of USD 1 m
  iv. Exports ARM → RUS (in USD) increased > 10% of increase EU → ARM

Example: exports EU → ARM of machines for the reception of voice (HS 8517.62) increased from USD 8 m in 2021 to USD 25 m in 2024, at the same time exports ARM → RUS of HS 8517.62 increased from USD 0 m to USD 12 m

Four conditions met?

i. Exports EU → ARM = +204%
ii. Exports ARM → RUS = >1,000%
iii. Value of exports of > USD 1 m
iv. Exports ARM → RUS increase is equivalent to 71% of increase EU → ARM

➢ **All four conditions met; parallel exports for machines for the reception of voice**

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Annex: Estimation of circumvention for 2024

Estimation for 2024

Common High Priority Items		Export EU -> ARM, USD m				Export ARM -> RUS, USD m			
HS-code	Description	2021	2024	Change	in %	2021	2024	Change	Change in %
8517.62	Machines for the reception of voice	8	25	17	204%	0	12	12	>1000%
	Potential circumvention, nominal	12							
	Potential sanctions circumvention, inflation-adjusted	**10**							

Source: own calculations, SRC (2025)
Note: red marked numbers as basis for the calculation; for each good the smaller value of the two export increases is used

- Estimated potential sanctions circumvention in 2024: USD 10 m (inflation adjusted)
- Almost no more circumvention via ARM, only problematic item in 2024 was HS 8517.62
  - The problem has arisen due to a misunderstanding regarding the export control of smart watches, which are classified under this HS code
  - After respective communications with foreign partners, the problem has been resolved and in the second half of 2024 export volume of that product was practically zero
- As such: measures introduced by the ARM government in May-23 (i.e., Decree 808) and further refined in 2024 seem to have been effective
- Overall: ARM showcased a very positive approach towards combating circumvention
- Continuing this effort is also in ARM interest: allowing circumvention would entail reputational risks and problems for importers (especially high-tech products)
- **Potential circumvention of EU sanctions via ARM for CHPI goods was very low in 2024 and practically stopped in H2 2024**

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Annex: Estimation of circumvention for 2022 and 2023

Estimation of potential sanctions circumvention for 2023

Common High Priority Items		Export EU -> ARM, USD m				Export ARM -> RUS, USD m			
HS-code	Description	2021	2023	Change	Change in %	2021	2023	Change	Change in %
8517.62	Machines for the reception of voice	8	19	11	130%	0	36	36	>1000%
8504.40	Static converters	4	9	5	123%	0	4	4	>1000%
8536.69	Plugs and sockets	0	3	2	675%	0	2	2	>1000%
8536.90	Electrical switches	1	3	2	441%	1	4	4	222%
8482.10	Ball bearings	0	2	2	922%	0	1	1	>1000%
	Potential circumvention: other goods	1							
	Potential circumvention, nominal	21							
	Potential circumvention, inflation-adjusted	**17**							

Estimation of potential sanctions circumvention for 2022

Common High Priority Items		Export EU -> ARM, USD m				Export ARM -> RUS, USD m			
HS-code	Description	2021	2022	Change	Change in %	2021	2022	Change	Change in %
8517.62	Machines for the reception of voice	8	16	8	91%	0	33	33	>1000%
8471.50	Data processing units	7	13	6	85%	1	4	3	327%
8504.40	Static converters	4	7	3	84%	0	5	5	>1000%
8536.90	Electrical switches	1	3	3	551%	1	4	3	215%
8517.69	Plugs and sockets	0	3	3	>1000%	0	2	2	>1000%
	Potential circumvention: other goods	5							
	Potential circumvention, nominal	24							
	Potential circumvention, inflation-adjusted	**19**							

Source: own calculations, SRC (2025)

Note: red marked numbers as basis for the calculation; for each good the smaller value of the two export increases is used

- Estimated potential sanctions circumvention (CHPI): USD 17 m (2023) and USD 19 m (2022)
- CIS context: out of the total estimated potential EU sanctions circumvention via CIS countries in 2023, ARM amounted for only 11%

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