

POLICY BRIEF

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How Military Operations in Iran Could Affect Armenia's Trade Flows

On February 28, 2026, the United States and Israel launched active military operations against the Islamic Republic of Iran. In response, Iran carried out strikes on Israeli territory, as well as on U.S. military bases and critical infrastructure across the Middle East.

Iran is one of the four countries bordering Armenia and maintains close economic ties with it. Moreover, Iran has a unique transit significance for Armenia, as a notable share of the country's external trade turnover passes through its territory. In this context, an escalation of military operations or disruptions to transport infrastructure in Iran could undermine Armenia's trade flows and generate significant economic risks.

This policy brief aims to examine Iran's role in Armenia's foreign trade, as well as identify the commodities and types of economic activity that are most vulnerable to escalating hostilities and infrastructure disruptions, while also outlining alternative foreign trade routes.



Armenia’s Goods Imports via the Iran–Armenia Border

In 2025, Armenia’s total external trade turnover (exports & imports of goods) amounted to **USD 21.4 billion**, 9% of which was carried out through “Agarak”

border crossing point located on the Iran–Armenia border (herein-after “Meghri checkpoint”).

Excluding trade in gold (HS code 7108) and diamonds (HS code 7102), high-value commodities that are predominantly transported by air, approximately 11% of Armenia’s external land trade turnover in 2025 passed through Meghri checkpoint.

Specifically, Meghri checkpoint accounted for 14% of Armenia’s imports and 8% of its exports carried out by land.

Map 1. Border Checkpoints of Armenia



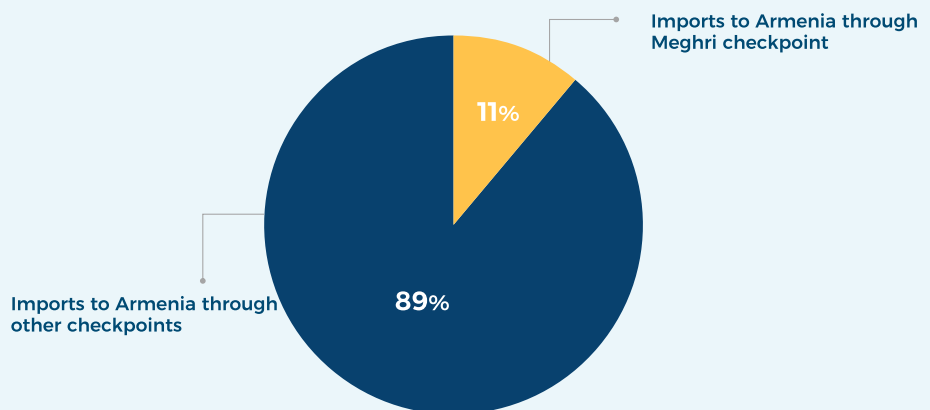
In 2025, 9% of Armenia’s external trade turnover was carried out through Meghri checkpoint.

Moreover, through the Iran–Armenia border, Armenia conducts trade not only with Iran but also with third countries, further underscoring Iran’s importance in Armenia’s external trade.

Below, we examine in detail the structure of imports and exports carried out through Meghri checkpoint.

In 2025, Armenia imported goods worth **USD 13 billion**, of which **11%** or **USD 1.5 billion** passed through Meghri checkpoint.

Figure 1. Share of Imports of Goods through Meghri Checkpoint in the Imports Structure of Armenia in 2025



The main part of goods imported into Armenia through the Iran-Armenia border is goods of **Iranian and Chinese origin**. In 2025, almost half of total imports (**47% or USD 699 million**) were Iranian goods, and **42% or USD 625 million** were goods of Chinese origin. At the same time, it must be mentioned that the structure of Armenia's imports through Meghri checkpoint differs somewhat depending on whether the origin country or exporting country of the goods is considered. This difference is due to the fact that goods produced in one country but reaching Armenia through another country are also imported into Armenia through the Iran-Armenia border. For example, some goods of Chinese origin are imported into Armenia not directly from China, but through economic operators in third countries. In particular, such chains are often found in the case of imports from the UAE, when Chinese-made equipment and cars are purchased by entrepreneurs registered in the UAE and then resold to Armenian entrepreneurs. Thus, it can be said that Meghri checkpoint mainly

serves trade with these three countries.

