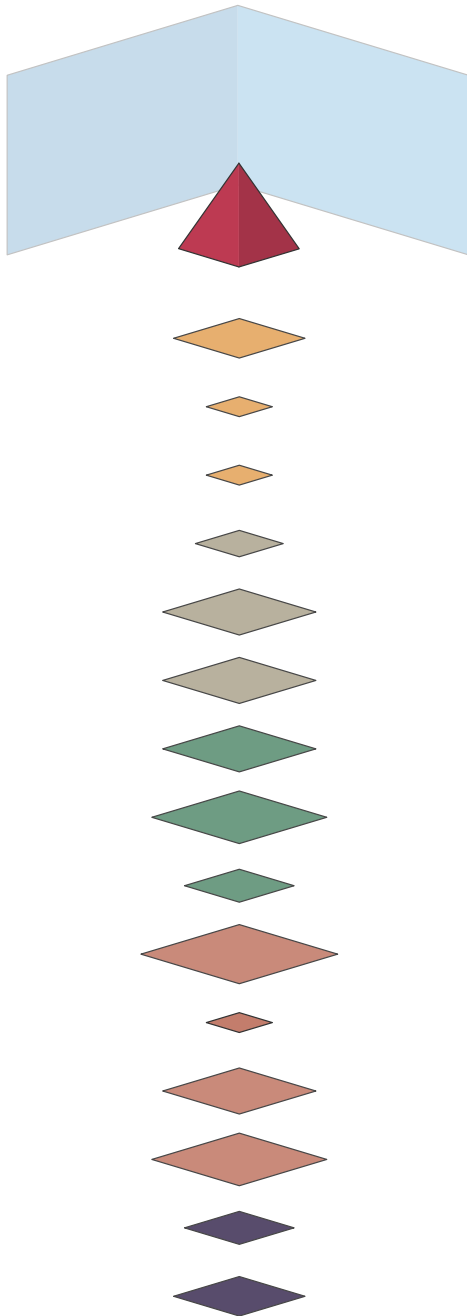


ARMENIA



2.82

CRIMINALITY SCORE

182nd of 193 countries

46th of 46 Asian countries

8th of 8 Central Asian and Caucasian countries



CRIMINAL MARKETS

2.93

HUMAN TRAFFICKING	3.00
HUMAN SMUGGLING	1.50
EXTORTION & PROTECTION RACKETEERING	1.50
ARMS TRAFFICKING	2.00
TRADE IN COUNTERFEIT GOODS	3.50
ILLICIT TRADE IN EXCISABLE GOODS	3.50
FLORA CRIMES	3.50
FAUNA CRIMES	4.00
NON-RENEWABLE RESOURCE CRIMES	2.50
HEROIN TRADE	4.50
COCAINE TRADE	1.50
CANNABIS TRADE	3.50
SYNTHETIC DRUG TRADE	4.00
CYBER-DEPENDENT CRIMES	2.50
FINANCIAL CRIMES	3.00



