THE IMPACT OF THE ECONOMIC CRISIS ON MIGRATION TRENDS AND MIGRATION POLICY IN THE RUSSIAN FEDERATION AND THE EASTERN EUROPE AND CENTRAL ASIA AREA
The International Organization for Migration (IOM), a leading intergovernmental organization for migration-related cooperation, takes a human and balanced approach when resolving migration issues at the international level. With representative offices in more than 120 countries, IOM pursues the following goals: resolution of current migration issues, encouragement of socio-economic development through migration, improved understanding of migration problems, and maintaining human dignity and welfare of migrants.

This report was prepared by Irina Ivakhnyuk, Doctor in Population Economics, Deputy Head of the Department of Population in the Faculty of Economics, Lomonosov Moscow State University.

This analytical report is based on materials produced by the Round Table set up by the IOM Bureau in Moscow and the Federal Migration Service of Russia on 9 February 2009 with financial support from Dobrososredstvo (Good Neighbourhood), a fund for the Promotion of International Relations. At the Round Table, government officials, businesspersons, academics, and international experts discussed current Russian migration policy during the economic recession and the long-term prospects for development and proposed options for change in both national and international migration policies in response to the global economic crisis. The results were collected in this document as of 31 March 2009.

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THE IMPACT OF THE ECONOMIC CRISIS ON MIGRATION TRENDS AND MIGRATION POLICY IN THE RUSSIAN FEDERATION AND THE EASTERN EUROPE AND CENTRAL ASIA AREA

ANALYTICAL REPORT
based on materials of the Round Table held by International Organization for Migration and the Federal Migration Service of Russia on ‘Migration policies at the time of an economic downturn: short-term reality and long-term perspectives’
(9 February 2009, Moscow, Russian Federation)
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Comprehensive analysis of the current situation is the essential requirement of an efficient decision, whatever sphere of human activities is concerned. During an economic crisis, analysis of the situation is increasingly important, as the crisis inevitably results in serious changes which affect both peoples and societies. Only a deep understanding of the current situation can lead to serious decisions that will eliminate the possible negative effects of crisis-related changes.

Management of migration flows is a specific sphere where the interests of the State closely interconnect with people’s lives; therefore, every strategic mistake will inevitably affect every migrant in the long run, sometimes with tragic results. According to Konstantin Romodanovsky, Director of Russia’s Federal Migration Service, such a situation does not allow “any radical solutions. Migration processes are very sensitive and their management requires as much flexibility as possible”. The Russian Federation is the major receiving country in the CIS area. Therefore, its decisions in the field of migration management during the current economic crisis and its cooperation with partner countries will have a major impact on the socio-economic and political situation in the entire region.

For this reason, the Russian Federation is the main focus of this report which aims to improve our understanding of recent migration trends in the CIS area and the impact of the global economic downturn on the decision-making process in the field of migration management. The report pays particular attention to employment-driven migrations in the CIS area that are presently the main form of population mobility in the region.

This analytical report was prepared by Irina Ivakhnyuk, Doctor in Population Economics, who has worked in close cooperation with FMS of Russia experts, other government institutions officers, and employees of the International Organization for Migration’s Bureau in Moscow. This report is a serious attempt to analyze migration processes in line with the current economic recession and to develop a balanced view of migration management issues. Not everything herein may match IOM’s position. However, IOM has always acknowledged the need for serious analytical activities as a basis for any decisions on migration issues. Therefore, we believe that this document can be seen as a contribution to efforts made by governments and by society to find adequate solutions for overcoming the global crisis and, in particular, in the region of the Eastern Europe and Central Asia.
### ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCRF</td>
<td>Chamber of Commerce of the Russian Federation</td>
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<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
<td></td>
</tr>
<tr>
<td>EECA</td>
<td>Eastern Europe and Central Asia</td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
<td></td>
</tr>
<tr>
<td>EurAsEC</td>
<td>Eurasian Economic Community</td>
<td></td>
</tr>
<tr>
<td>FMS</td>
<td>Federal Migration Service</td>
<td></td>
</tr>
<tr>
<td>FNPR</td>
<td>Federation of Independent Trade Unions of Russia</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
<td></td>
</tr>
<tr>
<td>GUVD</td>
<td>Head Directorate in the Ministry of Interior</td>
<td></td>
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<tr>
<td>IALM</td>
<td>International Association ‘Labour Migration’</td>
<td></td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
<td></td>
</tr>
<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
<td></td>
</tr>
<tr>
<td>KTR</td>
<td>Labour Confederation of Russia (trade unions association)</td>
<td></td>
</tr>
<tr>
<td>MVD</td>
<td>Ministry of Interior of the Russian Federation</td>
<td></td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
<td></td>
</tr>
<tr>
<td>RAS</td>
<td>Russian Academy of Sciences</td>
<td></td>
</tr>
<tr>
<td>ROSSTAT</td>
<td>Federal Statistics Service of the Russian Federation</td>
<td></td>
</tr>
<tr>
<td>RSPP</td>
<td>Russian Union of Manufacturers and Businessmen</td>
<td></td>
</tr>
<tr>
<td>SNGSTAT</td>
<td>Statistical Committee of the CIS</td>
<td></td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
<td></td>
</tr>
<tr>
<td>UNHCR Office</td>
<td>Office of United Nations High Commissioner for Refugees</td>
<td></td>
</tr>
<tr>
<td>VKT</td>
<td>All-Russian Labour Confederation (trade unions association)</td>
<td></td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
<td></td>
</tr>
</tbody>
</table>
During recent decades, there has been a growing awareness that international migration, and in particular its economy-driven forms and types, could be an important resource for development in both receiving countries and countries of origin. The total number of migrants worldwide is over 200 million (IOM, 2008); they can be regarded as a ‘nation of migrants’, with a population similar to the most populated countries. In addition, the number of temporary migrant workers has increased in developed countries in recent years by 7-8 per cent per year (ibid).

Since demographic and economic development varies from country to country, international labour migration has become a ‘tool for partnership’ between more developed and less developed countries where the former offer job opportunities to nationals of less developed countries, while the latter provide the workforce that is in demand in more developed countries. Nowadays, it is impossible to imagine industrial development in many countries without international labour migrants. In particular, industries such as construction, agriculture, and services offer a relatively high level of manual jobs which do not attract even local unemployed applicants. At the same time, skilled migrants play an important role in the international labour market; as a human resource, they can be more effectively deployed when they have the ability to choose the country or place where they will work.

For countries of origin, participation in international labour migration can lead to lower unemployment and poverty rates, better standards of living for migrant households, and economic development, thanks to migrant remittances from other countries. The total of migrant remittances rose from US$31 billion in 1990, to US$77 billion in 2000 and to US$251 billion in 2007 (World Bank, 2008a).

This means that the current state of global development is characterized by a growing complementarity between these two groups of countries leading to stable mutual dependence on international migration based on economic, demographic, political and socio-psychological factors.

In this context, the global economic crisis, which started in late 2008, is unlikely to reverse existing trends in the international labour market but this situation may deteriorate if demand for labour decreases. The decline in production, and cuts in related jobs, inevitably affects both national and foreign workers in receiving countries. Rising unemployment rates among local workers lead to calls for limiting migration and sending migrants back to their home countries. Many countries face a rise in anti-migrant attitudes and, as a result, migrants find themselves in a very vulnerable and unstable position in the labour market during a global crisis. In response to a wave of strikes against hiring of foreign workers in Europe, some European countries have even called for revision of the principle of free labour movement in EU legislation (Gow, 2009). A number of countries have already announced that hundreds of thousands foreign workers will be sent back to their home countries. Spain has proposed a ‘voluntary departure’ plan for migrant workers; this plan provides money compensation to migrants who agree to return home and not come back to Spain for three years.

Most receiving countries are revising entry procedures for foreign workers. For example, the United Kingdom introduced a new five-level points system for potential migrant workers at the end of 2008. This points system is designed to be as clear as possible both for law-enforcing authorities and for migrants. Its objectives are to attract migrant workers to specific industry segments most efficiently by selection on the basis of qualifications, limit legal abuse, and guarantee migrants’ rights. This system allows a favourable balance between market needs and migrant skills. In general, the UK points system makes management of labour migration more flexible.

1. INTRODUCTORY NOTES: IMPACT OF THE GLOBAL ECONOMIC CRISIS ON MIGRATION
There is also another trend. In February 2009, a referendum in Switzerland approved an open-door policy for EU nationals. In December 2008, Sweden started enforcing new regulations which give companies more freedom in hiring foreign workers and the government hopes that these new regulations will help the country solve the labour shortage problem in the short term and the aging population problem in the long term (Sherwood, 2008). Canada is taking steps not only to maintain immigration flows, about 250,000 persons per year, but also to increase the inflow of temporary migrant workers required by the Canadian economy (Campion-Smith and Brennan, 2009; Foot, 2009).

Thus, governments of receiving countries are employing a variety of tactics during the current economic crisis. Some feel a need for an urgent response to rising social tension and tend to pursue a more rigid policy towards migrant workers than other countries. Others prefer a more flexible policy and try to attract migrants to overcome the economic recession and to reduce their losses in this way.

A mass return of migrants to their home countries and reduced migrants’ remittances can actually result in a steep decline in the socio-economic situation in many countries and thus in greater poverty or major socio-political instability. Deportations and severe limitations on migrant inflows can result in increasing labour shortages in developed countries. This has already happened, for example, in the United Kingdom, which faced an acute shortage in nursing-home and hospital personnel in the late 2008 and the perspective of closing down nursing homes in south-western parts of the country (Smirnov et al., 2008). Furthermore, stronger anti-migrant attitudes and xenophobia in destination countries can endanger social stability and provoke acts of violence.

International organizations dealing with migration issues (in particular, IOM, ILO, UNHCR Office, European Council, etc.) are unanimously expressing concerns that, as the economic situation gets worse, migrants will become the most discriminated group because they will be the first people to be fired in destination countries. They will either join the shadow economy, if they stay in the country, or be unable to find a job due to economic problems in their home countries, if they decide to go home.

In January 2009, IOM issued a memorandum to governments of migrants’ destination countries and countries of origin (IOM, 2009a). IOM referred to previous economic downturns at both global and regional levels (e.g. the oil crisis in the early 1970s, the 1998 Asian financial crisis) and indicated that migration will continue regardless (and irregular migration may even increase) because of continuing structural demand for labour in certain sectors of the economy, regardless of increases in unemployment. Such demand can in part be attributed to broad demographic considerations – aging and shrinking populations in much of the industrialized world compared to growing populations in much of the developing world – as well as to the fact that, in many countries, local workers either lack required skills or are reluctant to take up certain low or semi-skilled jobs. The Asian financial crisis also demonstrated that keeping markets open to migrants and migration is important for stimulating a more rapid economic recovery.

A unique feature of the current crisis is that it is global in scale. Therefore, if some countries seek to solve their problems at the expense of other countries, such moves will merely fuel instability worldwide. It also means that, for people involved in international labour migration, job opportunities will decrease in virtually all countries, leaving very few employment options for migrants: re-training, unregistered employment or return to the home country.

It is already clear that there is a real danger of aggravating socio-economic conditions (rising unemployment and poverty rates) in migrants’ countries of origin. According to World Bank forecasts, migrant remittances will continue to provide essential economic support in their countries of origin in 2009: a decrease in migrant remittances is expected to be between 1 and 6 per cent (Ratha et al., 2008) while other money flows (export incomes, foreign direct investments, and official development aid) will decrease further. Meanwhile, there is a danger that migrants will send less money to their home countries via official channels, due to lack of confidence in the stability of banking systems.
In this context, IOM recommends that governmental authorities and other interested parties pay close attention to protecting migrants’ interests when developing short-term measures in response to an aggravated economic situation, because migrants are often subject to discrimination and xenophobia under these circumstances. It is also important to monitor the impact of the current crisis on national labour markets and, in particular, on migrants working in the country, by conducting surveys, making reasonable forecasts, and acting in line with long-term prospects. Furthermore, a strong degree of solidarity between countries of origin and of destination is necessary to safeguard and continue to reap the benefits flowing from the migration/development relationship for both sets of countries, as well as for migrants and their families (IOM, 2009a).

Such an approach can form the basis for the development of flexible, clear, and comprehensive measures that will allow maintenance of labour mobility in the crisis and post-crisis periods.
2. INTERNATIONAL LABOUR MIGRATION IN THE COMMONWEALTH OF INDEPENDENT STATES AREA: RECENT TRENDS AND PROSPECTS

2.1. Prevalence of Intra-regional Migrations

Over almost two decades of post-Soviet development, ex-USSR countries have formed a region closely connected by migration flows. About 80 per cent of international migration flows into and out of CIS countries are within the EECA region.

The main receiving country is Russia. According to UN estimates, Russia is ranked second, after the USA, by number of immigrants: there are 12 million foreign-born persons living in Russia (UN, 2006), mainly from ex-USSR countries. Since the early 2000s, Kazakhstan is also a receiving country that attracts migrants from post-Soviet countries in Central Asia. Major sending countries in the area are Uzbekistan, Tajikistan, Kyrgyzstan, Azerbaijan, Armenia, Ukraine, and Moldova. Presently, international migration in the post-Soviet region is mostly temporary labour migration involving at least six million people, a significant proportion being unregistered labour migrants.

All of these countries have bilateral agreements on visa-free entry, except Turkmenistan and Georgia which have a lower level of migration exchanges with other CIS states. Russia has a visa entry regime with both of these countries.

Visa-free border-crossings favour the movement of CIS nationals within the post-Soviet area. In addition, a number of factors (historical, economical, demographic, political, psychological, geographic, etc.) promote the creation of a common migration space in this region. These factors are shown in Table 1.

**TABLE 1**

FACTORS PROMOTING INTRA-REGIONAL INTERNATIONAL LABOUR MOVEMENTS IN THE CIS

| Historical | • Historical bonds between countries;  
|           | • Previous migration flows between the ex-USSR republics;  
|           | • Shared use of Russian language. |
| Economic  | • Differences in wage levels between countries;  
|           | • Different capacity in national labour markets;  
|           | • Similar professional training systems;  
|           | • Recognition of diplomas and professional certificates |
| Demographic | • Differences in population reproduction models;  
|           | • Population aging and labour shortages in Russia;  
|           | • Demographic complementarity. |
| Political | • Visa-free entry regime;  
|           | • Preferential treatment for CIS nationals in legalization and employment in Russia;  
|           | • Bilateral agreements on labour migration;  
|           | • Regional integration organizations. |
| Psychological | • Multiple family, emotional, professional, bonds;  
|             | • Similar mentality due to centuries of living in a single country. |
| Socio-ethnic | • Diasporas;  
|             | • Social migration networks. |
| Geographical | • Geographical proximity;  
|             | • Common transportation infrastructure. |
In the CIS region, the migration model is characterized by a high number of intra-regional migration and dominating migration vectors directed towards Russia. Since all of the factors cited above are by nature long-term, we can assume that this model will remain valid for many years to come.

This assumption is supported by the fact that, over the past decade, international labour migration has become a structural element for national development, both in CIS countries of destination and of origin.

For countries of destination, and for Russia in particular, there is segmentation in the labour market, with migrants working in certain segments, especially in large cities, in which Russian workers are not willing to work. Although foreign workers represent less than 3 per cent of all employees in Russia,¹ their presence in the labour market is most significant in certain regions and industries (e.g. construction, trade, municipal services, transportation, maintenance and repairs, personal services, services for the elderly). Migrants in the Russian labour market improve competitiveness of many large and small companies, promote development of new businesses, and ensure implementation of investment projects.

For the countries of origin, emigration of their citizens to other countries not only results in lower unemployment rates in national labour markets and higher revenues of migrant households, but also improves financial macro-economic indicators and investment potential.

Thus, a high level of international labour migration is a stable trend in the CIS region and contributes to correcting demographic and economic imbalances between countries and maintains social stability and political integration in the region as a whole (for details, see Ivakhnyuk, 2008). These processes started and developed spontaneously: migrants “voted with their feet” for a common regional labour market and this created a growing market for unregistered workers. Gradually, CIS countries have developed national strategies for migration management, while international cooperation in management of labour migration has became part of the agenda for regional structures such as CIS and the Eurasian Economic Community (EurAsEC). A crucial step in the expansion of legal labour migration channels has been reforms of Russian migration law in 2006 and 2007 which give preference to CIS nationals for entering the Russian labour market.

¹ Calculation based on a comparison of the total Russian labour force (67.7 million) (ROSSTAT, 2008) and the number of work permits granted to foreign citizens (1.7 million) (FMS, 2008).
2.2. The Scale, Dynamics and Structure of Labour Migration: The Impact of Russian Migration Legislation

It is not easy to estimate the extent of international labour migration in the CIS region. Since illegal immigration is very common in destination countries, official records for employment authorizations, which only refer to registered workers, do not provide sufficient accurate data for assessing actual migration inflows. However, receiving countries have official statistics on international labour migration that offer valuable information on current trends and structures of migration inflows and give an insight into their current migration policy.

