Armenia: Re-election of Pashinyan highlights pro-European direction | Credendo

Event

On 7 June, Prime Minister Nikol Pashinyan and his Civil Contract party won 49.8% of the vote in the parliamentary election, allowing them to form a government without the need for a coalition.

The election took place under significant pressure from Russia, which had sought to replace the pro-European leadership with a government more aligned with its interests. Moscow has intensified this pressure by threatening to suspend Armenia from the Russia-led Eurasian Economic Union (EEU). It has also restricted imports of Armenian goods, including flowers, fruit and brandy, and has repeatedly warned that it may end the supply of gas currently provided at discounted rates. Any removal of preferential pricing would quickly drive up inflation and external imbalances, especially in the context of the ongoing Middle East conflict.

In response, the EU announced on 4 June that it is preparing a EUR 50 million support package, with the possibility of additional aid. Over time, Armenia may also benefit from strengthened ties with the EU and the USA, as well as from progress in normalising relations with Türkiye and Azerbaijan.

Impact

Despite securing re-election, Pashinyan faces domestic pressure from opposition forces and from a significant pro-Russian constituency.

The vote is widely interpreted as a referendum on his westward orientation and the US-brokered deal with Azerbaijan. While the deal, signed in Washington last August, has yet to be implemented, some progress has been made. During Marco Rubio's visit to Yerevan on 26 May, Armenia and the USA initialled a strategic cooperation framework linked to the planned transit corridor connecting Azerbaijan to Türkiye via southern Armenia (TRIPP). US support for this controversial initiative has bolstered Pashinyan's domestic position.

The implementation of the broader peace agreement, including TRIPP, will require a contentious constitutional amendment renouncing claims to Nagorno-Karabakh. Although Civil Contract does not hold the two-thirds majority required for such changes, Pashinyan is likely to proceed through a referendum.

Credendo's political risk ratings for Armenia remain unchanged, with the medium- to long-term rating in category 5/7 and the short-term rating in category 4/7. Nonetheless, Pashinyan's re-election enhances the prospects for implementing the TRIPP project and stabilising relations with Azerbaijan. As the effects of these policies become clearer, upgrades to the political risk ratings may follow.

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