CRIMINAL ACTORS

2.70

MAFIA-STYLE GROUPS	2.50
CRIMINAL NETWORKS	3.00
STATE-EMBEDDED ACTORS	3.00
FOREIGN ACTORS	3.00
PRIVATE SECTOR ACTORS	2.00

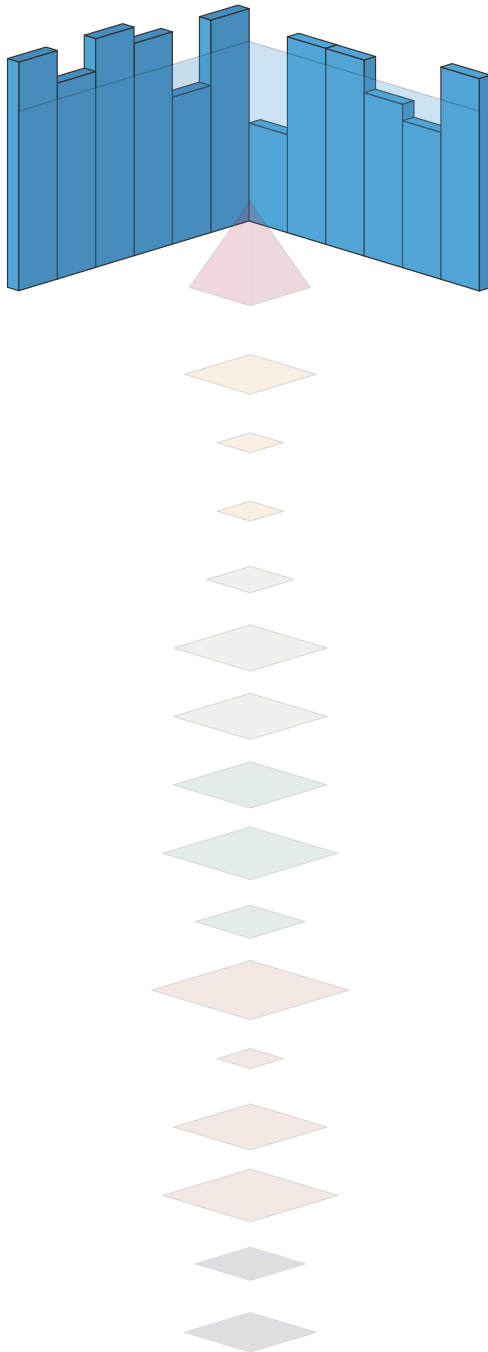


5.71

RESILIENCE SCORE



 **ARMENIA**





 **5.71**
RESILIENCE SCORE

48th of 193 countries
6th of 46 Asian countries
1st of 8 Central Asian and Caucasian countries

POLITICAL LEADERSHIP AND GOVERNANCE	7.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	6.00
INTERNATIONAL COOPERATION	7.00
NATIONAL POLICIES AND LAWS	6.50
JUDICIAL SYSTEM AND DETENTION	4.50
LAW ENFORCEMENT	6.50
TERRITORIAL INTEGRITY	3.00
ANTI-MONEY LAUNDERING	6.00
ECONOMIC REGULATORY CAPACITY	6.00
VICTIM AND WITNESS SUPPORT	5.00
PREVENTION	4.50
NON-STATE ACTORS	6.50

 **2.82**
CRIMINALITY SCORE

 CRIMINAL MARKETS	2.93
 CRIMINAL ACTORS	2.70



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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Armenia is a source and destination country for human trafficking. Women and children are especially vulnerable to sex trafficking, and trafficking for the purpose of forced labour and begging. However, the number of trafficking victims identified by Armenian authorities has been declining since 2020; most identified victims are women and girls exploited within the country for sexual purposes. Victims from abroad are also vulnerable to human trafficking, specifically in forced labour and sex trafficking. For instance, Ukrainian, Belarusian, and Russian dancers are frequently targeted by traffickers for the purpose of sexual exploitation, and men arriving to the country from India and Iran are vulnerable to forced labour. Even though labour exploitation is prevalent in the country, this market is difficult to assess as potential victims generally refuse to be identified as victims of trafficking. Forced child labour is observed in agriculture, construction and service provision. There are also reports suggesting the existence of illicit adoption schemes. These are carried out through the involvement of corrupt high-ranking officials: doctors, police officers and even orphanages. Although the exact market value is unknown, profits are believed to primarily accrue to domestic actors, due to the important local demand. Armenian citizens who travel abroad to seek employment in different countries – such as Russia, the United Arab Emirates (UAE) and Turkey – have also been subject to human trafficking.

Armenians can easily enter neighbouring countries like Russia, Turkey and Iran – visas are not required or are easy to acquire. For this reason, the number of Armenians using criminal networks to illegally enter neighbouring countries is negligible, and human smuggling is therefore limited. There are some reports of the country being used by nationals from the UAE and Turkey to illegally enter the European Union, but this market is not widespread. There is no recent data suggesting the existence of extortion and protection racketeering in Armenia, and there is only a minimal risk of the problem emerging in the short and medium term.

TRADE

Even though Armenia's arms trafficking market is limited, especially when compared to neighbouring countries, the illegal circulation of weapons, mainly originating from Nagorno-Karabakh region, continues due to the ongoing hostilities there. Illegal weapons used in the First Nagorno-Karabakh War in the 1990s are still circulating illegally in

the country, but the exact scale of this issue is unknown. There are also allegations of Armenia being a destination country for illegal imported arms from the Western Balkans through Georgia, which is feeding the illicit arms trade in the country. In addition, it has been reported that Russia exported arms to Armenia before and during the conflict with Azerbaijan.