Figure 1 clearly shows that recent trends in Russia reflect a rise in regular labour migration since the new Russian migration legislation came into effect in January 2007.

The key points of the new legislation are: (1) introduction of a notification procedure for registration of foreign citizens, replacing former approval procedures based on place of residence; and (2) a simplified employment authorization procedure whereby the migrant worker (not the employer as in the past) applies for the work permit within 10 days by submitting an application and the necessary documents to a FMS of Russia local office. Both innovations apply to citizens of CIS countries with a visa-free entry regime with the Russian Federation.

The introduction of these new regulations explains why there was a sharp increase in the number of officially hired foreign workers in Russia immediately after the announcement, in 2006, of these new laws and after their implementation in 2007 and 2008. During this period of market liberalization, labour migration became a major priority for FMS of Russia activities: signing of bilateral agreements, development of official migration infrastructures, emergence of private employment agencies as part of the migration infrastructure, and negotiation of direct agreements between large Russian enterprises and labour-supplying countries. At the same time, investment activities in Russia escalated and demand for labour grew to the point where there was an obvious shortage of Russian workers. Furthermore, as the migration law moved closer to an open-door policy for labour migration from CIS countries, it led to changes in the ratio between the number of CIS migrant workers officially employed in Russia and those from other countries. This ratio had remained virtually stable for more than a decade (between 1994 and 2005); this is strange because CIS nationals have had much better opportunities for migration to Russia than non-CIS nationals who need a visa. In 2007, CIS nationals represented over two-thirds of all official foreign workers in Russia and almost three-quarters in 2008 (see Figures 2 and 3 and Table 2) due to legalization trend for migrant workers from the CIS countries; such figures better reflect the actual situation.

* Based on number of issued work permits
Source: ROSSTAT, FMS of Russia
During discussions on the effect of the current crisis on labour migration in the CIS area, it was noted that the 1998 financial crisis had had only a slight impact on the number of registered foreign workers in Russia (see Figure 1). Already in 2000, the number of foreign workers was already beginning to increase to pre-crisis levels. This can be explained by the fact that demand for labour in general, and in particular for foreign workers, was much lower during the pre-crisis period than at present. Investment was also much lower. As the 1998 crisis did not spread out beyond Russia, the upward trend in world oil prices resulted in a relatively quick recovery for the Russian economy. Since 2003, Russia has experienced rapid economic growth beginning with the oil and gas industry and followed by the construction sector and, in particular, residential construction (World Bank, 2008e).

Tables 2 and 3 provide information on changes in the number and percentage of migrant workers from major source countries in Russia in 2006-2008. At present, the major workforce suppliers for the Russian market are Uzbekistan and Tajikistan, countries in which governments are making efforts to develop the export of workers. During the last two years alone, the number of migrant workers from Uzbekistan in Russia has increased fivefold and from Tajikistan, threefold. Meanwhile, the percentage of Ukrainian workers in Russia is gradually dropping in spite of an increase in their numbers. This is mainly due to wider range of destination countries for Ukrainian labour migrants: in addition to Russia, which remains the main destination country, Ukrainian migrant workers are looking for jobs in the EU, Israel, and other countries (Petrova, 2007; Silina, 2008).

Unregistered migration is a specific feature of international migration in the CIS region. Therefore, in order to estimate the actual rate of international labour migration in the region, it is possible to include estimations of the number of unregistered migrants. Table 4 below shows estimates from countries of origin in the early 2000s for migrants employed legally and illegally overseas and, in particular, in Russia; such figures differ significantly from the official Russian statistics.

### TABLE 2

**STRUCTURE OF FOREIGN LABOUR INFLOW TO RUSSIA 2000-2008 BY SOURCE COUNTRY AND NUMBER OF WORK PERMITS (000s)**

<table>
<thead>
<tr>
<th></th>
<th>CIS states:</th>
<th>non-CIS states:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CIS states:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>3.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Armenia</td>
<td>5.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Georgia</td>
<td>5.2</td>
<td>4.9</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>2.9</td>
<td>3.6</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>0.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Moldova</td>
<td>11.9</td>
<td>13.3</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>6.2</td>
<td>10.0</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>6.1</td>
<td>10.1</td>
</tr>
<tr>
<td>Ukraine</td>
<td>64.1</td>
<td>91.9</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>106.4</strong></td>
<td><strong>148.6</strong></td>
</tr>
<tr>
<td><strong>non-CIS states:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>26.2</td>
<td>38.6</td>
</tr>
<tr>
<td>North Korea</td>
<td>8.7</td>
<td>9.9</td>
</tr>
<tr>
<td>Vietnam</td>
<td>13.3</td>
<td>20.1</td>
</tr>
<tr>
<td>Turkey</td>
<td>17.8</td>
<td>20.9</td>
</tr>
<tr>
<td>Other states</td>
<td>40.9</td>
<td>45.6</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>106.9</strong></td>
<td><strong>135.1</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>213.3</strong></td>
<td><strong>283.7</strong></td>
</tr>
</tbody>
</table>

Sources: ROSSTAT (2000-2008); FMS of Russia 2008
According to Russian experts, there are currently between 3 and 5 million unregistered foreign migrant workers in Russia (Riazantsev, 2007; Metelev, 2006; IOM, 2004). Unregistered employment is the most common reason why irregular migrants come to Russia from CIS countries with visa-free entry agreements with the Russian Federation (Vitkovskaya, 2002). It should be noted that, during the post-Soviet period, one of the major reasons for the arrival of irregular migrants was the inconsistency of Russian migration laws and an over-complicated procedure for obtaining work permits and temporary residence permits. Since Russia revised its migration regulations in 2006 and 2007 in order to improve procedures for the liberalization and legalization of migrant workers from the CIS countries, the ratio between regular and irregular migrants in Russia has changed. According to expert estimates, the percentage of regular migrants has increased as much as 250 per cent: prior to the reform, only 15 to 20 per cent of migrants were legally employed (Human Rights Watch, 2009). Thus, a significant number of CIS nationals is still illegally employed by Russian employers even two years after the new law was introduced.

### TABLE 3

**MAJOR LABOUR SUPPLYING COUNTRIES ON THE RUSSIAN LABOUR MARKET, 2006–2008 (ISSUED WORK PERMITS)**

<table>
<thead>
<tr>
<th>Country</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>000s</td>
<td>%</td>
<td>000s</td>
</tr>
<tr>
<td><strong>CIS countries including:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>105</td>
<td>10.4</td>
<td>345</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>99</td>
<td>9.7</td>
<td>250</td>
</tr>
<tr>
<td>Ukraine</td>
<td>171</td>
<td>16.9</td>
<td>209</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>33</td>
<td>3.3</td>
<td>110</td>
</tr>
<tr>
<td>Moldova</td>
<td>51</td>
<td>5.0</td>
<td>94</td>
</tr>
<tr>
<td>Armenia</td>
<td>40</td>
<td>3.9</td>
<td>73</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>28</td>
<td>2.8</td>
<td>57</td>
</tr>
<tr>
<td><strong>Non-CIS countries including:</strong></td>
<td>476</td>
<td>47.0</td>
<td>564</td>
</tr>
<tr>
<td>China</td>
<td>211</td>
<td>20.1</td>
<td>229</td>
</tr>
<tr>
<td>Turkey</td>
<td>101</td>
<td>10.0</td>
<td>131</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1014</td>
<td>100.0</td>
<td>1717</td>
</tr>
</tbody>
</table>

*Based on number of issued work permits

Source: FMS of Russia 2007, 2008
TABLE 4

MIGRANT WORKERS FROM CIS COUNTRIES IN RUSSIA IN THE EARLY 2000s*

<table>
<thead>
<tr>
<th>Country</th>
<th>Migrant workers in other countries (000s)</th>
<th>Migrant workers in Russia (000s)</th>
<th>Migrant workers in Russia (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>800–900</td>
<td>650</td>
<td>65–80</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>600–700</td>
<td>550–650</td>
<td>80</td>
</tr>
<tr>
<td>Georgia</td>
<td>250–300</td>
<td>200</td>
<td>60–70</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>400–450</td>
<td>350–400</td>
<td>70–80</td>
</tr>
<tr>
<td>Moldova</td>
<td>500</td>
<td>250–300</td>
<td>50–60</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>600–700</td>
<td>550–650</td>
<td>85–90</td>
</tr>
<tr>
<td>Ukraine</td>
<td>2000–2500</td>
<td>1000–1500</td>
<td>50–60</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>600–700</td>
<td>550–600</td>
<td>90</td>
</tr>
</tbody>
</table>

* Based on estimates of migrants’ countries of origin, including legally and illegally employed migrants
Source: ICMP, 2006

FIGURE 3

MAJOR WORKFORCE-SUPPLYING COUNTRIES ON THE RUSSIAN LABOUR MARKET, 2008*

* Based on number of issued work permits
Source: FMS of Russia data
2.3. The Role of International Labour Migration in the Russian Economy

Current demographic trends in Russia are characterized by: an annual population loss of 700,000-900,000 persons, due to a mortality rate higher than the birth rate (Vishnevsky, 2008: 11); a rapidly aging population; and a reduction of the working population.²

With the unfavourable demographic trends and rapid economic growth that Russia has experienced since 2003, the problem of labour shortage has become especially acute because the Russian economy is very labour-intensive. In addition, the Russian labour market is generally unbalanced. Local residents cannot meet a high demand for labourers and employees willing to take on manual work in such sectors as construction, agriculture, and transportation. Russian residents are neither ready, nor willing to take such jobs due to low wages, poor public image, and harsh work conditions. In the 2000s, Russian state employment offices registered over one million unfilled vacancies (ROSSTAT, 2008). In this context, a number of Russian industries and regions have had to resort to hiring of foreign workers.

Migrant labour flows have mainly focused on the Central Federal District (1.7 million persons or 44 per cent of all foreign workers in Russia in 2007), the Urals Federal District (12%), the Siberian Federal District (11%), and the Far Eastern Federal District (9%) (FMS of Russia, 2008). The distribution of migrant workers by province obviously indicates areas that are most attractive for migrant workers: 38 per cent of all foreign workers in Russia are employed in the city and province of Moscow; 5.7 per cent in the city of Saint Petersburg and the Leningrad province; 4.7 per cent in the Sverdlovsk province; 2.6 per cent in the Krasnodar Territory; 2.3 per cent in the Khanty-Mansi Autonomous Area; 2.2 per cent in the Novosibirsk province (ibid).

The distribution of migrant workers by industry shows that the construction sector employs the highest number (over 40%) (Figure 4), corresponding to trends found in most receiving countries (IOM 2008). Table 5 shows that, in the period 2006-2008, the number of foreign workers in the construction industry increased annually by more than a third, while the number of foreign workers in social, utility, and personal services increased as much as 600 per cent.

Migrant workers make a remarkable contribution to the Russian economy. According to Konstantin Romodanovsky, Director of the Federal Migration Service, migrant workers from CIS countries produce 6-8 per cent of Russia’s GDP (Romodanovsky, 2009). Experts suggest even a higher estimate of 8-9 per cent of GDP (e.g. Tiuriukanova, 2007).

Since 2003, the Russian economy has experienced rapid growth, in particular due to high world prices for oil and gas which have led to growth in the construction sector and a number of other industries. The construction sector has experienced the highest growth: annual average growth was 11.4 per cent in 2003-2006 and 16.4 per cent in 2007 (ROSSTAT, 2008c). Contractors actively hired migrant workers to meet their labour needs: over 40 per cent of work permits were granted to migrant workers in the construction industry (ROSSTAT, 2008a). This has resulted in a much higher percentage of foreign workers in the construction industry than on average in the Russian economy, and this percentage continues to grow rapidly (see Table 6). In 2008, over 17 per cent of all construction workers were migrant workers. The number of foreign workers officially employed in the Russian construction industry increased 3.5 times in the last four years alone.

² The working population is decreasing in Russia because there are more people of retirement age than people of working age; this trend began in Russia in 2007 and has remained stable ever since. According to ROSSTAT forecasts for the next decade, the annual decrease of the working population will be about 1 million persons.
It is also important to note that unregistered employment is widespread in the construction industry (Krasinets et al., 2000; Tiuriukanova, 2004a; Human Rights Watch, 2009). Thus, the real percentage of foreign workers in the construction sector is at least twice as high as official figures suggest.

In 2008, one in four construction companies indicated that the labour shortage was a limiting factor for its business activity (ROSSTAT 2008c). Nevertheless, it is expected that, despite the economic crisis, a number of nation-wide construction projects will continue. For example, large-scale construction projects are required as part of the preparations for the Winter Olympics in Sochi in 2014. The media quotes FMS of Russia estimates that at least 1 million migrant workers will be needed in Sochi each year (BBC, 2008).

### TABLE 5

**DISTRIBUTION OF FOREIGN WORKERS IN RUSSIA, BY INDUSTRY, 2006-2008**

<table>
<thead>
<tr>
<th>Industries</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>000s</td>
<td>%</td>
<td>000s</td>
</tr>
<tr>
<td>Construction</td>
<td>414.1</td>
<td>4.8</td>
<td>691.0</td>
</tr>
<tr>
<td>Wholesale and retail trade, car/truck repairs, repairs of household appliances, etc.</td>
<td>270.9</td>
<td>26.7</td>
<td>330.0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>72.2</td>
<td>7.1</td>
<td>122.1</td>
</tr>
<tr>
<td>Utility, social, and personal services</td>
<td>28.9</td>
<td>2.8</td>
<td>120.9</td>
</tr>
<tr>
<td>Agriculture and forestry</td>
<td>72.6</td>
<td>7.2</td>
<td>111.0</td>
</tr>
<tr>
<td>Transportation and communication</td>
<td>47.0</td>
<td>4.6</td>
<td>75.6</td>
</tr>
<tr>
<td>Mining</td>
<td>20.0</td>
<td>2.0</td>
<td>36.1</td>
</tr>
<tr>
<td>Other business segments</td>
<td>88.3</td>
<td>8.7</td>
<td>230.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1014.0</td>
<td>100.0</td>
<td>1717.1</td>
</tr>
</tbody>
</table>

**Sources:** FMS of Russia data
Figure 6 shows that there are significant differences between Russian workforce and foreign workers in their sectors of employment. Russian residents tend to take jobs in the service sector, such as transportation, communication, trade, catering, health care, education, public administration, culture, and science. Meanwhile, the number of national workers employed in manufacturing and agriculture is decreasing. This trend is common in all developed countries. Foreign workers are concentrated in industries that demand low-skilled labour, while national workers benefit from better job options due to the labour shortage and development of innovative sectors.

Foreign workers are attracted to Russia, even though there are unemployed local residents. In 2007 and early 2008, there were 1.3-1.5 million unemployed persons registered with state employment centres (ROSSTAT, 2008a). On the other hand, state employment centres received company reports of about 1.6 million vacancies in June 2008 (about 1.4 million vacancies in June 2007). Having so many unfilled positions means that unemployment is Russia is structural, i.e. that unemployment is the result of structural changes in the labour market since the current professional structure of the Russian workforce does not meet all the needs of a transitional Russian economy. This has lead to calls for reforming the national professional training and re-training system. Meanwhile, migrant workers are ready to take jobs on the very bottom of the Russian labour market and ‘push’ Russian residents into areas where higher qualifications are required.

**TABLE 6**

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees (000s)</th>
<th>Migrant workers (000s)</th>
<th>Migrant workers in the industry (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>4325</td>
<td>84</td>
<td>1.9</td>
</tr>
<tr>
<td>2001</td>
<td>4385</td>
<td>111</td>
<td>2.5</td>
</tr>
<tr>
<td>2005</td>
<td>4916</td>
<td>272</td>
<td>5.5</td>
</tr>
<tr>
<td>2006</td>
<td>5073</td>
<td>414</td>
<td>8.2</td>
</tr>
<tr>
<td>2007</td>
<td>5268</td>
<td>691</td>
<td>13.1</td>
</tr>
<tr>
<td>2008</td>
<td>5530</td>
<td>943</td>
<td>17.1</td>
</tr>
</tbody>
</table>


**FIGURE 5**

**FOREIGN WORKERS IN THE RUSSIAN CONSTRUCTION INDUSTRY, 2000-2008**

A number of studies, including those on areas of concentration of migrant workers, prove that entry of foreign workers does not result in higher unemployment rates for local residents (Metelev, 2006; Riazantsev, 2007; Tiuriukanova, 2004a, 2004b). The comparison of number of foreign workers and unemployment rates in federal districts and provinces shows no direct correlation (Riazantsev, 2007). Thus, migrant workers fill ‘niches’ on the Russian labour market that cannot be filled for some reasons by Russian residents.