Last year, the goods of Iranian origin **imported into Armenia through Meghri checkpoint** were dominated by mineral products (natural gas, petroleum products, cement, etc.), products made of non-precious metals (iron bars, rolls, etc.), as well as plastics and products made of them. In total, **1,473 different commodities of Iranian origin were imported** through this checkpoint in 2025 (according to the HS 6-digit codes), which shows that although the structure is centered around some main groups, there is also some diversity.

The range of imported goods of Chinese origin is much more diverse. In 2025, **2,393 different commodities of Chinese origin were imported** into Armenia through Meghri checkpoint. Among Chinese goods imported into Armenia through the Iran-Armenia border the most common are equipment, vehicles, plastics and products made of them, as well as various other industrial products.

Most goods imported into Armenia through the Iran-Armenia border are of Iranian and Chinese origin.

Figure 2. Imports to Armenia through Meghri Checkpoint by Country of Origin in 2025

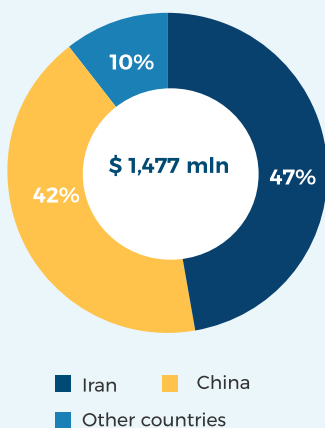
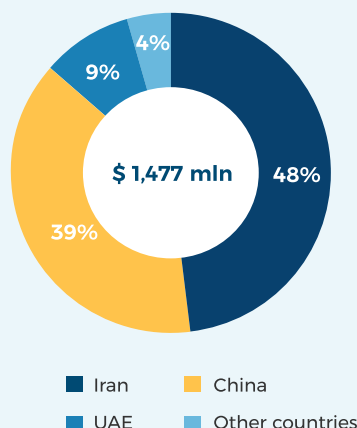


Figure 3. Imports to Armenia through Meghri Checkpoint by Exporting Country in 2025



Overall, **2,906 different commodities** were imported into Armenia across the Iran-Armenia border in 2025. At the same time, 279 commodities at the HS 6-digit level accounted for 80% of imports.

Natural gas is number one on the list of imported goods, with imports of **USD 101 million** in 2025, which constitutes **7%** of goods imported across the Iran-Armenia border that year. The export of natural gas from Iran to Armenia is carried out under the Armenian-Iranian “Gas for Electricity” program. Since 2009, Armenia has been importing natural gas from Iran, in exchange for which Iran receives electricity from Armenia.

The next major product imported through Meghri checkpoint is **iron bars** used in construction. This product, like natural gas, is exclusively of Iranian origin.



Iran-Armenia gas pipeline
Source: 1lurer.am

The third top commodity imported across the Iran-Armenia border is **passenger cars**. In 2025, 3,578 cars were imported into Armenia through Meghri checkpoint. 96% of the cars are China-made, and the main exporting countries are China and the UAE, with a share of 80% and 17%, respectively.

Armenia also imports various products used in construction from Iran.

Armenia imports key construction products from Iran, such as cement, iron bars, petroleum bitumen, etc.

Figure 4. Top 10 Commodities (Excluding Natural Gas) Imported Into Armenia Through Meghri Checkpoint in 2025



Note: the boxes indicate the share of these products in the structure of goods imported through Meghri checkpoint.
Source: SRC

Last year, the fourth top commodity imported across the Iran-Armenia border (in dollar value) was **petroleum bitumen** used in the production of asphalt concrete. In 2025, imports of this product amounted to about USD 35 million, accounting for about 2%

of goods imported through the checkpoint. Almost all bitumen, about 99%, is imported directly from Iran, and a very small portion from Iraq.