Armenia is a source and transit country for the transnational trade in counterfeit goods. Most common counterfeit products found in the country are counterfeit luxury goods and brand-named products. When it comes to the illicit trade in excise goods, specifically cigarettes and alcohol, Armenia is mainly a source country. There are reports suggesting high levels of cigarette smuggling from Armenia to countries including Russia, Iraqi Kurdistan in northern Iraq, Iran, Turkey, Georgia and Germany. However, despite being the third largest provider of counterfeit cigarettes to Russia, after Belarus and Kazakhstan, the Armenian share has been in decline due to the increased presence of Belarusian cigarettes in the country.

ENVIRONMENT

Even though Armenia is one of the least forested countries in Eastern Europe, forests are largely endangered, specifically in the north-east and south-east due to illegal mining, illegal logging and the exploitation of those forests for firewood. Illegal logging in Armenia is prevalent along the border with Azerbaijan, where heightened insecurity lowers investment prospects and increases economic depression. Illicitly harvested timber is used as firewood and in furniture manufacturing. Overall, however, there has been a national decrease in illegal logging due to improved forest management measures and increased pressure from the judiciary, although corruption in the sector remains a concern.

Armenia is a frequent transit country for endangered animals, including giraffes, zebras and crocodiles, coming from South Africa and other countries, which are then trafficked towards Russia and the EU. Current findings also suggest that demand for rare animals among wealthy and influential Armenians appears to be common: there have been many cases of high-ranking officials using fraudulent CITES permits to import wild animals to keep as pets. The Armenia-Azerbaijan border regions are well-known poaching grounds; poachers have become more organized in recent years. The country is also part of a caviar-smuggling corridor running from Azerbaijan through Armenia into Russia and the EU, although to a lesser extent when compared to neighbouring countries.

Gold remains the most exploited non-renewable resource, though this exploitation has reduced in recent years. The gold mines in the Nagorno-Karabakh region have been under Azerbaijani control since autumn 2021; that country also controls most of the gold mines in the Kalbajar region. There are reports suggesting the involvement of state-embedded actors in the exploitation of gold mines in the country, through the abuse of state-issued permits. Diamond smuggling is equally prevalent: diamonds purchased from countries like India are transported to Armenia where they are polished and processed before being exported to the UAE, Russia and Belgium. However, there is no evidence suggesting the involvement of criminal groups in this market. Moreover, there has been a substantial decrease in diamond smuggling in the country, which is attributed to the tighter border restrictions and closures. In an attempt to regularize the industry, Armenia has established a state-owned company aimed at centralizing the import and export of diamonds.

DRUGS

Armenia is a transit country for the heroin trade – it is a link on the northern Balkan smuggling route between Afghanistan, Iran, the Caucasus and Europe. Armenian, Russian and Iranian organized groups are involved in this market. Heroin trafficked through Armenia largely originates from Iran and Iranian groups are particularly involved in cross-border transit and supply. Evidence indicates that the Meghri crossing on the Armenia–Iran border is where most of the heroin supply enters the country; it is subsequently transported to the Armenia–Georgia border. Despite this cross-border trade, domestic heroin consumption in Armenia remains limited due to low purchasing power among a relatively small population. When it comes to cocaine trafficking, Armenia is a transit point on the routes between Latin America, Turkey and Europe, as well as Iran, the UAE and Malaysia. However, cocaine trafficking through Armenia, which mostly involves foreign actors, is believed to have been on the decline in recent years. Due to targeted drug seizures, domestic demand is also moderate.

Armenia is a source country for the cannabis trade. Indoor cannabis production is prevalent across the country. Although cannabis is primarily produced by domestic actors, it is often destined for foreign markets. (Domestic consumption is moderate due to targeted drug seizures in the country.) Armenia is also a transit country for the trade in synthetic drugs, which are destined for European or Australian markets. In addition to local organized crime groups, Georgian and Iranian actors are involved in the production and smuggling of methamphetamine. Similar to other substances, synthetic drugs are usually imported from Iran.

CYBER-DEPENDENT CRIMES

Cyber-dependent crimes have increased in Armenia in recent years. Government authorities have been targeted by spyware and by criminals looking to exploit weaknesses in the country's public and private infrastructure. These attacks are often politically motivated and they are also on the rise between Armenia and Azerbaijan, where different hacker groups have been attacking government websites. Russian hacker groups have also been known to target Armenian governmental and military organizations with malicious software, spy systems, denial-of-service attacks and ransomware attacks, among others. Cyber-attacks at international level are also generated from Armenia. Despite the emerging significance of cybercrime in the country, the value of the market is unknown and there is no public information that indicates which actors or groups are involved. While government-backed attacks against other states are prevalent, ransomware attacks and other cybercrimes targeting civilians remain limited, although there is evidence that this market is also growing. In addition, escalating cryptocurrency mining activities in Armenia could create a niche for illicit activities in years to come, due to a lack of relevant regulations.