Moreover, analysis of long-term changes in the Russian labour market shows that a shrinking working population (see Figure 7) and a growing aging population will have a major impact on the occupational structure in the coming decades. By 2025, there will be 26 million more persons aged 65 and older in Russia (World Bank, 2007b). Like other developed countries, Russia will experience structural changes in the labour market due to the aging population problem: there will be a higher demand for services for elderly citizens. For the moment, this segment is under-developed in Russia and offers a limited range of services for senior citizens, but it will definitely grow. According to current trends in other countries, jobs for nursing home employees, nurses, and social workers will be filled by migrant workers, and probably by women. This will increase the ‘women’s segment’ of labour inflows and will lead to greater focus on gender aspects of international labour migration.

Source: ROSSTAT 2008a; FMS of Russia 2008

Source: ROSSTAT forecast (the median scenario)
Another growth factor in migrant labour inflows to the service sector is the higher standard of living in Russia and consequently higher demand for household employees: housekeepers, cooks, gardeners, child minders, governesses, private teachers, etc. Many Russian women are active in the labour market and in business and they need to hire child minders. According to estimates, Russian households currently employ about 3 million child minders; of these, 2 million are foreign female workers.3

Segmentation of the Russian labour market is also the result of ‘ethnic businesses’ in a number of Russian cities, i.e. companies owned by immigrants who mainly hire their fellow citizens (including undocumented migrants) and offer related services, that are also ethnic-based. Ethnic businesses encourage a constant inflow of migrants from their home countries and often set up their own shadow intermediate services for migrants as an alternative to the official migration infrastructure.

Since most foreign workers in Russia are irregularly employed or do not pay the taxes, this means that the country is losing considerable revenues. According to estimates, 1.7 million foreign workers officially employed in the Russian economy in 2007 paid at least RUR75 billion in taxes (calculated on average wages). Meanwhile, irregular migrants pay no income taxes to the state budget funds. If we assume that 4 to 5 million irregular migrants in Russia do not pay any taxes, then the Russian state budget loses at least RUR200-250 billion per year.

However, the explanation for this situation is not that migrants come to Russia to work and often have no other option than to work illegally. The reason behind widespread unofficial employment is linked to a large shadow segment in the Russian labour market. Thus, the fact that foreign workers (and Russian citizens) do not pay taxes into the Russian treasury is an ‘internal’ Russian problem that is worsened by the inflow of migrant workers.

---

3 Cited in the presentation by Vyacheslav Postavnin, then Deputy-Director of Russia’s Federal Migration Service at the International Conference ‘Migration and Development’ (The Fifth Valenteevskiy Chteniya), Moscow, the Lomonosov Moscow State University, 13-15 September 2007.
By mid-2008, in most CIS countries of origin, government attitudes towards participation in international labour migration are increasingly positive: as an important way to ease social tension, reduce the unemployment, eradicate poverty, and raise the population’s income levels. Growing inflows of remittances have resulted in an improvement of financial macroeconomic indexes in countries of origin. A special policy jointly implemented by CIS countries has led to wider use of official remittance channels by offering new money transfer services for migrants with lower charges. As a result, a wide network of financial institutions dealing with migrants’ remittances has developed in the post-Soviet area.

Table 7, based on IMF and World Bank data, shows the dynamics of remittance flows into migrants’ countries of origin and outflows from the major countries of destination, Russia and Kazakhstan. In the early 2000s, according to statistics, amounts of migrant remittances were relatively small while, by the end of 2000s, the level of remittance flows had increased significantly. The main recipient countries are Moldova, Tajikistan, Uzbekistan, and Armenia (see Figure 8).

It is important to note that a significant proportion of remittances is sent by migrants to their home countries using unofficial options (via friends, relatives, fellow citizens, etc.) or are taken home by hand. Therefore, the actual amounts flowing into migrants’ countries of origin are much higher. According to recent studies by the World Bank, over 40 per cent of migrants worldwide continue to use unofficial remittance options, such as long-distance truck drivers, train attendants, friends, or family members (Sukhova, 2007).

As the main receiving CIS country, Russia is also the main source of remittances flows into other countries in the region. IMF data presented in Figure 9 shows that the outflow of migrants’ remittances from Russia increased

### Table 7

**Migrant Remittance Inflows and Outflows in CIS Countries, 2000-2007 (US$m)**

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflow to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>57</td>
<td>104</td>
<td>181</td>
<td>171</td>
<td>227</td>
<td>693</td>
<td>812</td>
<td>1287</td>
</tr>
<tr>
<td>Armenia</td>
<td>87</td>
<td>94</td>
<td>131</td>
<td>686</td>
<td>813</td>
<td>940</td>
<td>1175</td>
<td>1273</td>
</tr>
<tr>
<td>Belarus</td>
<td>139</td>
<td>149</td>
<td>141</td>
<td>222</td>
<td>256</td>
<td>370</td>
<td>334</td>
<td>363</td>
</tr>
<tr>
<td>Georgia</td>
<td>274</td>
<td>181</td>
<td>231</td>
<td>235</td>
<td>303</td>
<td>346</td>
<td>485</td>
<td>705</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>122</td>
<td>171</td>
<td>205</td>
<td>147</td>
<td>165</td>
<td>178</td>
<td>188</td>
<td>223</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>9</td>
<td>11</td>
<td>37</td>
<td>78</td>
<td>189</td>
<td>322</td>
<td>739</td>
<td>715</td>
</tr>
<tr>
<td>Moldova</td>
<td>179</td>
<td>243</td>
<td>324</td>
<td>487</td>
<td>705</td>
<td>920</td>
<td>1182</td>
<td>1498</td>
</tr>
<tr>
<td>Russia</td>
<td>1275</td>
<td>1403</td>
<td>1359</td>
<td>1453</td>
<td>2495</td>
<td>2918</td>
<td>3091</td>
<td>4100</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>—</td>
<td>—</td>
<td>79</td>
<td>146</td>
<td>252</td>
<td>466</td>
<td>1019</td>
<td>1250</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<td>Uzbekistan</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1400*</td>
</tr>
<tr>
<td>Ukraine</td>
<td>33</td>
<td>141</td>
<td>209</td>
<td>330</td>
<td>411</td>
<td>595</td>
<td>829</td>
<td>1170</td>
</tr>
<tr>
<td><strong>Outflow from:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>1409</td>
<td>1101</td>
<td>1823</td>
<td>2226</td>
<td>2233</td>
<td>5188</td>
<td>6989</td>
<td>11438</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>356</td>
<td>440</td>
<td>487</td>
<td>594</td>
<td>802</td>
<td>1354</td>
<td>2000</td>
<td>3037</td>
</tr>
</tbody>
</table>

* Estimates by EurAsEC experts (The EurAsEC Economic Review, N:3, 2007, p. 50)
dramatically during the recent years: US$7 billion in 2006 and US$11.5 billion in 2007. Thus, remittance outflows from Russia were twice as high and remittance inflows to Russia in 2006 almost three times higher in 2007 (see Table 7 above). While remittance inflows to Russia from other countries increased as much as 350 per cent between 2000 and 2007, remittance outflows increased by more than 1200 per cent.

Central Bank of Russia data shows an even higher growth rate of migrants’ remittances from Russia to other CIS countries through official channels: from US$0.5 billion in 1999 to US$18 billion in 2007 (SNGSTAT, 2007).

---

4 As IMF only has data on Uzbekistan for 2007, this country is not included in this figure
According to the National Bank of Kazakhstan, after 2000, residents and non-residents increased their remittances to other countries via official remittance channels by 150-200 per cent per year and total remittances exceeded US$1 billion by 2005 (Sadovskaya, 2007). Remittances from Kazakhstan increased as much as 650 per cent over the last five years: from US$450 million in 2002 to more than US$3 billion in 2007 (Institute of Economic Strategies, 2007).

According to IMF, Uzbekistan, Tajikistan, Moldova, and Armenia are the main recipients of migrants’ remittances in the post-Soviet region. Data from the Central Bank of Russia also indicates that this group of countries is the main recipient of remittances from Russia (see Figure 10). In fact, this corresponds to the structure of the international workforce in Russia by countries and again proves that Russia is the main labour market where migrant workers earn money to wire home.

At the macroeconomic level, migrants’ remittances are of great importance for the economy in recipient countries, especially for ‘smaller’ countries such as Armenia, Moldova, Tajikistan, and Kyrgyzstan. According to the World Bank, migrants’ remittances amount to 36.2 per cent of GDP in Tajikistan and Moldova, the highest values worldwide. Remittances represent 27.6 per cent of GDP in Kyrgyzstan, 240 per cent higher than official development aid received from overseas sources (World Bank, 2008b).

In all source countries in the CIS area, remittance inflows are much higher than foreign direct investments (FDI) or official development aid (ODA) (see Figure 11 and Table 8). The only exception is Georgia, where FDI is notably higher than for other CIS countries. In addition, in all the above countries, remittance inflows are comparable to export revenues, the only exception being Azerbaijan, which has high revenues from oil exports.

Russian politicians and media often interpret multi-billion outflows of migrant remittances as migration-related financial losses of the country. However, such statements are misleading. Migrant workers employed in Russia, both officially and unofficially, create a much higher value than the salaries they are paid. In general, the contribution of migrant workers to the Russian economy is much higher than the money they receive in remuneration and send home (Riazantsev, 2007; Ivakhnyuk, 2008; Zaionchkovskaya et al., 2009).
LEVEL OF REMITTANCES FOR SOME CIS COUNTRIES, 2006
(IN TERMS OF BALANCE OF PAYMENTS AND AS A PERCENTAGE OF GDP)

Source: IMF (cf. Table 8).

The Role of Remittances for Some CIS Countries, 2006

<table>
<thead>
<tr>
<th>Country</th>
<th>Remittances (according to Balance of Payments)*</th>
<th>Foreign Direct Investments**</th>
<th>Official Foreign Aid**</th>
<th>Product and Service Export Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>%</td>
<td>US$</td>
<td>%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>812</td>
<td>6.0</td>
<td>-584</td>
<td>-2.9</td>
</tr>
<tr>
<td>Armenia</td>
<td>1175</td>
<td>18.3</td>
<td>543</td>
<td>8.5</td>
</tr>
<tr>
<td>Georgia</td>
<td>485</td>
<td>6.4</td>
<td>1060</td>
<td>13.8</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>739</td>
<td>27.8</td>
<td>182</td>
<td>6.5</td>
</tr>
<tr>
<td>Moldova</td>
<td>1182</td>
<td>36.2</td>
<td>242</td>
<td>7.3</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>1019</td>
<td>36.2</td>
<td>339</td>
<td>12.0</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>—</td>
<td>—</td>
<td>164</td>
<td>1.0</td>
</tr>
</tbody>
</table>

* IMF data
** World Bank data

The growing number of women participating in international migration as independent workers, known as the ‘feminization of migration flows’, is a recognized global trend. The gender aspects of migration need particular attention mainly because female migrants are more vulnerable and subject to discrimination due to their socially determined role and the specific jobs they undertake in the international labour market. Female migrant workers are mainly in demand in the service sector: from childcare to sexual services. This particular market segment has the highest level of unofficial employment. At present, nearly half of migrant workers worldwide are women (IOM, 2008).

According to official FMS of Russia statistics, women represent 15-16 per cent of all officially employed migrants in Russia during the period 2004-2008 (FMS of Russia, 2006, 2007, 2008). However, the percentage of female migrant workers varies greatly from country to country: 8 per cent for Uzbekistan, 7 per cent for Tajikistan, 9 per cent for Azerbaijan, and 10 per cent for Armenia while it is 24 per cent for Moldova, 28 per cent for Kyrgyzstan, 19 per cent for Ukraine, and 35 per cent for Vietnam (FMS of Russia, 2008). The reasons for these differences lie in different socio-cultural attitudes relating to tradition, the involvement of women in out-of-home work activities, or interpretations of the woman’s social role.

Despite a relatively low percentage of women among registered migrant workers in Russia, absolute numbers are significant. In 2007, there were 266,500 female migrants employed in Russia, three times the figure of 81,200 in 2004 (FMS of Russia, 2006, 2008). If we take into account estimates of irregular migrants in Russia (see p.13 above), we can assume that 1.5-2 million female migrants are unofficially employed in Russia. This estimate could be even higher, if we take into consideration the results of sociological surveys which suggest that the proportion of women among migrant workers in Russia is 30-40 per cent (Malysheva, 2008).

For statisticians, women are less ‘visible’ than men as they are more likely to be employed in unofficial and shadow segments of the labour market: private households, trade, and the entertainment industry. Employers of female migrants are often individuals rather than companies and women often work unofficially because the Russian legislation on legal labour relations does not cover work contracts with private individuals (Maltseva and Roshchin, 2006).

Experts have identified specific features of female labour migration that indicate that particular attention should be paid to gender aspects of Russian migration policy. These include:

♦ greater tendency to individual employment, rather than team work which is more typical of men’s jobs;
♦ less protection in labour disputes and reduced access to the social security system, even when in legal employment;
♦ a negative image of female migrant workers in society, as they are often seen exclusively as providers of sexual services, although it is a stereotype.

When women leave their home country to work overseas, they leave their home, family, and children, usually because, without this decision, their families cannot survive in their hometowns. Generally speaking, women choose to migrate only in exceptional circumstances. Thus, female labour migration is more likely to be involuntary or forced migration than for males. This is especially true for women from Central Asian countries where women traditionally stay at home (Zotova, 2007).
As a rule, women have less professional training to prepare them for working abroad. They are therefore more likely to take unofficial jobs as unskilled workers. Even for female migrants with legal employment in Russia, most are hired as general labourers (25%) or cleaners in factories and offices (7%) (FMS of Russia, 2008). To lower the risk of discrimination, exploitation, and sexual harassment for female migrants, it is necessary to create more legal employment opportunities in the labour market segments where female workers are in demand, for example, household work, entertainment, or personal care services. Jobs with contracts will ensure that female migrants will receive social security benefits and be better able to assert their legal rights.
2.6. Xenophobia, Tolerance and Protection of Migrant Workers’ Rights

One of the most tragic outcomes of the collapse of the USSR has been the ethnic conflicts between nations that formerly lived peacefully side by side in a single country. Soviet internationalism was replaced by xenophobia and intolerance towards ‘aliens’. This is mainly the result of certain politicians seeking to gain popularity by fuelling nationalistic sentiments and support for these statements by the media. For example, during a press conference in the Ministry of Interior’s Moscow Directorate in 2005, a statement was issued claiming that 60 per cent of all crimes in Moscow were committed by non-Moscow residents.\(^5\) As a result, the media have repeatedly claimed that foreigners are the main criminal problem in Moscow.

Despite later statements by representatives of the Ministry of Interior of Russia and FMS of Russia that this figure relates mostly to Russian citizens coming to Moscow from other cities, and that foreign citizens commit no more than 3 per cent of all crimes (see Romodanovsky, 2009), local residents continue to consider foreign workers as potential criminals. However, close analysis of data provided by the Ministry of the Interior (MVD of Russia) shows that the most common crime committed by foreign citizens is forgery of documents (22.5%) and usually involves migrant workers whose work permit or resident permit has expired. The second most common crime committed by non-Moscow residents is theft (16.9%) which is also not a felony (Moshkin, 2007).

Correct interpretation of figures and trends is especially important when migration and related phenomena become the focus for intense public debate. In fact, foreign nationals and stateless persons committed 53,876 crimes in the Russian Federation in 2008 (7.5 per cent more than in 2007), of which 48,801 crimes were committed by CIS nationals (+7.6%), according to the Russian Ministry of Interior’s official statistics. There was a decrease of 4.9 per cent for crimes against foreign citizens and stateless persons (15,210 crimes were registered) (MVD, 2009a).

In contrast, only 2.8 per cent of all crimes investigated were committed by CIS nationals (Ministry of Interior, 2009b).

Svetlana Gannushkina, Chairperson of the Civic Assistance Fund, believes that crime statistics are deliberately over reported for crimes committed by migrants in a number of publications in order to encourage xenophobia and flows of undocumented migrants. «It can only benefit people in the construction business and those who employ irregular migrants. They make super-profits from the work of migrants without rights, because such workers are basically slaves and work for free. In addition, when all migrant workers are seen as criminals, it makes it easier to control the public opinion.» (Moshkin, 2007).

Scientific publications and the media toy with the idea that there is a ‘tolerance threshold’ for the number of migrants living in the country. According to this idea, if the percentage of migrants exceeds a certain value, there will inevitably be a sharp increase in xenophobia, crime rates, and violence (Shnirelman, 2008). Such journalists refer to so-called ‘UN data’ and a 10-per cent threshold for ‘aliens’ in order to scare Russians, implying that, if it is exceeded, there will inevitably be social conflict (Babchenko, 2001; Fedorov, 2002). Some migration officers and politicians also present such arguments in order to tighten regulations on migration (Khomchenko, 2006; Saveliev, 2007: 389).