Armenia’s Goods Exports via the Iran-Armenia Border

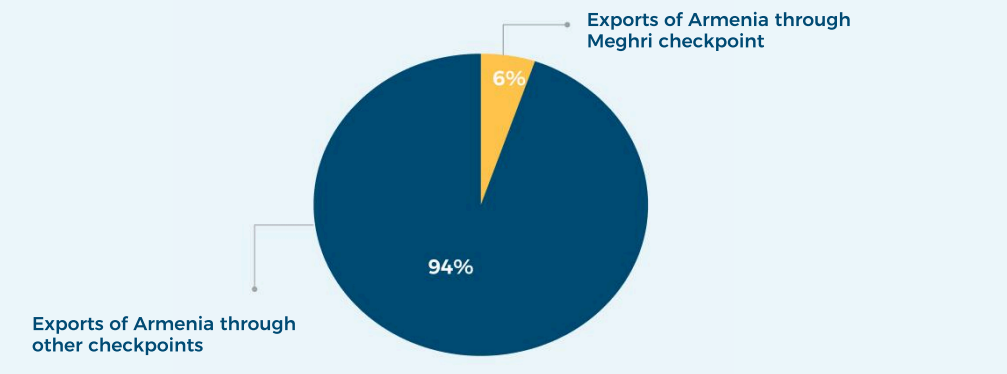
In 2025, the total value of goods exported by Armenia was **USD 8 billion 395 million**, of which **6%** or **USD 531 million** went through Meghri checkpoint (Figure 5).

Only **17%** of goods exported from Armenia via the Iran-Armenia border (USD 89 million) goes directly to **Iran**, while the majority - **83%** or USD 442 million - goes to third countries. In 2025 a sizeable share of goods exported from

Armenia via Meghri (63%) was directed to Iraq, and 18% to the UAE. The structure of exported goods is quite limited. Cigarettes (**86%**) and heated tobacco rolls (**12%**) are the main product categories exported to **Iraq** via Iran. Cigarettes dominate also exports to the UAE, accounting for about **94%** of exports by land.

In 2025, 6% of Armenia's exports passed through Meghri checkpoint.

Figure 5. Share of Exports via Meghri Checkpoint in the Structure of Armenia’s Exports in 2025



Source: SRC, ArmStat

In 2025, **84%** of Armenia’s exports to **Iran** consisted of **electricity** supplied under the “Gas for Electricity” program.

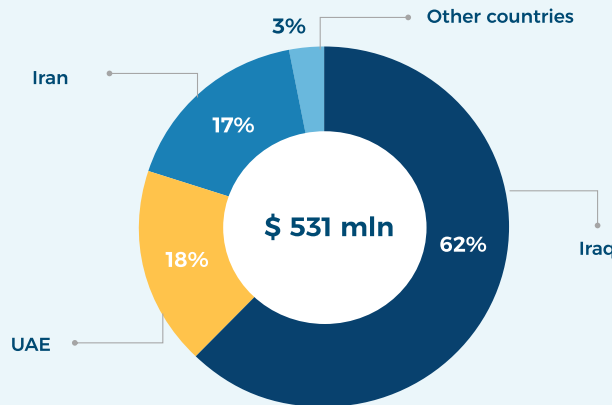
Other exports included copper concentrate (about 8%), cigarette filters (2%), cigarettes (1%), and other goods (5%).



Photo by: Aram Nersesyan

Cigarettes account for 73% of exports from Armenia through Meghri checkpoint.

Figure 6. Merchandise Export from Armenia through Meghri Checkpoint by Country of Destination in 2025