FINANCIAL CRIMES

Embezzlement of public funds, tax evasion and avoidance, and fraudulent investment schemes are the most common financial crimes in Armenia. These crimes affect the national treasury and civilians who are trying to make quick profits. State-embedded actors, national actors and foreign actors, including Israeli groups, are known to be involved in this market.

CRIMINAL ACTORS

State-embedded actors remain one of the most influential criminal actors in Armenia. However, their influence has reduced in recent years following government efforts to combat corruption. Nevertheless, criminal activities are thought to take place at all levels of the state, enabled by law enforcement officials who facilitate transactions between criminal groups and higher-ranking officials for personal gain. Connections between law enforcement and small criminals at a local level are also commonplace due to bribery. At a high level, the Armenian political elite and their relatives are reportedly engaged in several criminal markets including arms trafficking, drug trafficking, wildlife trafficking, money laundering, illegal mining and other corrupt practices. Certain business sectors have been cartelized or semi-monopolized, specifically businesses involved in commodities like sugar, flour and alcoholic beverages. Politicians governing these cartels allegedly enjoy immunity. Foreign players are also engaged in criminal activities in Armenia. For the most part, these are Iranian groups involved in the trafficking of heroin, synthetic drugs and to a lesser extent, cocaine; and Russian

companies working with state-embedded actors to exploit non-renewable resources.

Even though Armenian mafia-style groups are known to be involved in human smuggling, drug smuggling and counterfeiting, the activities of such groups remain limited. Armenia has a weak economy and there is a lack of space in the country for lucrative illegal business. There is no evidence to suggest that any mafia-style groups control significant territories in Armenian cities. There are reports of an Armenian mafia divided into separate clans or brotherhoods (called 'akhperutyuns'), which control parts of the capital Yerevan, although the reports indicate a decline in membership since 2018. Historically, professional criminals who enjoy elite positions within organized crime groups have been active in Armenia, although their influence has

declined since the early 2000s. (In the region, this type of criminal is known as a 'thief in law' – from the Russian slang term *vory v zakone*.) Experts no longer consider such groups to be mafia-style groups but rather criminal networks. The activities of Armenian criminal networks remain limited, mostly due to a lack of resources and Armenia only being a transit country of illicit trade, rather than the source or destination. Nevertheless, a small number of thieves in law remain in Armenia, exerting some influence over criminal markets. There is no public data or reports that reveal the widespread involvement of the private sector in criminal markets, with the exception of private tobacco companies that produce counterfeit cigarettes. However, since these have lost their market share in the main market of Russia, their activities are likely to have reduced.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Armenia is identified as a hybrid or transitional regime. The country continues to improve its state capacity despite the regime change and political issues related to the Nagorno-Karabakh conflict. Progress has been made with EU cooperation in various areas, including democratic governance and transparency, but political leadership is still strongly influenced by Russia. This reflects on the country's governance, external relations and politics, as well as the security measures impacted by the presence of Russian peacekeepers in the border areas with Azerbaijan. The political crisis following the defeat of ethnic Armenian forces in the Nagorno-Karabakh conflict was largely defused in the snap election of June 2021, which resulted in a decisive victory for the ruling party and the reconfirmation of the prime minister. Following the elections, the government has continued to implement its reforms, prioritizing rule of law and anti-corruption, among other key areas. Progress has been made with regards to transparency and accountability, and public trust in institutions has improved, but state-embedded corruption remains prevalent. The close relationship between oligarchs and political and business actors has raised concerns about cronyism and influence and has highlighted a selective application of the law. Notwithstanding the EU's support in its efforts to fight corruption, Armenia also lacks transparency when it comes to prosecutions and the work of its law enforcement, especially in cases connected to high-profile politicians.

Armenia is party to most relevant international treaties and conventions pertaining to organized crime, with the exception of the Single Convention on Narcotic Drugs, and the Arms Trade Treaty. Armenia has also collaborated with many international actors, including the EU and Organization

for Security and Co-operation in Europe (OSCE) in the aftermath of the Nagorno-Karabakh conflict. However, the work of the latter has been blocked. The country has also started working closely with Europol to combat cross-border criminal activities, including wildlife trafficking. At a national level, Armenia's legal framework (developed with the support of the EU, aligning national policies with EU policies) covers most organized criminal markets. However, further efforts are necessary to strengthen the country's relevant legislation, especially in relation to human smuggling and cryptocurrency.