As a result, xenophobia is growing in Russian society. A special UN reporter on contemporary forms of racism, racial discrimination, xenophobia and related intolerance has indicated in his report based on a visit to Russia in June 2006 that «Russian society is facing an alarming trend of racism and xenophobia» (Human Rights Watch, 2009). In February 2009, Human Rights Watch, an independent international organization, issued a special report on migrant workers in Russia and on the problems of exploitation and intolerance that they face (ibid.). Entitled Exploitation of Migrant Construction Workers in Russia, this 130-page report documents widespread practices whereby Russian employers fail to pay their employees or to pay in time, refuse to provide employment contracts or to comply with safety regulations on Russian construction sites. The report details cases where employment agencies are involved in human trafficking for forced labour: migrants are delivered to the employer, their passports are confiscated, and they are forced to work without wages. The absence of an employment contract increases the migrant’s vulnerability to violations by employers and limits their options to obtain protection from official authorities.

Although all forms of discrimination are forbidden by both the Constitution of the Russian Federation and the Convention for the Protection of Human Rights and Fundamental Freedoms, signed by Russia in 1998, race-based murders and assaults against Russian ethnic minorities and non-Slavic migrants are relatively common in Moscow, Saint Petersburg, and other cities (see Human Rights First, 2008). In general, these actions are committed by neo-Nazi youth groups. According to SOVA, a Moscow-based information and analytical centre monitoring hate crimes, there were at least 348 racial assaults in which 82 persons died between January and November 2008.6

With the first signs of the economic crisis in 2008 and the threat of unemployment for Russian citizens, migrant workers have become the primary target for Russian nationalists.7 A number of publications have appeared in the Russian media with statements that migrant workers take ‘our’ jobs and, if they lose those jobs, they become criminals.8 Such statements can pose a serious threat to social stability in Russian cities, unless law enforcement authorities take adequate steps, and local politicians and the media withdraw their anti-migrant statements.

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7 For example, the Movement Against Illegal Immigration (DPNI) and a number of similar organizations held meetings in Moscow and other cities on National Unity Day, 4 November 2008. RIA Novosti (the Russian Information and News Agency), 4 November 2008: http://en.rian.ru/russia/20081104/118119911.html. The youth group ‘Yedinaya Rossia’, a major political party in the Russian Federation, also organized demonstrations with the motto «Give our money to our people!» Radio Free Europe/Radio Liberty, «Ruling party’s youth group blames migrants for Russia’s woes,» 8 December 2008. UNHCR Reliefworld, http://www.unhcr.org/refworld/docid/49422e6921.html
8 See, for example.: A. Boiko, “When migrants lose their jobs, they turn to robbery” (Komsomolskaya pravda 11.12.2008); G. Belenev, “Moscow can face pogroms like Paris. When unemployed migrant workers can become criminals”, (Nezavisimaya Gazeta, 21.11. 2008); M. Soukhodolsky, “The number of criminal migrants is growing” (Komsomolskaya pravda 25.12.2008); “MVD is getting prepared for bickering between discontented Russians and hungry migrants” (RBC daily, 25.12.2008).
It is promising to see that the Office of Prosecutor has recently shown more signs of taking into account racial motivation when qualifying crimes and that there has been a higher conviction rate in cases of race-based violent crimes, including the most notorious of these cases. In addition, it is critical that efforts are made to promote greater tolerance in society, as this problem has been underestimated, despite the introduction of a special federal programme on ‘Creating Prerequisites for Tolerant Conscience and Early Prevention of Extremism in Russian Society (2001 to 2005)’ and a number of local tolerance campaigns in some provinces of the Russian Federation.

During the current crisis, the Public Chamber of the Russian Federation has acknowledged the need in special tolerance-focused educational efforts due to the growing threat of xenophobia in Russian society. At its hearings conducted on 18 March 2009, the Public Chamber decided to launch a special tolerance development programme dedicated to the protection of migrants’ rights during the crisis (Russian Federation, 2009). This programme will focus on both Russian residents and migrant workers and will give migrant workers assistance in adapting to Russia (for example, special Russian language and cultural orientation classes for migrants). This programme will also include tolerance improvement classes at schools and universities, training for law enforcement employees working with migrants, training for local ethnic communities and their leaders, and more public advertising for the promotion of tolerance towards people who come to Russia with good intentions.

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9 E.g. seven teenagers were sentenced in Moscow in December 2008 for 20 counts of murder and 12 of attempted murder of migrants between August 2006 and October 2007: http://news.bbc.co.uk/2/hi/europe/7762302.stm
3. LABOUR MARKET AND LABOUR MIGRATION IN RUSSIA: TRENDS IN LATE 2008 AND EARLY 2009

During the 2000s, the Russian economy achieved sustainable growth in GDP at an annual rate of about 7 per cent. Labour market indicators were also relatively good: in 2008, out of a national labour force of 75 million persons (53% of the Russian population), 1.4 million persons were registered as unemployed by state employment centres. Using ILO’s methodology for calculating the unemployment rate, there were 4.8 million people on unemployment, 6 per cent of the national labour force. Meanwhile, total salaries doubled between 2005 and 2008.

Due to the global economic crisis, declining production has resulted in layoffs and higher unemployment. The third quarter of 2008 showed a sharp increase in unemployment among Russian residents: the total number of unemployed persons rose by 18.7 per cent, to 5.4 million persons. A further increase of 5.2 per cent in January 2009 took this total to 6.1 million unemployed persons (see Figure 12). In total, the unemployment rate in Russia increased by 23 per cent during 2008, representing 8 per cent of the national workforce. According to ROSSTAT data on unemployment, people made redundant did not rush to register with state employment centres at the end of 2008. However, in January 2009, the number of officially registered unemployed persons increased by 1.7 million, or 12.2 per cent.

**Figure 12**

TOTAL UNEMPLOYED PERSONS IN RUSSIA 2008 AND JANUARY 2009

* Figures for January 2009 are an estimate. 
Source: ROSSTAT data: http://www.gks.ru/bgd/free/b09_00/IssWWW.exe/Stg/d01/6-0.htm

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11 ROSSTAT: http://www.gks.ru/bgd/free/b09_00/IssWWW.exe/Stg/d01/6-0.htm
12 ROSSTAT: http://www.gks.ru/bgd/free/b01_19/IssWWW.exe/Stg/d000/i000840r.htm
13 ROSSTAT: http://www.gks.ru/bgd/free/b09_00/IssWWW.exe/Stg/d01/6-0.htm
According to Tatiana Golikova, the Russian Minister of Health and Social Development, the total number of officially registered unemployed persons more than doubled between September 2008 and February 2009: from 700,000 to 1.8 million. The Russian labour market showed similar trends in 2003-2004.

Already in September 2008, most federal districts registered a decline in job vacancies submitted by Russian enterprises to state employment centres (see Figure 13). For example, between August and November 2008, the decrease in the Urals Federal District was 39.3 per cent, 33 per cent in the Siberian Federal District, 31.3 per cent in the Southern Federal District, 20 per cent in the North-western Federal District, and 11 per cent in the Central Federal District. The only exception was the Far Eastern Federal District where demand for workers continued to grow and increased by 20 per cent during the same period. The situation was more stable in Moscow: although there was a clear drop in job vacancies in Moscow-based enterprises in November 2008, there were still more job vacancies in November 2008 compared with August 2008, indicating a high demand for labour of the Moscow economy.

Monitoring of the economy and labour market situation by the Russian Union of Manufacturers and Businessmen (RSPP) provides more detailed information. In December 2008, the business activity index dropped sharply for manufacturing companies into negative values and two-thirds of companies reported worsening business conditions (Komarovsky, 2009). As early as December 2008, nearly 30 per cent of all companies were planning to reduce staff costs: 23 per cent were planning layoffs, 30 per cent were reducing the number of new employees, and the remaining 47 per cent were intending to keep all their existing employees but reduce their salaries, terminate some social programmes for current employees or change the status of full-time employees to part-time. The situation is even more alarming in a number of industries, mainly due to adjustments in investment planning and outflow of foreign investments. For example, 80 per cent of all forestry, wood-processing, and pulp-and-paper companies were considering layoffs as an option. All respondents in the food and consumer goods industries were ready to lay off employees (Komarovsky, 2009).
In early 2009, the situation remained the same: production declined, construction projects were ‘frozen’, and freight movements were reduced. The manufacturing production index decreased in the Novgorod province in January 2009 by 37 per cent compared to January 2008 (Regnum News Agency, 2009e). Monitoring of the socio-economic situation in Russian regions by the Ministry for Regional Development shows that 17 provinces were rated in December 2008 as regions with a high risk of unfavourable labour market development trends, with ten provinces presenting the highest level of risk: Vladimirskaya, Ivanovskaya, Kaluzhskaya, Kemerovskaya, Nizhegorodskaya, Samarskaya, Ulyanovskaya, Chelyabinskaya, Yaroslavskaya provinces and the Chuvash Republic. Over 25 per cent of residents in these provinces are employed in ‘crisis-affected’ industries (Regnum News Agency, 2009f).

Monitoring of the Russian labour market by the Ministry of Health and Social Development showed that 26,852 companies and organizations had dismissed employees between October 2008 and March 2009. In total, 250,214 persons were dismissed during this period; 88,100 found new jobs, including 48,465 persons who found jobs in their old companies (Ministry of Health, 2009). At the same time, this report showed that growth in unemployment had slowed down by March 2009.

The situation is especially critical in so-called ‘monotowns’ where the majority of the local population is employed by one or two companies which contribute to the town’s economic resources. People in large urban areas always have an opportunity to find a job in some sector, while people in small towns, and especially in monotowns, have no other job opportunities in the event of mass layoffs in these major companies. This is true for many cities in the Urals, Siberia, and in the European areas of Russia above the Arctic Circle (Gontmakher, 2008a). According to the Russian Ministry of Health and Social Development, some 100 of 460 monotowns had serious employment-related problems already in January 2009. Most were experiencing declines in production, growth in unemployment, and reductions of social investments resulting in growing social tension (New Eurasia Fund, 2009).

According to forecasts by the Ministry of Health and Social Development, at least 2.2 million persons will be officially registered as unemployed in 2009. The Russian Government will therefore allocate RUR77 billion for the year 2009 to resolve local employment problems and pay benefits to local residents (Polit.ru, 2008). As of 4 February 2009, local employment assistance programmes had been developed and submitted to the Ministry of Health and Social Development in 77 Russian provinces (Tovkailo, 2009).

Instability in the labour market is also decreasing because of increases in back pay. According to ROSSTAT, total back pay represented approximately RUR7 billion in companies (other than small companies) monitored, as of 1 February 2009, i.e. total back pay increased by 50 per cent in January 2009 alone.14 Back pay affects 500,000 persons, 60 per cent of whom are manufacturing and construction employees.

Changes in the Russian labour market have also affected foreign employees. About 1 million migrant workers returned to their home countries by the end of the year 2008. However, experts see this more as a seasonal decline in demand for workers, than as a consequence of the economic crisis (Zhdakaev, 2008). Nevertheless, migration authorities expect further increases in the inflow of both regular and irregular migrant workers by spring 2009 (Boldyrev, 2009).

Meanwhile, the situation in early 2009 showed that inflows of migrant workers to Russia will be smaller than during the previous year. Work permits were granted to 38,500 foreign nationals during January 2009, compared to 70,000 work permits a year earlier for the same period, i.e., slightly over half the 2008 figure (Gritsyuk, 2009b). According to FMS of Russia estimates, in early 2009, there were slightly more than 1 million registered foreign workers and approximately 4 million unregistered migrant workers in Russia (ibid).

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14 ROSSTAT: http://www.gks.ru/bgd/free/B04_03/IssWWW.exe/Stg/d02/24.htm
In April and May 2008, efforts were made to assess labour shortages in the Russian economy and set foreign workforce quotas for 2009 and applications were received from Russian employers for nearly 6 million foreign workers. After review of the applications by FMS of Russia, quotas were set for nearly 4 million migrant workers for 2009 (Russian Federation, 2008).

In response to growing protests against hiring of foreign workers because of rising unemployment among Russian residents, Vladimir Putin, the Russian Prime Minister, announced in December 2008 that it was reasonable to halve the quota for foreign nationals arriving in the Russian Federation under the visa-free regime in 2009 (from 4 million to 1.9 million). In addition, the Russian Government passed Decree No. 916 of 8 December 2008, ‘On Making Changes in Guidelines for Determination of Needs in Foreign Workers by Governmental Authorities and Setting Quotas for Foreign Nationals Employed in the Russian Federation’. According to the new rules, the Russian Ministry of Health and Social Development, if required, may take measures to increase or decrease the quotas based on the labour market situation by the use of reserves. In response to the current crisis, the reserve for foreign workers was increased from 30 to 50 per cent. Thus, the quota procedure has actually become more flexible with the crisis and can be adjusted to meet current needs for foreign workers in each province of the Russian Federation (Boldyrev, 2009).

As of late February 2009, only four provinces declared that their actual needs for foreign workers will be lower in 2009 than announced prior to the crisis and approved as part of the initial quota (Rosprof, 2009). Therefore, the flexible quota procedure for foreign workers seems to arrive just in time and will be actually used in 2009.

In spring 2008, the Russian Institute for Regional Policy conducted a research study and concluded that about 7 million new jobs will be created in Russia before 2020, as Russian business investment plans are implemented (Kolesnikova and Sokolova, 2008). However, demographic forecasts predict that the total population of Russia will decrease to 139 million by 2020, while the working population will drop to 77.5 million and labour shortages will exceed 14 million. Therefore, the labour shortage continues to pose a serious obstacle to implementation of investments projects planned in Russia.

In addition to other factors, the current crisis has increased the value of money and this has resulted in the freezing, postponement, or cancellation of many investment projects. In this context, it is essential that labour shortages in the market are re-estimated. However, most post-crisis development scenarios assume that there will be an economic revival accompanied by an investment boom. In this case, the problems of labour shortage calculated in the research mentioned above, even if they may not be as acute in the short term, will inevitably affect the post-crisis development over the long term. Under these circumstances, it is critical that efforts are made during the crisis to retain the workforce, as demand will rise again during the post-crisis period, in Russia but also in its major migration partners.

It is too early to calculate all the effects of the global financial crisis. Expert opinions vary regarding the prospects and duration of the crisis in Russia. Some believe that this crisis may not be as serious for Russia as for other countries, because reserves were built up during the ‘oil welfare’ period and that these will ‘cushion’ the impact (Yasin, 2008; Morozov, 2008). Others argue that the global economic downturn merely triggered a crisis in Russia that would have developed anyway. This will make the situation more serious because the Russian economy is too heavily dependent on oil prices, which will probably fall.
In any event, the current crisis contains a number of threats to the Russian labour market and its migrant segment. The main threat lies in the possibility that the shadow employment sector may expand (Moshkin, 2009). In order to remain competitive when demand is dropping, Russian entrepreneurs may start reducing expenditure as much as possible, beginning with employees’ wages. Employers may resort to unofficial employment schemes, including hire of foreign workers (they may even prefer foreign workers who are less likely to assert their rights than national workers and are less protected), despite the heavy fines. Thus, even though the new law launched the legalization of labour migration from CIS countries in 2007, this process may now be reversed.

A new surge in xenophobia represents another threat. The Human Rights Watch report suggests that migrants may face a higher risk of exploitation and violence during the global financial crisis because “without urgent action by the Russian government, migrant construction workers will be doubly vulnerable to abuse, both by employers and by others looking to scapegoat migrants for the country’s economic problems” (Human Rights Watch, 2009).

The crisis has affected various segments of the Russian labour market to a different extent. There have been major layoffs in the construction, manufacturing, and finance sectors, while there is still demand for workers in industries such as utilities, public transportation, and personal services. Some of these vacancies can be filled by Russian citizens, but others will call for migrant workers.
Over the last decade, governments in CIS countries of origin have drastically changed their attitude towards labour migration of their citizens abroad and primarily to Russia. In the 1990s, they saw the departure of citizens to work in Russia as a form of forced migration and a phenomenon that was unfavourable for their country. Because labour migration was spontaneous, remittances were made via unofficial channels, and there was a lack of surveys on the impact of labour migration on households in the countries of origin, governments paid little attention to the issue of labour migration (IOM, 2004). By the mid 2000s, this situation had changed. The stable outflow of migrant workers to Russia and increased inflows of remittances encouraged governments in the countries of origin to re-consider the potential of the Russian labour market from the perspective of employment opportunities for their relatively excessive populations and as a possible source of income for migrants and for the country.

In addition, studies in countries of origin have proved that labour migration not only lowers demographic pressure on local labour markets, thanks to the displacement of an excess of job applicants, but also promotes creation of new jobs by returning migrants who start their own businesses. In a poll conducted by the Chamber of Manufacturers and Businessmen of Uzbekistan (Maksakova, 2002), one in two respondents reported that their start-up capital was generated by labour migration and one third of respondents said that migration had helped them to acquire work and/or business experience, while another third believed that migration was important because it broadened their business outlook. As a result of labour migration, the social group of entrepreneurs has gradually developed in migrants’ countries of origin and these entrepreneurs are now creating jobs both for other returnees and for their fellow citizens who have not migrated.