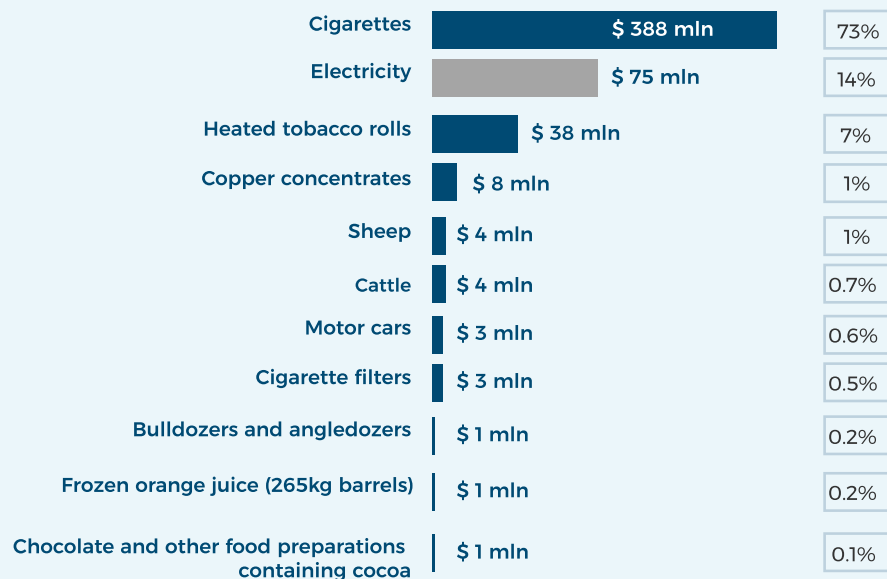
Source: SRC

In 2025 Armenia exported/re-exported **228 different commodities** through Meghri, according to the 6-digit code of the FEA CN classifier. Products exported through the Iran-Armenia border are those of "Lex Tobacco Company" LLC, "Grand Tobacco" LLC, "Masis Tobacco" LLC, "SPS Cigaronne" LLC, as well as "SIS Natural", "Sanfood", "Homeland Armenia", etc.

73% of exports are cigarettes. In 2025, Armenia exported or re-exported **USD 338 million** worth

of them across the border with Iran. The State Revenue Committee (SRC) counts electricity among the goods exported/re-exported through Meghri checkpoint, which is why electricity is the second item in the top ten goods exported across the Iran-Armenia border. Electricity is followed by heated cigarette rolls (USD 38 million or 7% of exports/re-exports through Meghri checkpoint), copper concentrate (USD 8 million or 1%), and other goods.

Figure 7. Top 10 Commodities (Excluding Electricity) Exported from Armenia through Meghri Checkpoint in 2025

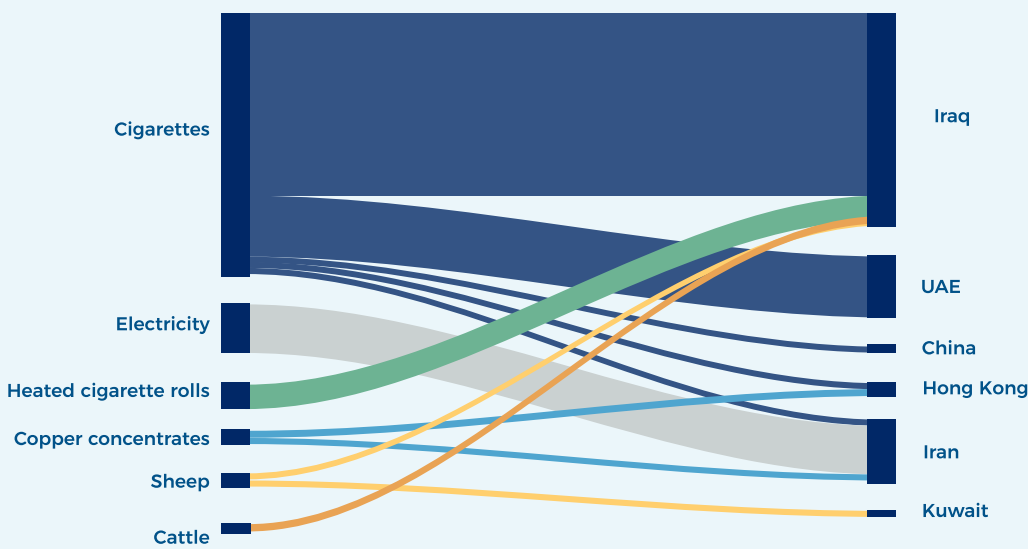


Note: the boxes indicate the share of the given product in the structure of goods exported through Meghri checkpoint.
Source: SRC

The bulk of cigarettes - **74%** - goes to Iraq, **23%** goes to the UAE, and the remaining small share to Hong Kong, China, and Iran. Re-export of heated tobacco rolls is entirely concentrated in Iraq. In the case of **copper concentrate**, the main destination is Iran with a share of

about 90%, and the rest is exported to China. There is also a clear concentration trend in the export of livestock. **74% of sheep** is exported to Iraq, and 26% to Kuwait. Cattle is entirely exported to Iraq.