CRIMINAL JUSTICE AND SECURITY

Armenia's judicial system continues to lack independence. Some judicial bodies are heavily populated by politically connected people. Despite a national strategy drafted for judicial reform, more needs to be done to improve the effectiveness of the justice system. Even though there is a significant focus on reducing corruption (Armenia has established three anti-corruption investigative bodies), corruption within the judicial system remains a major concern. As for the penitentiary system, torture and ill-treatment in custody remain problematic and are usually perpetrated with impunity. Criminal subcultures allegedly rule Armenia's prisons. Following the introduction of a bill criminalizing such subcultures, riots broke out in many prisons across the country. Reports also indicate prisoner abuse and poor living conditions, including understaffing and poor medical facilities.

Historically, law enforcement agencies have not been among the most trusted institutions in the country. Limited state funding and low salaries have made bribes more

tempting. There are also concerns about a lack of skilled professionals in law enforcement – this despite some successful operations in recent years that have resulted in high-profile arrests, including of local crime bosses. The Armenian government has approved an action plan for the reform of its law enforcement bodies. The plan includes creating a new patrol police and granting police investigative powers.

Armenia lost a large swathe of territory in the Nagorno-Karabakh conflict – a total of seven regions, which are now either controlled by Azerbaijan or by the self-proclaimed Republic of Artsakh. There has been a major escalation in military hostility, which started in 2022 and which threatens the safety and livelihoods of civilians in Nagorno-Karabakh and along the Armenia-Azerbaijan border, mostly on the Armenian side. Although Armenia's borders with Turkey and Azerbaijan have been closed since 1993, the borders with Georgia and Iran are exposed and vulnerable to drug trafficking. While Armenia maintains domestic control of its law enforcement operations, there are Russian border guards along the country's borders with Turkey and Iran.

ECONOMIC AND FINANCIAL ENVIRONMENT

Armenia has strengthened its anti-money laundering (AML) legal framework in recent years (to match international standards) and it has made progress in money-laundering risk and threat assessment. There have been further legislative reforms to regulate gambling. Law enforcement authorities continue to pursue criminal cases against high-level officials from prior governments (and any associated oligarchs) with an increasing number of convictions. However, despite these improvements, there are still AML risks within the Armenian banking system – a system used by Iranian and Russian criminal groups, and by Russian oligarchs in the wake of sanctions against Russia. Even though there are no major deficiencies within the national AML framework, the risk of money laundering and terrorist financing is still considered high.

In order to secure a stronger economic system, Armenia has cooperated with the EU on economic regulatory reforms within the Eastern Partnership scope. These reforms include the promotion of a digital economy to bring economic growth to the country, to generate jobs, improve livelihoods and help businesses. The right to property ownership and the

establishment of private businesses, while free of state interference, both lack transparency and are affected by cronyism. Despite government and international efforts at economic reform, about half of the workers in Armenia are employed in the informal sector and possibly subjected to abuse and/or exploitation due to the poor enforcement of relevant labour protections.

CIVIL SOCIETY AND SOCIAL PROTECTION

The Armenian government has a fairly robust framework in place to provide support to victims of modern slavery, and to help those victims exit. Overall, however, victim and witness support measures appear insufficient. Law enforcement officials also reportedly lack the training and sensitivity required to assist victims. Victims in remote areas are most at risk – they have limited access to justice, notably victim-centred procedures or formal victim/witness protection measures. However, there are certain mechanisms, including an online whistle-blower platform and a hotline for trafficking victims, that provide some support to victims and witnesses in the country. Even though the Armenian government has used awareness campaigns to increase its efforts at preventing human trafficking, no significant efforts have been made to monitor and prevent sex trafficking and forced labour.

Despite a generally positive stance towards non-state actors in Armenia, there is a lack of civil society organisations dedicated to issues like policing, the criminal justice system and fighting organised crime. Those that exist lack funding and resources. That said, civil society organizations have been increasingly involved in decision-making processes in the country. The media landscape in the country is polarized and recent incidents of physical violence against journalists suggests that political influence in media affects their protection. The attacks severely undermine basic international media freedom standards and many independent journalists have reported incidents of self-censoring to avoid harassment from political or corporate entities.

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