Recent research conducted by the World Bank for the Eastern Europe and Central Asia area (Van Eeghen, 2009) has shown that:

- a 10 per cent increase in the number of migrants leads to a 2 per cent reduction in poverty in the country of origin;
- 26 per cent of returnees intended to start a business on their return;
- 70 per cent of migrants improved their job opportunities on their return;
- the majority of migrants improved earnings at home after migration.

In this context, the global economic crisis and related layoffs in receiving countries are viewed as a formidable challenge by governments in countries of origin because the mass return of migrants and a reduced remittance inflow can lead to serious social unrest.

Another concern for countries of origin is a stronger anti-migrant attitude in Russia due to shrinkage in the Russian labour market and rising unemployment for Russian residents. Since both official and unofficial attacks against irregular migrants increased during the autumn and winter of 2008, the governments in Central Asia, Transcaucasia, and Moldova have had to redouble their efforts to protect the rights of their migrant workers by mobilizing their consulates, Russian migration authorities, and inter-governmental CIS structures.
According to estimates, 3 to 5 million Uzbekistan citizens (out of a total population of 27.2 million) work in other countries (UNDP, 2008). Up to 80 per cent of migrant workers are employed in Russia (IMF, 2008) and the number of workers prepared to migrate to Russia has grown in the recent years from 30 per cent in 2003 to 54 per cent in 2006 (ibid.).

Uzbekistan has become the main supplier of migrant workers for Russia. There were over half a million Uzbekistan citizens among foreign nationals legally employed in Russia in 2008; this figure is 5.5 times higher than in 2006 (FMS of Russia, 2008). One in four foreign workers in Russia (and one in three CIS migrant workers) is from Uzbekistan.

Uzbekistan is the most populated country in post-Soviet Central Asia (27.2 million in 2008). As a result, it can become the largest player on the regional labour market as a workforce exporter.

However, until recently, the official position of Uzbekistan regarding participation in international migration has been moderate. The country is not a party to most CIS migration-related agreements, with the exception of the 1992 CIS Agreement on Assistance to Refugees and Forced Migrants and the 1994 CIS Agreement on Cooperation in Labour Migration and in Social Protection of Migrant Workers.

Since the mid 2000s, governmental authorities in Uzbekistan have not prevented citizens from leaving the country for work and in fact have simplified exit procedures and created more legal opportunities for labour emigration by Uzbekistan citizens. The Resolution of 15 May 2007, ‘On Improving Registration for Uzbekistan Citizens Leaving the Country for Labour Activities’, establishes measures for simplifying authorization procedure for overseas labour activities and for reducing the fee charged for such authorizations. In addition, this resolution makes provision for monitoring of the labour migration situation in the country and, in particular, includes quarterly labour migration polls as part of the household/employment regular survey. In 2007, the governments of the Russian Federation and Uzbekistan signed draft bilateral agreements on cooperation relating to irregular migration and employment contracts and protection of migrant workers’ rights. On 4 July 2007, the Readmission Agreement between the Governments of the Russian Federation and of the Republic of Uzbekistan entered into force.

The reason for the Uzbekistan government’s growing interest in migration management at the national and international levels is primarily connected to the rise in migrants’ remittances. Remittances are a major source of income for migrants’ households in Uzbekistan. Up to 27 per cent of Uzbek households have at least one family member working abroad. The average income of migrant workers is 5 to 10 times higher than other sources of household income (IMF, 2008). In 2007, Uzbek migrants sent remittances of about US$1.7 billion, representing 8.5 per cent of national GDP (World Bank, 2008f). Experts estimate that 1 million Uzbekistan migrants can reduce the government’s budget for unemployment benefits by US$40 million and for allocations to poor households by about US$25 million (Fergana.ru, 2007a).

Uzbekistan has established exit visa procedures and overseas employment permits. To obtain an overseas work permit, candidates must submit a draft contract from the employer to the External Migration Agency at the Ministry of Labour and Social Protection. For an overseas work permit, the Agency must submit its decision to the Government’s Inter-Departmental Commission. In theory, this procedure protects the rights of Uzbekistan migrant workers, but as the permit procedure is very complicated, the vast majority of Uzbekistan migrant workers leave the country without their permit. In fact, most migrants find a job in other countries through private agencies, foremen (brigadirs), private recruiters or travel agencies offering employment services illegally (UNDP, 2008).
Therefore, as demand for migrant labour drops in Russia due to the global economic crisis, this can become a major destabilizing factor for the political and economic situation in Uzbekistan. Experts point out that the crisis has forced some migrants to come home but this will hardly provoke a social outburst because "the people are tired of social instability" (Panfilova, 2008a). Nevertheless, Uzbekistan governmental authorities have developed a comprehensive programme of measures to counteract the impact of the global crisis (Regnum News Agency, 2009b). In particular, the Government has redoubled its efforts for the governmental programme for "Development and Improvement Year for Rural Areas". In 2009, there were approximately 544,000 new jobs in rural areas where two-thirds of the population live (Regnum News Agency, 2009a). In December 2008, the Government made low-interest loans available to small businesses, which generate 43.5 per cent of national GDP (ibid).
4.2 Kyrgyz Republic

The total population of Kyrgyzstan is 5 million, with a national workforce of about 3 million (Kyrgyz Republic, 2007). Over 30 per cent of workers are employed outside the country, mostly in Russia (Musabaeva, 2008). However, a relatively low percentage of Kyrgyz migrants are officially employed in Russia: in 2007, only 110,000 Kyrgyz migrant workers obtained work permits in Russia rising to 160,000 in 2008 (see Table 2). In addition, according to FMS of Russia, over 200,000 Kyrgyzstani nationals became Russian citizens during the past four years (ROSSTAT, 2000-2008).

Most labour migrants from Kyrgyzstan are unskilled workers, but Kyrgyzstan has also had to face the loss of many qualified professionals who left the country because of a lack of local employment opportunities (IOM, 2008).

Since there is a mass outflow of the Kyrgyzstani working population to Russia and Kazakhstan, there are labour shortages in rural areas, particularly during the cotton-picking season. To overcome these shortages, migrant workers are brought in from Uzbekistan, a neighbouring country, who earn twice their normal wages by working for Kyrgyz farmers (Fergana.ru, 2007b).

Remittances from Kyrgyz migrant workers are critical for the Kyrgyzstani economy. According to World Bank estimates, migrant workers sent remittances worth US$715 million to Kyrgyzstan (20.4% of GDP) in 2007 (World Bank, 2008a). In reality, the figure is even higher because, according to expert estimates, more than 40 per cent of Central Asian migrants continue to use unofficial methods for sending home remittance, including train attendants, long-distance truck drivers, friends or family members (Sukhova, 2007; Asian Development Bank, 2007a).

Since labour migration is so important for the country, the government of the Kyrgyz Republic has in recent years taken steps to establish a government-supported process of exporting workers. This policy is described in the Government Programme of Migration Management for the period 2007-2010 (Kyrgyz Republic, 2006). This programme specifies that management of external labour migration is a top priority for national policy. The working population has increased annually by 75,000-80,000 persons, due to current demographic trends, and this increase cannot be absorbed by demand in the domestic labour market. Therefore, the Governmental Committee on Migration and Employment has taken steps to establish partner relationships with all countries interested in the Kyrgyzstani workforce, primarily with Russia and Kazakhstan. This move will provide potential migrants with information on legal job opportunities in other countries, prevent unregistered migration, and provide its migrant workers with pre-departure training. The Government has also established international cooperation on labour migration management with non-EECA countries such as the Republic of Korea.

The governmental programme has set the following objectives: to improve competitiveness of the Kyrgyzstani workforce in the international labour market by studying demands in foreign markets; to reform the national system of professional and technical training in order to meet these demands and introduce flexibility for quick reactions to changing requirements of foreign labour markets; to set up an organized system for overseas employment of Kyrgyzstani residents; and to establish a life and health insurance and a social security system for migrant workers.

Thus, the government actually approves employment overseas and government employees encourage young people to enrol in professional schools prior to leaving the country for overseas employment. Many Kyrgyz migrant workers in Russia tend to change their names into Russian ones and become Russian citizens in order to facilitate their stay and employment in Russia (Rosbalt News Agency, 2008; 24.kg News Agency, 2008).
The perspective of the mass return of Kyrgyz migrant workers due to the global crisis has been a new impetus to the debate between supporters and opponents of the workforce export policy (Omarov, 2008; Toralieva, 2006). The Russian and Kazakhstan labour markets give jobs to Kyrgyzstan nationals while the Kyrgyz labour market cannot absorb the relatively excessive number of local workers. However, it is important to accompany international labour migration with measures that will allow the benefits of migration (lower unemployment, remittances, and so on) as efficiently as possible in order to create conditions for development of the national economy and growth of the domestic labour market. If such conditions are not created, then a steady outflow of workers overseas may have an adverse impact on long-term development prospects for the national economy.

Due to the economic crisis, many Kyrgyz migrant workers have lost their jobs in Russia and Kazakhstan and remittances flowing into Kyrgyzstan have decreased (Tynan, 2008). These events have shown the need for further development of the national economy in order to avoid a labour migration ‘trap’ whereby the country will be seriously affected by restructuring of the international labour market.

At the end of 2008, the Government adopted a crisis management programme that provides, in particular, for the creation of new jobs, special protection of the most vulnerable groups in the population, reduced quotas for seasonal foreign workers, and closer international cooperation on migration management.

Igor Chudinov, the Kyrgyzstan Prime Minister, has acknowledged that “no matter how much we say that the world crisis does not affect us, an economic decline worldwide and in our main partner countries (Kazakhstan, Russia, and China) will affect the development of our economy”. (Tynan, 2008) Akylbek Zhaparov, Minister for Economic Development, has acknowledged that Kyrgyzstan is in fact on the verge of a financial crisis. “The economic downturn in Kyrgyzstan may occur as early as in February or March 2009”, said Mr. Zhaparov in early November and suggested that a drop in remittances and an economic decline in Russia and Kazakhstan would be key factors in the worsening situation in Kyrgyzstan.
4.3 Republic of Tajikistan

Tajikistan is one of the poorest post-Soviet countries. Although there was a relatively high annual rate for economic growth of 7-8 per cent during the 2000s, 53 per cent of its residents (total population of 6.7 million) live below the poverty level (World Bank, 2008g) and 17 per cent of residents live in abject poverty (EBRD, 2008: 21). The official unemployment rate is 2.4 per cent but this is not a realistic figure since it is based on the number of people receiving unemployment benefits. According to western experts, the total number of people on unemployment or in part-time employment is at least 40 per cent (US Department of State, 2007).

As a result, the Tajikistan government is encouraging international labour migration for its residents. This policy is part of the Government Concept of Migration Policy published in 1998 and was later included in the International Labour Migration Concept for Tajikistan Citizens, approved by government decree in 2001. This Concept acknowledges that, since the government is currently unable to employ all local residents, they can exercise their constitutional right to work by leaving the country to find jobs abroad. This document outlines the benefits from labour migration: from easing social tensions to raising standards of living and making problems related to poverty less acute, thanks to migrants’ remittances (EC/IOM, 2005: 41). With regard to incentives for labour migration, the document contains details on bilateral agreements with labour-importing countries, information and consulting support services for migrants, development of the migration infrastructure through the establishment of a network of government-owned and private recruiting agencies offering employment overseas, and the creation of a fund to support families of migrant workers.

To implement the Concept, the Tajikistan President issued a decree on licensing of recruiting activities for employment of Tajikistan citizens in other countries. In addition, a 30 per cent tax on migrant remittances was withdrawn in 2001 and this has led to a sharp increase in the amount of remittances sent by migrants via official banking and non-banking channels (EC/IOM, 2005).

It is estimated that more than 1 million Tajikistan citizens work overseas, mainly in Russia. Migrants’ remittances amount at least 35 per cent of national GDP (World Bank, 2008g), though some experts believe that the real figure is higher than 50 per cent. The World Bank has recently reported that migrants’ remittances in 2008 amounted to 53 per cent of Tajikistan GDP, making Tajikistan a worldwide leader for this parameter. According to the Asian Development Bank (2009b), 98 per cent of these remittances come from Russia. Experts refer to remittances as a ‘hidden Tajikistan economy’ (Cavese, 2009).

The economic decline in 2008 resulted in a significant decrease in remittances. Several banks used by migrants reported that remittances to Tajikistan had dropped by 15-20 per cent in November 2008 compared to October 2008 (Asia-Plus News Agency, 2008). According to Dovlyat Usmon, former Minister of Economics of Tajikistan, “migrants’ remittances decreased by 50-60 per cent between September and November 2008. They represent 20 per cent of national GDP” (Cavese, 2009).

The situation in Tajikistan has become more difficult and the price of bread and vegetable oil more than doubled in 2008, while prices for other food products rose by 50 per cent, according to the UN Food and Agriculture Organization. It also stressed that, as a result, “over 2 million Tajikistan residents may face a food shortage this winter, and a real famine could strike 800,000 people,” (see Tynan, 2008).

In addition, there is growing tension between Russia and Tajikistan due to an increase in ethic-based violence with Tajikistan nationals becoming the victims of local nationalist groups in Russia. The Tajikistan Embassy in the Russian Federation has reported the following statistics for Russia: 358 Tajikistan citizens died in 2006, 356 in 2007, and 182 between January and April 2008 (Panfilova, 2008b) and it is believed that as much as 20 per cent of these deaths were linked to ethnic-based conflicts. When another young Tajikistan man was killed in the Moscow region in November 2008, it resulted in an upsurge of anti-Russian statements in the Tajikistan media and a strong response from the Russian Embassy in Dushanbe (Cavese, 2009).
4.4 Ukraine

Until recently, Ukraine was Russia’s main migration partner, supplying most of the temporary migrant workers arriving in Russia for regular work. However, in 2007 and 2008, Ukraine moved down the list of suppliers of migrant workers and is now ranked fourth after Uzbekistan, Tajikistan, and China. Nevertheless, the number of Ukrainian migrant workers in Russia remains impressive: every year over 200,000 permits in Russia are granted to Ukrainian citizens (see Table 2 above).

Estimates for the total number of Ukrainian citizens employed overseas vary from 1.5 million to 7-8 million (World Bank, 2008d). Most Ukrainian migrants are working in Russia, while a significant number look for a job in the EU, USA, Israel, and Kazakhstan. Although the economic differences between Russia and Ukraine are not as large as those between Russia and other CIS countries, Russia’s GDP per capita remains twice that of Ukraine in 2007 (World Bank, 2007a). Geographical proximity and close connections through culture and language facilitate labour migration to Russia. For many Ukrainian residents, Russian is their native language, especially in eastern Ukraine, and there are also strong family and social bonds between the two countries.

Between 2002 and 2007, Ukraine experienced a rapid but unstable GDP growth at an average rate of about 7.5 per cent per year and real wages, retirement and social benefits increased (IMF, 2008). However, a steady rise in inflation rates (reaching 26% in March 2008) has partially negated the impact of many of these achievements (IMF, 2008). A permanent power struggle among political leaders has resulted in political instability, political crises in the public administration, and the freezing of socio-economic reforms (Human Rights Watch, 2009: s.24). In these circumstances, international labour migration remains an essential activity and a tool for survival for many Ukrainian households (Petrova, 2007).

The National Statistics Committee of Ukraine and the Ukrainian Centre for Social Reforms recently conducted a comprehensive survey of more than 48,000 persons (between 1 January 2005 and 1 June 2008) (Silina, 2008), which showed that up to 1.5 million persons, 5.1 per cent of the working population, had left the country during this period at least once for overseas employment. Of these, 48.5 per cent had worked in Russia, 13.4 per cent in Italy, 12.8 per cent in the Czech Republic, 7.4 per cent in Poland, 3.9 per cent in Spain. Men, representing two-thirds of all migrant workers, preferred Russia as a destination country (60%) while Ukrainian women migrants were more interested in Italy (32%).

Older residents form the largest group of labour migrants. According to the Ukrainian Ministry of Labour and Social Policy, the number of migrant workers over 40 stayed consistently high between 2001 and 2008 (35-36%) (Silina, 2009). This means that it is more difficult for people of this age group to find a job with a decent pay in Ukraine to support their families and provide for their retirement.

The global crisis has forced Ukrainian authorities to pay closer attention to the domestic labour market because returning Ukrainian migrant workers inevitably have to look for work. The political debate on labour migration in Ukraine has changed dramatically. In the past, it had focused on negative aspects of the outflow of labour resources: hard working conditions abroad, desertion of migrants’ children and older relatives, etc. Now, with the possible return of migrant workers due to shrinking labour opportunities in destination countries, some officials have expressed alarm about the impact of returnees on the Ukrainian labour market, their re-integration in the home country, and the prospects of growing social protests.