Figure 8. Top 5 Commodities (Excluding Electricity) Exported/Re-exported from Armenia Through Meghri Checkpoint by Destination Countries in 2025



Source: SRC

Currently Armenia is heavily dependent on imported construction materials from Iran, but in the case of iron bars and cement, it is possible to replace them with locally manufactured products within a short period of time.

The Significance of Meghri Checkpoint for Armenia's Foreign Trade

To understand the significance of Meghri checkpoint on the Iran-Armenia border for Armenia's foreign trade, it is important to consider not only what goods are imported and exported through there, but also to understand **what part of total imports and exports of these goods passes through Meghri**. At the same time, it is necessary to make an important observation here. It would not be appropriate to treat natural gas (in case of import) and electricity (in case of export) on the same terms as other commodities, as these two

commodities are interrelated. All natural gas imported from Iran is used within the "Gas for Electricity" program to export electricity to Iran. In other words, we are dealing with a barter mechanism here, not classical trade.

As for other imported goods, a comparative study of Armenia's total goods exports and imports across the Iran-Armenia border in 2025 shows that Meghri checkpoint plays a particularly important role for certain types of goods.

In particular, the vast majority of imports of **iron bars** in 2025 (**89.1%**) was carried out through this checkpoint. **Petroleum bitumen** is almost entirely imported through the Iran-Armenia border, and in the case of **cement** this share is **88.4%**. The same trend is valid for of **calcined molybdenum concentrate**, **97.7%** of which is imported through the Iran-Armenia border.

Our analysis show that although Armenia is currently highly depen-

dent on imported construction materials from Iran, in the case of iron bars and cement (including clinker), it is possible to replace them with locally manufactured products within a short time, but this may lead to an increase in the prices of these products and overall construction costs (taking into account their share in the structure of overall construction costs).

Table 1. The Significance of Meghri Checkpoint for Armenia's Total Imports

Commodity name	HS code	Imports through Meghri checkpoint in 2025, USD '000	Share in total imports through Meghri checkpoint in 2025	Share in Armenia's total imports of that product in 2025
Natural gas	271121	100,663	6.8%	21.4%
Iron bars	721420	68,086	4.6%	89.1%
Motor cars	8703	57,403	3.9%	8.8%
Petroleum bitumen	271320	35,415	2.4%	99.9%
Petroleum products	2710	33,994	2.3%	6.6%
Flat rolled steel of iron or non-alloy	7210	33,268	2.3%	61.6%
Tyres for motor cars and buses	401110, 401120	30,238	2.0%	58.9%
Cement (including clinker)	2523	28,171	1.9%	88.4%
Molybdenum concentrates (calcined)	261310	27,632	1.9%	97.7%
Iron or steel tubes (for transport)	7306 (without 730619)	21,873	1.5%	58.2%
Processed tobacco raw material	240319	18,085	1.2%	61.7%

The significance of the Iran-Armenia border is relatively high in the case of exports of cigarettes and heated tobacco rolls. In particular, in 2025 **62.5% of cigarettes** exported from Armenia passed through Meghri checkpoint, mainly going to Iraq and the UAE. Iraq accounts for about half of cigarettes exports from Armenia, and these supplies are carried out via the route passing through Iranian territory.

As for **heated tobacco rolls**, 93.1% of re-export of this commodity in 2025 was carried out through Meghri checkpoint. However, it is important to note that this figure mostly refers to re-exports. The same can be said about passenger cars and a number of other commodities presented in Table 2, which are not locally manufactured in Armenia.

Table 2. The Significance of Meghri Checkpoint for Armenia's Total Exports

Commodity name	HS code	Exports through Meghri checkpoint in 2025, USD '000	Share in total exports through Meghri checkpoint in 2025	Share in Armenia's total exports of that product in 2025
Cigarettes	240220	388,291	73%	62.5%
Electricity	271600	75,198	14%	93.3%
Heated tobacco rolls	240411	38,129	7%	93.1%
Copper concentrates	260300	7,769	1%	1.2%
Sheep	010410	4,150	1%	31.9%
Cattle	010229	3,556	0.7%	100.0%
Motor cars	8703	3,002	0.6%	10.3%
Cigarette filters	560122	2,672	0.5%	80.7%
Bulldozers and angledozers	8429	1,022	0.2%	13.8%
Frozen orange juice (265kg barrels)	200911	803	0.2%	71.9%
Chocolate and other food preparations containing cocoa	1806	637	0.1%	2.5%

Source: SRC, ArmStat

In this context, it is also important to mention commodities that are exported from Armenia to **Middle Eastern countries through Iranian airspace**. This refers, for example, to export of sheep, which is mostly directed to Iraq and Qatar and organized by air. If military operations result in blockage of air

routes or interruption of flights, the export of such products from Armenia may face serious obstacles. Similar risks may also arise with respect to export of gold from Armenia.