The Ministry of Interior is unofficially prepared for the return of up to 3 million migrant workers (Ivzhenko, 2008) (this figure itself raises doubts about the estimates cited above for the number of Ukrainian nationals employed overseas) and reports that street crime rates increased by 20 per cent in October and November 2008. Governmental authorities are concerned about the potential growth of aggressiveness in society as many households lose their income from overseas employment (ibid.), in addition to lower wages and higher unemployment.
As in Russia, the most important unemployment problem during the crisis is expected to occur in small Ukrainian towns with one major employer. At the same time, Ukrainian experts believe that migrant workers are less likely to return from EU countries where the crisis is probably to cause more intense labour migration within the EU,\footnote{For example, experts note the arrival of Ukrainian migrant workers in London where the 2012 Summer Olympics projects are under construction (Silina, 2009).} while it is more likely that there will be massive returns from Russia where about 250,000 Ukrainian workers work on construction sites.\footnote{Estimates provided by E. Libanova, Director of the Centre for Social Reforms in Ukraine (Silina, 2009).} The Ukrainian Government is preparing measures for encouraging internal migration, support for small and middle-size businesses, and lower social taxes for employers to negate the worsening situation in the national labour market.

Meanwhile, the fall in manufacturing production by 35 per cent at the end of 2008 and a shift to more part-time employment in this sector threaten to increase unemployment by up to 1.2-1.3 million persons in manufacturing sectors and lead to a total of 3 million persons in unemployment in 2009, according to forecasts by the National Employment Service (RIA Novosti, 2009).
4.5 Republic of Moldova

Moldova is probably the country that is the most heavily involved in international labour migration among the EECA source countries. According to different sources, between 300,000 and 1.5 million Moldovans, out of a total population of 4.3 million, work overseas. According to ILO, 1 to 1.2 million people, 25 per cent of the population, work overseas (Moreno-Fontes Chammartin and Cantu-Bazaldua, 2005: 45), while IMF data on migrant remittances suggests that 1.3 million Moldovan workers (30% of the population) are employed in other countries (Riazantsev, 2007).

According to the survey of migrants’ households conducted by IOM in 2008, 340,000 migrant workers work overseas and are still members of their households in Moldova (Luecke et al., 2009).

In 2007, migrant sent nearly US$1.5 billion in remittances to Moldova, corresponding to more than 35 per cent of national GDP (World Bank, 2008a). In 2008, the amount of migrant remittances continued to increase and is now estimated at more than US$2 billion (Luecke et al., 2009). One third of Moldovan households have at least one member working abroad. Overseas revenues account for more than 50 per cent of total household income for 75 per cent of these households (ibid).

During the late 1990s, migrant remittances were essential for millions of Moldova residents in surviving the economic crisis and raising their standard of living. Increased domestic consumption has encouraged the development of a number of industries and an expansion of exports. This also resulted in higher real wages and a sustainable increase in GDP. Experts have noted that migration outflows from Moldova decreased in the years 2006-2008. However, it is not clear whether this was caused by improvements in the general socio-economic situation in the country, or by exhaustion of the pool of potential migrants.

The impact of the global financial crisis has fallen mostly on Moldovan migrants working in the Russian construction industry. Indeed, a fall in the number of construction projects is the first and most obvious response to lower access to loans and lower prices for real estate in Russia. Other employment sectors in which Moldovan migrants are employed (domestic work, care for sick people and senior citizens, etc.) are less vulnerable to direct effects of the financial crisis. “Apart from Russia, our fellow citizens work overseas mainly in the service area,” said Ms. Z. Grechanaya, the Moldova Prime Minister. “Therefore, we do not expect any major reduction in migrants’ remittances” (Regnum News Agency, 2008c).

The Minister of Economy and Trade, A. Sainchuk, claims that the government is not particularly concerned about the possible return of migrant workers. “Our governmental structures are ready to provide any services to the returnees: give information on job openings, help with re-training and development of business plans, and participate in youth-oriented programmes of economic aid,” he said. “If migrant workers register with a state employment service upon their arrival, then this will allow us to work with each of them individually.” (Regnum News Agency, 2009d).

Nevertheless, if migrant remittances continue to fall, there may be difficulties for migrants’ households who will have to find alternative sources of income. If migrant construction workers decide to return to Moldova, they have difficulty finding work in the local construction industry because the crisis is global and affects the economies of both source and destination countries. However, since Moldovan workers in Russia mostly come from rural areas, the loss of overseas income can in part be alleviated by produce from family farms and gardens. In addition, if the Government of Moldova launches public works for infrastructure renovation in rural areas, returning migrant workers may be able to use their construction experience and local residents could have access to a minimum income. In addition, such works would improve future investment opportunities into Moldovan agriculture.
At the same time, limited employment opportunities in Moldova have forced most Moldovan migrant workers to view the return to their home country as a worst-case scenario and they are therefore looking for alternative sources of income in the destination country, even after losing their job. The Moldova Ministry of Trade and Economy, which monitors the number of returnees, estimates that up to 100 migrant workers per week returned in January and February 2009 (Regnum News Agency, 2009d).
5. THE RESPONSE OF RUSSIAN MIGRATION POLICY ACTORS TO THE ECONOMIC DOWNTURN

Contemporary international labour migration is a process that involves the intertwining interests of various stakeholders: countries of origin, countries of destination, migrants themselves, their families, employers recruiting foreign labour, host societies, etc. The process of migration is managed by a variety of entities, each with their specific objectives and methods. Basically, only by coordinating their activities and by interaction can all migration policy actors ensure that migration management is effective and efficient. In reality, however, their positions are often contradictory. It is therefore essential that they reach a consensus on consistent migration policies and their correct implementation in compliance with existing rules.

In Russia, the State legislative and executive bodies are responsible for strategies and mechanisms of national migration policy. The other principal actors involved in migration policy include trade unions, the business community represented by employers associations, private recruitment agencies and various migrant service providers, non-governmental organizations mostly operating in the areas of migrant integration and rights protection, and migration experts. The media may also be considered a migration policy actor since, to a certain extent, they shape public opinion and thereby create a certain ‘migration climate’ in the country.

In an economic crisis, the positions of migration policy actors may be influenced by the new economic conditions. It is therefore vital to maintain a constructive dialogue between government and non-government entities involved in migration affairs and strengthen their coordination in order to develop joint actions in the current emergency environment.
5.1 The Position of the Legislative Bodies

The legislative bodies of the Russian Federation – the Federation Council and the State Duma — conduct their own analysis of the conditions in Russia resulting from the global economic crisis and the ways these affect international labour migration. The key issue is the need to protect Russian citizens’ interests, given the shrinking labour market in Russia, provide employment, and eliminate unfair competition from migrant workers.

The legislators recognize that the current national migration policy in Russia is generally consistent with the country’s interests and requires no radical overhaul. However, they believe that the current crisis has emphasized an urgent need to fill existing gaps in migration laws, in the belief that this may be one of the reasons for the high level of irregular migration and the persistence of anti-migrant public sentiments in Russia.

Initiatives for reforming the migration legislation have mainly been proposed by the Federation Council’s Committee for CIS Affairs, which is responsible for Russia’s migration policies in respect of CIS citizens, and by the State Duma’s Committee on Constitutional Law and State System Development. In addition, migration policy issues are on the agenda of the Joint Commission on Nationalities Policies and Relations between the State and Religious Associations within the Federation Council. The Federation Council has scheduled a parliamentary hearing on migration policies relating to foreign labour on 21 May 2009. In addition, the State Duma’s Committee on Constitutional Laws and State System Development will hold a round table discussion for legislators, federal executive body officials, representatives of the business community and relevant NGOs on a range of issues and on further measures to improve federal migration laws.

It is commonly acknowledged that, in a crisis, the State’s approach to migration should be more pragmatic, with an emphasis on protection of the constitutional rights of Russian citizens, followed by the interests of migrant workers. The key objective for reforms of migration policy should be the fight against irregular migration and unregistered employment of foreigners, as this may, in the times of hardship, destabilize the Russian labour market and, in certain cases, have a negative impact on the employment of Russian citizens. Legislators are aware that, in the fight against irregular labour migration, initiatives should focus on employers since it is easier and more effective to regulate demand than supply. One of the options under discussion by the Joint Commission is to learn from experience in the European Union, where 26 out of 27 EU member states have introduced various additional sanctions against employers hiring irregular migrants. In 19 EU member states, unscrupulous employers are subject to criminal prosecution.

Another equally important issue is the creation of employment conditions for foreign citizens prepared to work in strict compliance with the law. To achieve this goal, repressive measures to punish violations of rules on foreign labour recruitment and employment are being supplemented by the establishment of a legal environment that will help reduce the shadow market, provide legal employment channels, and legalize labour by foreign citizens and in particular by people working for private individuals.

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22 This was the position taken, for instance, by V.I. Slutsker, Deputy Chairman of the Joint Commission on Nationalities, Policies and Relations Between the State and Religious Associations of the Federation Council of the RF Federal Assembly and member of the Federation Council, at the Round Table on ‘Migration policies at the time of economic downturn: short-term reality and long-term perspectives’, Moscow, 9 February 2009.
To facilitate such an approach, the Federation Council’s Commission on Nationalities Policies and Relations between the State and Religious Associations is currently developing draft legislation that will introduce a simplified procedure for hiring of foreign workers by Russian individuals. In particular, one proposal is the introduction of a new type of permit, called a ‘patent’ or ‘licence’, which would make it possible to hire a foreign worker for a short time to perform household, childcare, or home renovation services (Polit.ru, 2008). The employer would pay 1,500 to 2,500 roubles a month for this patent, though the amount may vary from one region to another. It will also involve a simplified taxation procedure since the ‘patent’ fee would also cover the appropriate taxes. The idea of issuing patents is supported by the Federal Migration Service.

The State Duma has on its agenda a number of draft laws that will modify the migration laws and make them more flexible for meeting conditions in the changing economic environment. In addition to improving migration legislation, the competent committees at the State Duma are working on a broad range of legislative initiatives, including:

- extending the period for registration of foreign citizens entering Russia with the migration authorities;
- allowing administrative investigations into cases of violations in the migration legislation and principally into the unlawful recruitment and employment of foreign labour;
- introducing tougher sanctions against aiding and abetting irregular migration;
- revising work permit procedures for foreign citizens entering the Russian Federation on a no-visa-required basis by including a requirement to produce a health certificate before obtaining a work permit;
- differentiating the duration of re-entry bans for foreign nationals subjected to involuntary return procedures;
- introducing the requirement that foreign citizens take out mandatory medical insurance when entering Russia for employment;
- revising current tax provisions applicable to labour migrants who are not tax residents of the Russian Federation (seasonal workers);
- introducing the requirement that migrant workers must speak Russian.

In turn, the Federation Council’s Commission on Nationalities Policies and Relations between the State and Religious Associations has drafted a federal law on teaching Russian language to foreign citizens.

Overall, proposals from members of the Federation Council and the State Duma seek to reform migration legislation and streamline labour migration procedures, in part by reducing the number of unregistered migrant workers and creating conditions for greater transparency in legal relationships and protection of the rights of foreign citizens.

Ibid.
5.2 The Position of the Executive Branch

Russia's executive government bodies responsible for migration and related matters are the Federal Migration Service, the Ministry of Foreign Affairs, the Ministry of Health and Social Development, the Ministry of Economic Development, the Ministry for Regional Development, and the Federal Service for Labour and Employment.

The development and implementation of migration policy is the responsibility of FMS of Russia. However, given the tensions in Russia's labour market, it is particularly important that FMS of Russia coordinates its actions with other agencies involved in monitoring the labour market in order to make migration policies more flexible and eliminate any potential conflicts with government labour policies.

Naturally, the Federal Service for Labour and Employment was the first agency to respond to global economic crisis effects on the Russian labour market. It organized continuous monitoring of the labour market by:

- requiring firms to inform the Service of actual and planned redundancies;
- establishing a national employment portal (www.trudvsem.ru) to help job seekers to contact employers with vacancies;
- increasing unemployment allowances and extending entitlement periods;
- introducing measures for encouraging internal migration.

In particular, people prepared to move to another region to take a job receive a relocation allowance of up to 5,000 roubles plus a travel allowance of 400 roubles per day and 550 roubles per day towards housing rent for a period of up to three months (Gritsyuk, 2009a). According to the Federal Labour and Employment Service, approximately 100,000 Russians will accept the state's offer to change their region of residence and employment. These measures for internal labour migration will concentrate on regions with labour shortages despite the crisis: the Tyumen Province, the Yamal-Nenets Autonomous District, the Khanty-Mansi Autonomous District, and the Far East.

For foreign migrant workers, the Federal Migration Service and the Federal Labour and Employment Service, together with other government authorities responsible for managing migration flows, have taken a well-balanced position. Following the decision, in December 2008, to reduce foreign workers quotas in 2009,24 there have been no further announcements of steps to squeeze foreign workers out of the Russian labour market. This probably indicates that the government is aware that there is a long-term population crisis in Russia and that chronic labour shortages in a number of sectors can only be overcome by the hire of foreign workers. Thus, any short-term measures to restrict labour migration during the crisis could lead to unforeseen negative consequences for the domestic labour market, once the crisis is over.

However, even quota reductions, admits Yekaterina Yegorova, FMS of Russia Deputy Director, are a controversial measure. “If we reduce labour migrant quotas, we would only see more irregular migrants. As long as we have open borders with CIS countries, migrants are free to enter Russia and find jobs here. By reducing the quota, we will end up with more unregistered migrants.” (Zhdakaev, 2008).

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Responding to the wave of articles in the Russian press which claim that, because of the crisis, migrants who lose their jobs will become criminals, FMS of Russia Director Konstantin Romodanovsky stated that “such fears are clearly exaggerated” (Romodanovsky, 2009). In his opinion, the government’s steps to stabilize the situation in the industries that employ the majority of migrant workers (such as construction, agriculture, retail trade, and small businesses) will prevent any significant reduction in jobs.

The FMS of Russia Director is confident that, given projections of demographic changes in Russia, migration inflows will continue. In addition, the crisis should not affect implementation of the National Programme for voluntary relocation of ethnic Russians residing outside Russia. Indeed, the resettlement allowance for Russians deciding to relocate to Russia has been substantially increased. The rules governing reimbursement of citizenship duty costs to National Programme participants and their families have been approved. “Implementation of the National Programme will be accelerated. More than 64,000 Russians have declared their intention to relocate to Russia. Every week, FMS of Russia offices abroad receive over one thousand people inquiring about the National Programme” (ibid).

Nevertheless, the Federal Migration Service continues to seek ways to attract foreign labour and to make the process more orderly and more consistent with Russian labour market requirements: for example, serious discussions are taking place on the idea of ‘organized recruitment’ of foreign workers (Boldyrev, 2009).

In October 2008, the FMS of Russia Deputy Director, Yekaterina Yegorova, argued that “one of the priority tasks is to set up a system of organized recruitment of foreign workers. The idea is to ensure that a foreign worker entering the Russian Federation should already have a job. This means that workers should be selected on the basis of skill level criteria and that the relevant papers are issued in the countries of origin, so each worker should arrive to take a specific job with a specific employer” (Yegorova, 2008). The system is intended to function as a public-private partnership and involve cooperation with non-government entities. As part of this system, a centre to receive foreign workers has been opened in Samara. There are plans for another five centres in southern and south-eastern regions of the Russian Federation.

Organized recruitment of foreign labour, if properly managed, may well become an efficient mechanism for providing major Russian enterprises and companies with skilled labour. However, such a system can only be established and properly managed for countries whose nationals require a visa to enter Russia. For countries whose nationals are not required to have a visa, such a system can only be an additional labour recruitment option, since existing legislation provides for a free migrant labour model, with migrant workers obtaining work permits and selecting employers on their own. Besides, an organized recruitment system would require a well-functioning migration management infrastructure to monitor Russian companies’ demand for labour of certain skill levels, organize training of potential migrant workers in their countries of origin, bring them to specific employers, and guarantee legal employment. No such migration management infrastructure exists in Russia today. It could be established as a public-private partnership, but this has not been properly developed or supported by appropriate legislation.

FMS of Russia activities also seek to improve labour migration management in a worsening national labour situation due to the crisis in order to ensure that migrant workers entering Russia under the visa-free entry regime ‘meet’ with employers who have applied for foreign workers, i.e. via the annual quota. This eventuality is covered by the Decree of the Federal Migration Service of Russia of 26 February 2009 ‘On granting work permits to foreign nationals who come to Russia under the visa-free regime’. According to this decree, migrant workers are initially granted a 90 day work permit but, if they can produce a job contract from an employer, they will receive the new work permit for a period of one year from the date of entry into the Russian Federation. Under this procedure, the employer must have submitted a demand for foreign workers beforehand and this demand must be included in the annual quota.