As of early April, no export or supply disruptions have been recorded, but transportation costs have somewhat increased.

It is worth noting that transport logistics of trade through Iran have certain specifics. In particular, our in-depth interviews show that exports and imports from or through Iran are mainly carried out using Iranian rolling stock. In some cases, trucks of Armenian transport companies depart for the city of Norduz located near the Iran-Armenia border, where the cargo is loaded onto Armenian trucks and transported to Armenia.

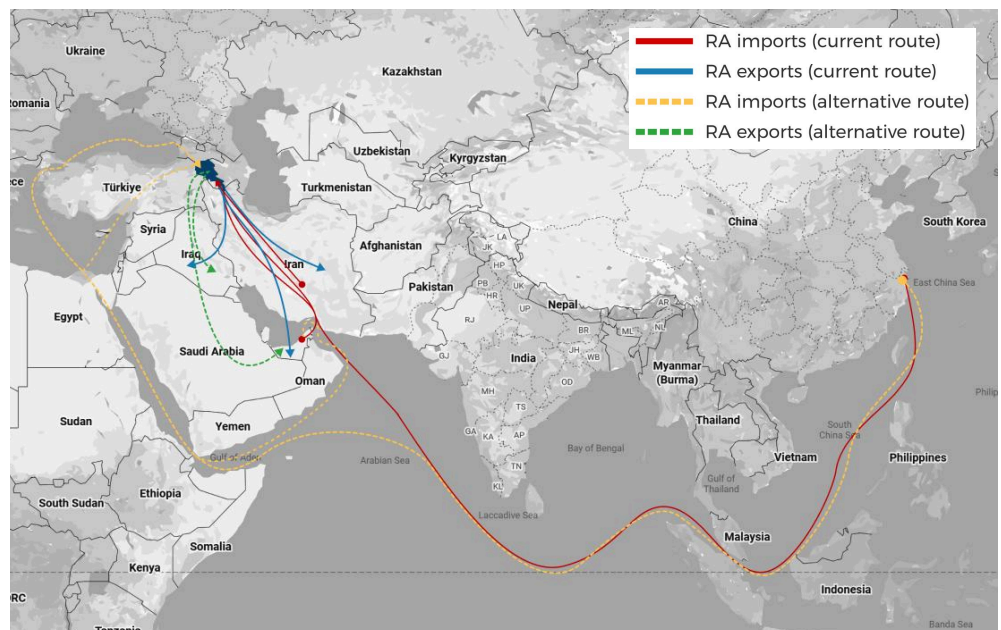
According to in-depth interviews with leaders of transport companies, as of early April no disruptions of supplies or exports have been recorded, but transportation costs have increased somewhat, especially if the routes pass through areas of active military operations.

Possible Alternative Routes of Armenia's Foreign Trade

Currently, Armenia mostly uses the Iran-Armenia border to export to Iran and through Iran to Iraq and the UAE.

Armenia uses the same border to import mostly from China, Iran and the UAE.

Map 2. Armenia's Trade Routes



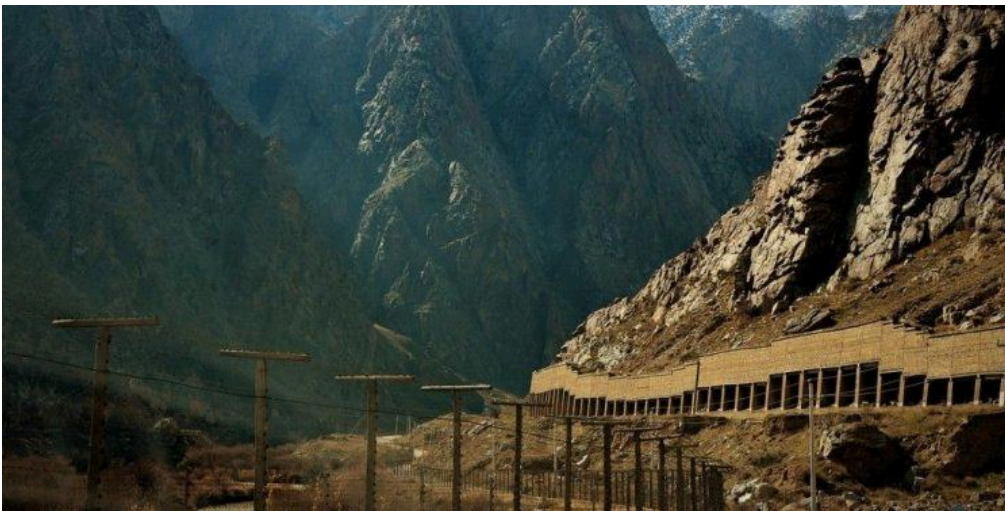
In the conditions of disruption of infrastructure in Iran and impossibility of conducting trade across the Iran-Armenia border, Armenia will be forced to seek alternative ways to maintain communication with the outside world.

In the case of imports from China and the UAE, one of the possible options is sea transportation to the **Georgian port of Poti**, and then through Georgia to Armenia by land. As the **Armenia-Turkey** land border is currently closed, this option actually becomes the main realistic alternative. If the Armenia-Turkey border were open, it would

be possible to solve the problem in a more efficient way. In that case, cargo from China and the UAE, reaching Turkish ports on the Mediterranean Sea (for example, Mersin), could be transported to Armenia relatively quickly by land through Turkey.

As for exports, the most efficient option would be to organize transportation **through Turkey**. Cargo from Armenia, passing through Turkey, could reach Iraq through Ibrahim Khalil/Habur checkpoint, and from there continue through Saudi Arabia to the UAE.

In case of disruption of infrastructure in Iran and impossibility of conducting trade across the Iran-Armenia border, organizing transportation through Turkey would be optimal for Armenia.



Iran-Armenia border
Source: hhpress.am

Conclusions and Recommendations

- ✓ In 2025, **9%** of Armenia's foreign trade turnover was carried out through Meghri checkpoint. If we exclude trade in gold and diamonds, this checkpoint accounts for **11%** of Armenia's trade turnover.
- ✓ **11%** of Armenia's merchandise imports and **6%** of merchandise exports are carried out through the Iran-Armenia border.
- ✓ **Iron bars (toothed rebar), petroleum bitumen, and cement**, widely used in construction, are **imported** into Armenia through the Iran-Armenia border. On the other hand, most of them can be replaced with local products, but this may lead to a certain increase in construction costs. In 2025, **89.1% of iron bars, almost all petroleum bitumen, 88.4% of cement, and 97.7% of calcined molybdenum concentrate** imported into Armenia went through Meghri checkpoint.
- ✓ In 2025, **42%** of imports across the Iran-Armenia border were goods of **Chinese origin**, with passenger cars leading the way. About **9%** of cars imported into Armenia pass through Meghri checkpoint.
- ✓ In 2025, cigarettes accounted for **73%** of **exports** across the Iran-Armenia border.
- ✓ The significance of the Iran-Armenia border is relatively high in the case of export of cigarettes from Armenia. In 2025, **62.5% of cigarettes export from Armenia** went through Meghri checkpoint, mainly to Iraq and the UAE. Iraq accounts for about half of cigarettes exports from Armenia.
- ✓ In-depth interviews with leaders of transport companies show that as of early April, there have been **no disruptions in supplies and exports**. However, there has been a certain increase in transport costs, especially where routes pass through zones of active military operations.
- ✓ In case of disruption of infrastructure in Iran and impossibility of conducting trade across the Iran-Armenia border, organizing transportation **through Turkey** would be optimal for Armenia. In particular, for exports from Armenia to Iraq and the UAE this would be the most effective alternative.
- ✓ In case of imports, organizing transportation through Turkey would also be more efficient than the alternative route through Georgia.

The opinions expressed in this policy brief do not necessarily reflect those of the Friedrich Naumann Foundation for Freedom.

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