25 The Decree is available at: http://base.consultant.ru/cons/cgi/online.cgi?req=doc;base=LAW;n=86774
This step should result in a more orderly approach to employment of CIS nationals in Russia. The 2006-2007 reform of the migration legislation obviously needs improvement. In particular, it introduced liberal employee-led work permit procedures and established annual quotas as an instrument to protect the national labour market. However, it lacked a mechanism for monitoring migrant workers coming to Russia under the visa-free regime and for checking whether they had been hired by employers who had submitted an application for labour from the annual quota. In practice, companies that had applied for foreign workers often found that the quota was already filled when they tried to recruit foreign nationals. Similarly, migrant workers who entered Russia via the quota would find themselves working for employers who had not participated in the quota campaign.

Another gap in the migration legislation relates to inadequate regulations for foreign workers hired by private individuals. According to FMS of Russia Director Konstantin Romodanovsky, nearly half of all irregular migrant workers are those working privately (Russian Federation, 2009). It is expected that the migration laws will be amended in the near future with provisions for legalizing many of these migrant workers.

Since countries of origin are interested in keeping employment opportunities open for their citizens in Russia, the Russian government has invited its major migration partners in order to intensify investment cooperation for creating jobs during the crisis period. At the Eurasian Economic Community Heads of Government meeting in December 2008, Russian Prime Minister Vladimir Putin invited Community members worried about the expected reduction in numbers of labour migrants moving to Russia, notably Tajikistan, the Kyrgyz Republic, and Uzbekistan, to invest in the construction of facilities and hotels for the Olympic Games in Sochi. On one hand, this will give their nationals employment and, consequently, the ability to send remittances, and on the other, it will contribute to the preparations for the 2014 Olympic Games (Boldyrev, 2009).

In practice, government bodies are mainly guided by the view that labour migration is a long-term economic tool: for example, despite the ongoing economic crisis, the Russian Federation and the Republic of Moldova agreed to enter into a bilateral agreement on labour migration in February 2009 which is now being drafted by Russia’s Federal Migration Service and the Ministry of Health and Social Development and Moldova’s Ministry of the Economy and Trade (Rosprof, 2009b).

Overall, the Russian government seems to understand the necessity of having a range of measures to support the Russian labour market and prevent mass unemployment, while not forcing foreign workers out from Russia (Komsomolskaya Pravda, 2009). Government labour market policies focus on two major areas: redistribution of labour resources (in terms of skill sets, sectors and territorial redistribution) and job creation (support of self-employment and organization of public works) (see Table 9). Continuous monitoring of the situation by government agencies provides reliable and up-to-date labour market information and this allows them to act proactively and develop adequate measures in response to problems in various regions.

**TABLE 9**

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<tr>
<th>I. Redistribution of labour resources</th>
<th>II. Job creation</th>
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<td>• Labour resources redistribution in terms of skill sets and sectors (re-training);</td>
<td>• Support of self-employment (promoting development of small businesses);</td>
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<tr>
<td>• Territorial redistribution of labour resources (facilitating internal migration, rotation arrangements).</td>
<td>• Organization of public works (road construction, infrastructure development, etc.).</td>
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At the same time, local executive authorities in some Russian regions, under pressure from a deteriorating labour market situation and an expected rise of unemployment, are determined to reduce heavy reliance on foreign labour or even to stop it altogether. In January 2009, the Governor of the Sverdlovskaya Province, E. Rossel, told a crisis management commission in Yekaterinburg: “We should abolish migration quota entirely. Even without migrants, unemployment is expected to rise” (Moscow Post, 2009). It is worth noting that the Sverdlovskaya Province was granted a quota to employ 170,000 foreign workers in 2009, based on requests from the region’s employers. Due to the crisis, many iron-and-steel works in this large industrial region have curtailed production and put workers on furlough. In 2009, unemployment is at the very least expected to double to 56,200 (Ulyanov, 2009). In this situation, local government statements about ending the use of foreign labour have primarily social-psychological, rather than economic, implications.
5.3. Position of the Russian Business Community

For a significant number of Russian businesses, migrant workers are either a major input (companies, firms and organizations employing foreign workers) or the core of their operations (private employment and recruitment agencies, and other service providers offering information, legal, banking, real estate, or insurance services to migrants). In addition, some businesses are owned by immigrants with Russian citizenship or a residence permit in Russia: these are known as ‘ethnic businesses’ and they promote the integration of migrant labour into the Russian economy.26

All categories of Russian businesses see the presence of migrant workers in Russia as important for their business interests. Moreover, a reduction in the numbers of migrant workers, even during an economic recession, would lead to losses for many Russian companies and organizations dealing with labour migration.

The inadequacy of Russia’s migration laws mainly affects migrants and their employers. When foreign labour quotas were filled in May 2008, many companies had no choice but to violate the law, since they could not extend the validity of their employees’ work permits, and they took the risk of employing and using foreign labour illegally. Employers do not have adequate protection from dishonest ‘intermediaries’ who supply forged work permits and medical certificates to migrants, thereby exposing their employers to liability in the long run. Lastly, employers suffer from uncertainty about rules on employment and the work of employees of foreign companies accredited in Russia and from inconsistency of existing rules on employing foreign nationals classified as ‘key personnel’ for Russia’s international commitments and obligations in connection with its membership of WTO.27

In this context, the Russian business community, represented by the Russian Union of Industrialists and Entrepreneurs (PSPP), the Chamber of Commerce and Industry, other associations of employers and private recruitment agencies, has been quite active in generating initiatives to improve mechanisms for the management of international labour migration.

In the current economic crisis, reforms in migration management have become a burning issue. In order to improve Russian competitiveness and help the economy overcome the crisis, the potential offered by labour migration can and should be harnessed. To achieve this objective, the Russian business community has developed a range of proposals to improve migration laws and make them more flexible. The proposals seek to focus the government’s attention on some legislative ‘bottlenecks’ which should be eliminated in order to enable Russian businesses to use international labour migration resources more efficiently and enhance employers’ responsibility for the migrants they employ:

26 For example, according to the Armenian diaspora in Russia, Armenian-owned companies in Russia have created about 1 million jobs for both Armenian and Russian workers (interview with Vartan Mushegyan, President of the Union of Diasporas in the Russian Federation at the Russian Migrants Forum, 14 March 2007).

27 These issues are covered, among other things, by a conceptual draft document prepared by the Chamber of Commerce and Industry of the Russian Federation for a proposed Federal Law ‘On Changes and Amendments to the Federal Law ‘On the Legal Status of Foreign Citizens in the Russian Federation’ (as regards foreign labour recruitment in the Russian Federation)’. 
♦ for foreign nationals who do not need a visa to enter Russia for employment: abolish foreign labour quotas and work permit requirements and introduce a state duty of RUR1,500-2,000 a month per foreign employee to be paid by employers hiring foreign labour;
♦ introduce an obligation for employers to pay the state duty on foreign labour and empower individual employers to act as tax agents to handle payments for migrant workers;\(^{28}\)
♦ draft and approve a State Migration Policy Concept;
♦ introduce a mandatory health insurance requirement for foreign nationals;
♦ extend the effective validity period for work permits for foreign workers with employment contracts for periods longer than one year;
♦ simplify recruitment and employment procedures for certain categories of foreign workers, in particular:
  • employees of foreign companies’ representative offices, within the quota of foreign personnel permitted by the appropriate authority at the time of accreditation;
  • international exhibition participants and organizers;
  • employees of foreign firms (manufacturers or vendors) carrying out the installation (supervised installation), maintenance, warranty or post-warranty maintenance of equipment delivered to Russia;
♦ introduce a single permit for foreign employees hired to work in several regions of Russia for the duration of their employment contract;
♦ enact laws to regulate govern private recruiting agencies;\(^{29}\)
♦ enact laws to organize a system of seasonal employment of migrant workers on the basis of trilateral employment relationships (involving employer, recruitment agent, and migrant), i.e. a personnel leasing arrangement, in order to increase labour mobility during crises.\(^{30}\)

Sponsored by the CIS Inter-parliamentary Assembly and the Eurasian Economic Community’s Inter-parliamentary Assembly, model laws ‘On Private Recruiting Agencies’ and ‘On Private Recruitment and Employment Services (Agencies)’ have been developed by the International Alliance ‘Labour Migration’ (IALM) not-for-profit partnership. A group of IALM experts is currently drafting a Federal Law ‘On the Fundamentals of Activities Involving Finding and Selection of Foreign Migrant Workers and On Employment Assistance to Them’.

As mentioned above, the financial and economic crisis is causing migrants’ remittances to shrink and this has a direct impact on Russian service providers handling remittances and ensuring the legality and transparency of this aspect of international labour migration. Russia’s official financial statistics confirm this phenomenon. According to the Central Bank of Russia, the amount of cross-border transfers by individuals in Q4 2008 totalled US$3.9 billion, a reduction of 22 per cent compared to Q3 2008. Remittances from Russia to CIS countries totalled US$3.2 billion in Q4 2008, US$1 billion less than in Q3 2008 (Starostina, 2009). These reductions are due, to a certain degree, to devaluation of the Russian rouble, which reduced the value of remittances in dollar terms. Also, many construction sites employing CIS migrants were closed. Lastly, in a crisis environment, migrants are more likely to stop using legal cash transfer channels, because they have less confidence in the financial institutions.

\(^{28}\) Proposals made by N. Gusman, President and Chairman of the Board of Russlavbank.
\(^{29}\) These proposals were submitted by the Russian Chamber of Commerce and Industry (see the Chamber’s letter No. 046/35 dated 6 February 2009).
\(^{30}\) Memorandum by the International Alliance ‘Labour Migration’ ‘On measures to protect Russia’s labour market and improve labour migration processes under the global financial and economic crisis’, January 2009.
Attitude of the Trade Unions

Russia’s trade union movement is represented by:

- the Federation of Independent Trade Unions of Russia (FNPR), the largest union organization comprising the majority of sectoral and territorial trade unions in the country;
- the so-called ‘free trade unions’ represented by the All-Russia Labour Confederation (VKT);
- the Labour Confederation of Russia (KTR); and,
- other trade unions that are not members of any association.

In spite of their different approaches to, and mechanisms for, protecting workers’ rights during the crisis, all the unions agree that migrant workers’ employment should be regularized. They argue that, if the appropriate amendments were made to the Labour Code, there would be less competition between migrant workers and nationals and less risk of ‘social dumping’ resulting from cheap labour inflows from outside Russia (FNPR, 2008; VKT, 2009).

FNPR leader Mikhail Shmakov argues that, in view of the economic crisis, there should be a temporary ban on the entry of migrant workers into Russia. “As production declines, we must now stop admission of even regular migrant workers into Russia for some time” (Litoshenko, 2008). His position is supported by, amongst others, the leaders of the Sverdlovsk Regional Trade Unions Federation who criticize the ‘absurd’ situation where foreign labour is invited while domestic unemployment rises and insist that migrant labour recruitment must be stopped (Ulyanov, 2009). To support their arguments, they cite examples of employers dismissing Russian nationals while keeping foreign nationals who agree to work longer hours for less pay.

Despite the delusive attractiveness and fairness of the FNPR’s call, it disregards the obvious segmentation of Russia’s labour market and the fact that some segments, even during a crisis, cannot function without foreign labour. In these areas, there are jobs that Russian nationals refuse to take, even if they are unemployed, and jobs for which the skills are not available in Russia’s workforce. Those include skilled trades, largely due to the collapse of the vocational training system in Russia and unskilled jobs (defined as 3D jobs or ‘dirty, dangerous, and degrading’) including street sweeping, home cleaning, household work, and elderly care. However, those jobs are necessary and no society can function properly without them.

As most migrants are not members of trade unions, they are not included in social partnership mechanisms and therefore have only limited protection of their social and labour rights. As a result, they are excluded from the ‘organized’ labour market and its potential for social conflict. During economic recessions, when jobs become more ‘valuable’, the risk of conflict is much more likely.

In principle, legally employed migrant workers should have the same rights as national workers. In recent years, serious efforts have been made to unionize migrant workers. In April 2008, the Central Committee of Construction and Building Materials Industry Workers’ Union passed a resolution to admit migrant workers (FNPR, 2008). In November 2008, when the global financial and economic crisis began to hit Russia, the Trade Unions Federation of the Sverdlovsk Province announced the establishment of a migrant workers’ trade union which would seek protection of the CIS workers’ rights and wages equivalent to those of Russian workers (Bondar et al., 2009). However, although the declared objectives seem attractive, the question remains: why set up a separate union for migrants rather than admit them to the existing local unions? Experts believe that having a separate union for migrant workers would only isolate migrants even more from other workers (Kruchinina and Terletsky, 2008).
Given the limited scope of solutions available to Russian trade unions for protecting workers’ rights, the membership of foreign workers in Russian unions could become a vital tool for integrating migrant workers and lowering the risk of social dumping while lessening tensions in sectoral labour markets. In practice, however, foreign workers are virtually barred from membership in Russian trade unions and therefore are denied any protection against the shrinking labour market or the threat of redundancies, while remaining exposed to attacks from trade union leaders.
5.5 Perspectives offered by the Experts

In the current economic crisis, Russian experts in migration issues have had to perform an in-depth evaluation of the labour market situation and its prospects for future development in order to counter the shrill and provocative anti-migrant campaign in the media.

Despite taking different approaches to evaluating the role of international migration in the demographic and economic situation in contemporary Russia, experts are fairly unanimous in recognizing that recruitment of foreign labour for the Russian labour market is a long-term factor for its development. These views are based on a thorough understanding of Russia’s demographic trends: a steadily declining working population, an increasingly aging population, and a growing need for support services for the older population. Experts have also pinpointed the structural transformation of Russia’s labour market that has led to certain segments being firmly assigned to foreign workers. As a result, certain sectors of Russia’s economy will continue to need migrant workers even in crises, despite a rise in the unemployment rates for nationals.31

Alarmist forecasts of social tension caused by massive layoffs of migrant workers due to the crisis made, for instance, by Mikhail Delyagin, Director of the Institute of Globalization Problems who is known for his radical statements, in mid-October (Fergana.ru News Agency, 2008), these have not materialized. Subsequently Delyagin has clearly avoided making such predictions about the migration situation in Russia during the crisis. However, his statement that 4 million migrant workers would lose their jobs and ‘become criminals’ was widely advertised by media and resulted in many anti-migrant articles which have provoked a rise of xenophobia in Russian society.

At the same time, practically all experts specializing in professional studies of population, labour market, and migration processes emphasize the need for a well-balanced evaluation of the current situation, the danger of suggesting hasty and ill-considered solutions, and the importance of having a strategic vision of the role of international labour migration for Russia’s development. Here are some examples.

Vladimir Mukomel, Head of the Xenophobia Studies Unit at the Institute of Sociology of the Russian Academy of Sciences, is confident that competition between Russian nationals and migrants over jobs in the lower segments of the labour market is a myth. “Never, under any condition, will city residents accept hard physical labour jobs and low wages”.32 Migrants who lose their jobs are much more flexible than Russian nationals. “We continue to have huge demand for low-skilled labour, so migrants could move from construction sites to the retail trade and services sector”33 whereas local workers hope to live through the crisis on unemployment benefits, while accusing migrants of taking ‘their’ jobs.

Yelena Tiuriukanova, Director of the Migration Studies Centre at the Institute for Economic Forecasting of the Russian Academy of Sciences, argues that migrant workers, even after losing their jobs, are not nearly as dangerous as some politicians and journalists like to describe them, because migrant workers have essentially different behaviour patterns. Migrant workers should not be confused with members of ethnic crime groups. “Migrant workers are employment-strategy-oriented, not crime-oriented. They are flexible. If left without a job, some will return home, others will seek other jobs — but they seek work jobs, not crime jobs.” (Vinogradov, 2008).

31 Interview with Vladimir Mukomel, Head of the Xenophobia Studies Unit, at the Institute of Sociology of the Russian Academy of Sciences: http://www.echo.msk.ru/programs/poehali/557038-echo/; Presentation by Zhanna Zaionchkovskaya, Director of the Migration Division of the Institute for Economic Forecasting of the Russian Academy of Sciences, to the Public Council of the Federal Migration Service of Russia discussing international labour migration management under an economic crisis on 28 November 2008.
32 Interview with Vladimir Mukomel, Head of the Xenophobia Studies Unit at the Institute of Sociology of the Russian Academy of Sciences: http://www.echo.msk.ru/programs/poehali/557038-echo/
33 Ibid.
Vladimir Gimpelson, Director of the Centre for Labour Studies at the Higher School of Economics, claims that there is no evidence that migrants are more prone to crime than nationals. “Crime always goes up during a crisis. That is a general rule. A crisis creates stress. People under stress often behave inadequately” (Gimpelson, 2009). Emphasizing that this stress relates only to migrants can increase more phobia against migrants.

Olga Tchudinovskikh, who heads a unit at the Centre for Population Studies at the Lomonosov Moscow State University, uses available statistics to demonstrate that crime rates among migrants are lower than among Russian nationals at least by a factor of 2.5, so stories that fuel tension related by some politicians and media are nothing but deliberate attempts at twisting the facts (Tchudinovskikh, 2009).

Zhanna Zaionchkovskaya, who heads the Migration Division at the Institute for Economic Forecasting of the Russian Academy of Sciences, cites figures that are even more ‘sobering’: according to this Institute’s data, crime levels among migrants are 8 times less than among local population. “Cheap labour in itself cannot aggravate or help overcome the global crisis, which is caused by reasons that have nothing to do with global labour migration” (Mir Migratsii Information Agency, 2009).

Anatoly Vishnevsky, Director of the Institute of Demographics at the Higher School of Economics, is certain that migrants do not compete with Russian nationals in the labour market. In his opinion, some local workers may accept jobs with lower prestige jobs or lower pay for a while, but only for a while, and they will not accept just any job. “This crisis, no matter how scary, is a temporary phenomenon that will be followed by growth. So we need to be very balanced in viewing the situation and, if possible, not seek to get rid of all migrants. We will need them in the future, in fact, we need them even now.” (Novosyolova and Lebedeva, 2008).

Yevgeny Gontmakher, Head of the Centre for Social Policies at the Institute of Economics of the Russian Academy of Sciences, believes that support for internal resources should be included in planning strategies to overcome the labour market crisis: for example, encouraging small businesses helps maintain social stability in the 1990s, rather than scaring the public with an exaggerated claims of rising crime rates among jobless migrants (Vyzhutovich, 2008). In the 1990s, “some became suitcase traders, some sold hand-made hats... Everyone tried to survive somehow” (Gontmakher, 2008a). Today small businesses are in a tougher situation and under heavy pressure from administrative regulation and corruption which has grown into a systemic phenomenon. “Small businesses should be exempted from all audits and from all taxes for one or even two years”, argues Gontmakher. “This is the only way that small businesses will be able to absorb a certain number of people who have found themselves unemployed.” (ibid).

Experts have already proved that foreign labour quotas, as a tool for protecting the domestic labour market, are not very effective; however, using that tool may lead to dramatic negative results. The decision, made in haste and without real justification, to halve the 2009 foreign labour quotas will probably increase the number of unofficially employed migrants in the latter half of the year when the quotas have been filled but there is still demand for foreign labour. It should be noted that, in late February 2009, only four provinces of Russia said they would need fewer migrant workers in 2009 than expected before the crisis and approved as the original quotas (Rosprof, 2009a). “The smaller the quotas, the more irregular migrants – those who create problems...” argues Yevgeny Gontmakher (2008b).

In general, Russian academics working on migration studies are calling for further improvements in Russia’s migration policy to make it more comprehensive and consistent. At the same time, they warn against taking hasty steps during the crisis. For example, experts tend to interpret the unjustified decision to halve the 2009 quota and the reforms of the work permit procedures, mentioned earlier, as a rollback to the period prior to the 2006-2007 migration legislation reform (Zaionchkovskaya et al., 2009).

Academics repeatedly emphasize that Russia needs a long-term migration strategy, while migration management bodies focus primarily on mechanisms to control migrants and employers and thus neglect the strategic role that migration policy can play in a context of unfavourable demographic trends in Russia.
Many destination countries around the world have announced reductions of migrant quotas and limitations of migrant inflows. However, all these decisions have been made as the result of thorough examination of the question. For example, governments consider migrants’ positive contribution to the performance of industries where there is still demand for their products, even during the crisis (Tchudinovskikh, 2009). Thus, close monitoring of the socio-economic situation and of the labour market, as is currently undertaken by the institutions concerned, may become a tool that will prevent violation of the rights of Russian workers who may be replaced by migrant workers. In combination with enhanced actions to eliminate the ‘shadow’ labour market and terminate illegal and semi-legal employment practices, such a strategy would help maintain a balanced labour market and retain the migrant workers needed by the Russian economy. Such a policy must be transparent in order to win public confidence in the government’s implementation.
6. RUSSIAN LABOUR MIGRATION POLICY IN THE GLOBAL ECONOMIC CRISIS: THE REGIONAL CONTEXT

The current economic crisis is unprecedented and its consequences are complex and hard to predict. First, the crisis is global: with a globalized economy, the development of all countries is closely interlinked. This means that the economies of all countries will be affected by the negative consequences of global economic destabilization, including shrinking national labour markets. The global and regional labour markets, which grew fast before the crisis, will inevitably face reduced demand for labour and restructuring of labour relations, and this in turn will encourage the shadow market and make labour cheaper for employers.

In the CIS area, where intraregional labour migration is now a major structural factor in the development of the region’s economies over the past decade, the crisis not only brings the risk of higher unemployment for Russian citizens - which the competent Russian government agencies are actively working to counter - it may also lead to a socio-economic collapse in other post-Soviet republics. The lack of earning opportunities in Russia and reduction of remittances from Russia may expose these countries to humanitarian disaster and social uprisings, which – if they occur – will inevitably have an impact on the whole region.

Therefore, in the extraordinary global economic crisis we are facing, Russia’s position in developing its migration policies will greatly influence the economic and socio-political situation in the entire post-Soviet region. In this light, it is important to emphasize the essential position, as stated by Konstantin Romodanovsky, Director of Russia’s Federal Migration Service, that such a situation does not allow “any radical solutions. Migration processes are very sensitive and their management requires as much flexibility as possible” (Nemytykh, 2009).

The crisis provides an opportunity for Russia and other CIS countries to re-think labour migration management strategies in the region. However, hasty and unjustified decisions in favour of protectionism may greatly damage the region’s future development prospects. For example, even discussing the possibility of banning the visa-free border-crossing regime in response to short-term economic considerations may cause extremely negative social consequences in neighbouring countries, not to mention long-term consequences for regional integration.

There are five reasons, at least, why abrupt government measures against migrant workers in Russia may be economically, demographically, and politically imprudent and fraught with problems in the long term. This primarily refers to migrant workers from CIS countries.

First, Russia’s population prospects are unfavourable. The population is shrinking, especially the working population, and it is growing older. This process is expected to intensify over the next decade. As a result, the population support ratio (the number of persons of over working age compared to the working population) will increase by nearly 50 per cent in 2025, compared to 2008 (Vishnevsky, 2008: 295). In many sectors, including services to the elderly population, labour shortages will be inevitable. Post-crisis development will require labour. Russia will need foreign migrant workers even more than it did before the crisis and particularly migrants from CIS countries because of their historical and cultural affinity with Russia.

Second, as global competition for labour intensifies, protectionist measures may put a migrant host country in a situation where migrants will lose interest in seeking employment in other destination countries. This is already happening in Russia, as migrant workers from its ‘traditional’ source countries, such as Ukraine, Moldova, and Kyrgyzstan, are shifting to other regions. Migrants from Ukraine and Moldova have been looking at EU countries (Portugal, Spain, and Italy) as a competitive alternative to Russia; Kyrgyzstan is actively exploring employment opportunities for its citizens in Asian countries (such as Korea) that offer better terms for migrant workers.
**Third,** by admitting migrants from EECA to its labour market and providing them with opportunities to earn incomes and send many billions of roubles in remittances, officially or otherwise, to their countries of origin, Russia protects the safety of its own borders. There will be greater strains on social stability in CIS countries if huge numbers of migrant workers return home and the level of remittances decreases.

**Fourth,** CIS countries are Russia’s natural geopolitical partners and labour migration has been one of the major factors for regional integration. If Russia forcibly destroys migration ties, this may have extremely negative foreign-policy consequences in the region for Russia and impair the integration process.

**Fifth,** strong-arm tactics against migrant workers may increase the risk of growth in irregular migration, as the migration potential in countries of origin remains large and may continue to grow during the crisis. Expansion of informal relationships in the labour market will inevitably reduce social and legal protection of migrants, exposing them to greater exploitation and violation of their rights.

However, in taking a long-term view of migration policy prospects, Russia can and should take advantage of a situation where all government and non-government forces are focusing on finding the least painful ways of overcoming the crisis to revise and improve its migration policy mechanisms. If those mechanisms do not involve open or hidden protectionism, Russia will certainly find that its migration policies are supported by donor countries, as they will undoubtedly prefer coordinated solutions during the crisis to confrontation, and this will definitely lead to greater numbers of unregistered migrants, violation of migrants’ rights, and tensions in intergovernmental relations.

Given that, even during the crisis, Russia still needs foreign labour, though on a lesser scale, it is important to develop mechanisms for attracting foreign workers that give priority to Russian citizens’ labour interests while minimizing the risk of social tension, discrimination, and xenophobia. Migration policy decisions should be clear, transparent, and understood by society. Decisions should be based on analytical studies that identify the potential implications and there should be consultations with all the stakeholders involved. Any changes in migration regulations should be promoted with convincing arguments and explanations via media, NGOs, and the diasporas.

If the government makes decisions on migration and labour market policies that are opaque and difficult to understand or attempts to conceal the real magnitude of the problem, it may lose the public’s confidence. In a crisis, this can result in a rise of the number of protest movements.

When identifying possible improvements of migration policies, it is important to pay special attention to the issues set forth below. They are especially important during a crisis, but will also matter in a post-crisis period:

1. To obtain more comprehensive and more accurate labour migration information, it is necessary to improve the migrant registration system, create an integrated migrant database (register), and develop methodologies for estimating the numbers of irregular migrants. Adequate information will help with the development of more flexible migration management mechanisms.

2. The existing foreign labour quota system for CIS nationals is strongly criticized by experts and is unable to protect Russia’s labour market from ‘excess’ migrant workers. The foreign labour quota system for CIS nationals must be abolished or strongly modified in order to set quotas that are based on objective labour market indicators and real demand for foreign labour.

3. It is necessary to develop and legalize a system of mechanisms to protect the national labour market from unreasonable competition from foreign workers and which can be useful in a crisis-free period also. Such a system may include, inter alia, the following elements:

   (a) the principle of equal-pay-for-equal-work for Russian and foreign workers in Russia;
(b) the principle of priority employment, similar to the EU’s, whereby Russian nationals will be employed on a priority basis, followed by citizens of Belarus, then nationals of the Customs Alliance member states, the Eurasian Economic Community member states, the CIS countries, ‘third-country’ nationals, in that order;

(c) an employer cannot hire foreign workers to fill positions from which Russian nationals have been dismissed;

(d) migrant workers’ employment and social rights must be adequately protected through the elimination of discrimination and, consequently, of incentives to dishonest employers who prefer foreign labour over Russian workers.

4. It may be possible to grant broader powers to regional authorities for seeking foreign workers. Russia is a large country and the socio-economic situation varies from one region to another. Generally speaking, the population is declining everywhere but Russia’s regions vary significantly in terms of the situation, structure, and trends in their labour markets. Regional authorities are in a better position to develop targeted foreign labour recruitment programmes for specific sectors and employment areas.

5. The economic crisis tends to increase the risk of negative phenomena in the field of international labour migration, such as unregistered employment, exploitation, discrimination, and violation of migrants’ rights. It is important, therefore, to establish zero tolerance for irregular migration, not so much towards migrants entering Russia, whose motives are understood and invite sympathy, but towards employers who engage in unfair competition and hire foreign nationals illegally and intermediaries who, by violating migration laws, provoke social instability in Russia, especially in a crisis.

6. As part of the set of measures to combat irregular migration and migrant crime rising, it is important to establish interaction between the government and migrant diasporas. Many of them, for example, the Azeri and Tajik diasporas have stated their readiness to monitor and control their fellow-countrymen and cooperate with the authorities in crime prevention campaigns.

7. For a migration management system to work, it is essential to build a migration infrastructure that functions on the principle of public-private partnerships. The State can develop migration strategies, policies, and laws and implement them through appropriate government institutions, supervise and compliance with migration laws by migrants, employers, and other stakeholders. The government can then establish mechanisms for the implementation of migration policy, specifically through entry and work permits, migration quotas, and supervision of employment of foreign labour. For their part, private businesses and not-for-profit entities may undertake to select and mobilize the required foreign workers, assess their skills, and organize information, legal support, accommodation, medical care and other services for them. The work of employment agencies for foreign citizens in Russia should be properly regulated. Involving non-government organizations in an integrated migration infrastructure promotes migrants’ integration and this is an extremely important component of migration policies; the fact that this aspect has been largely ignored by Russian authorities for a long time has led to stigmatization of migrants and lower tolerance levels in Russian society.

8. In order to combat exploitation of, and discrimination against, migrants and strengthen legal labour migration, migrant workers must have access to effective mechanisms for lodging complaints against violations. These complaints should be investigated whether or not the applicant has an employment contract or regular migrant status.

9. Integrated action against racism and xenophobia should be an important component of migration policies. Racism, xenophobia, and discrimination, as well as racist statements by public servants, media, or individuals, should be condemned at the highest level of government. All political parties should refrain from any expressions of hostility towards migrants. The Ministry of Interior and the Federal Migration Service must take integrated action to protect migrants from dishonest officials supervising their presence and employment in Russia.
10. It is important to develop mechanisms for bilateral and multilateral cooperation with source countries. As Russia’s demand for foreign labour declines, government and non-government organizations in countries of origin should intensify their information campaigns for potential migrant workers regarding reduced employment opportunities, threats of unregistered employment, and the risk of labour slavery in Russia. At the same time, channels should be established for bilateral interaction between Russia and source countries and for mobilization of labour for Russian companies and training of CIS countries’ workers for jobs that may be available in Russia even during the crisis.

11. In order to enhance transparency and consistency of decisions in migration management, especially in the current global crisis, there should be mechanisms for regular meetings between Russian migration policy actors and representatives of donor countries. Only coordination of the efforts of various government bodies and non-government organizations involved migration, drawing on international experience in emergency crisis-management actions, can help shape an adequate flexible and integrated response in Russia to international migration challenges in the global economic crisis environment. A major contribution to building such mechanisms can be made by international organizations concerned, and among them, the International Organization for Migration.
The Round Table on ‘Migration policies at the time of an economic downturn: Short-term reality and long-term perspectives’ was organized by the Russia Office of the International Organization for Migration on 9 February 2009. The participants included:

- representatives of the Office of the President of the Russian Federation and of Russia’s executive government authorities;
- the Federal Migration Service and the Ministries of Health and Social Development, of Regional Development, and of Foreign Affairs;
- the federal legislature: the Federation Council and the State Duma of the Federal Assembly;
- Russia’s business community;
- the Chamber of Commerce and Industry, the Union of Industrialists and Entrepreneurs, the International Association ‘Labour Migration’, and Russlavbank;
- Russian academics;
- and international and non-government organizations dealing with international migration issues.

The Round Table was also attended by experts from European Union countries (Denmark, UK, and Sweden) who described the global economic crisis’s influence on European labour markets and labour migration trends.

The current global economic crisis is creating tensions between the local population and migrant workers: migrants are blamed for rising crime, enhanced labour market competition, and other negative issues. For Russia, the problem is especially acute, because, for the past two years, the country has pursued an open-door policy for CIS migrant workers, and this has led to controversial reactions in the society. In addition, there is widespread unregistered employment of migrant workers.

The Round Table participants exchanged views on what the State can and should do to respond to rising tensions in Russia’s labour market, to balance the country’s economic interests and protection of the rights of its citizens and those of officially employed migrant workers in Russia, and to prevent potential upsurges of xenophobia which may occur under such conditions.

The participants in the Round Table, representing both government and non-government organizations actually involved in migration policies, agreed that, due to the existing population structure, Russia will continue to be short of labour resources in the long term. Besides, international labour migration in the CIS region is an important factor of international integration and social stability in both host countries (Russia and Kazakhstan) and source countries, where migrants’ remittances have become an important source of financing the economy. Considering that the crisis is a temporary phenomenon, it will be followed by an economic recovery and a corresponding expansion of the labour market. Round Table participants emphasized the extreme importance of the steps to be taken during the crisis in order to mitigate its impact on people and reduce possible long-term ruinous consequences for the regional labour market, largely established in the pre-crisis years.
The conference also emphasized the need to monitor the situation in Russia's labour market, as this would enable the authorities to take proactive decisions and would enhance coordination between government bodies and non-government organizations involved in migration processes and constructive dialogue between them in developing joint actions for managing emergencies. The International Organization for Migration sees its mission as providing extra opportunities for such dialogue. In particular, the participation of experts from EU countries, invited by IOM Moscow, provided an opportunity for Russian participants to learn how emergencies are handled by countries much more experienced in managing migration than Russia.

The Round Table participants expressed their satisfaction with the discussions and called for regular meetings as a forum for exchanging information on migration management, coordinating these efforts and learning from international experience in meeting the challenges of the current global crisis.
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2009e Promyshlennoye proizvodstvo v Novgorodskoy oblasti upalo na 37 per cent  

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